

The Theatre Royal Bath Limited

(Registered Charity Number: 277723)

(Registered Number: 01416448)

*Trustees' Report and Consolidated
Financial Statements*

For the year ended 31 May 2021

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Trustees' report

Introduction

The trustees are pleased to present their annual report together with the consolidated financial statements of The Theatre Royal Bath Limited ("TRB", the "Charity") and its subsidiaries (the "Group") for the year ended 31 May 2021.

Theatre Royal Bath Limited is a registered charity and these financial statements comply with the Charities Act 2011 as well as the Companies Act 2006 and Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

Objectives and Activities

Our purposes and activities

The Group's purposes continue to be the advancement and promotion of the arts including theatre, music, dance and live performance and the encouragement of artistic knowledge and appreciation by providing opportunities for all to experience live theatre and artistic performance, together with the advancement and promotion of education in the arts for public benefit.

The Group's strategy is to maintain a financially robust, enduring theatre business to support delivery of our objectives for public benefit. Its strategy is to recover its operating costs in the Main House from ticket sales and charges. Any surplus generated by activity in the Main House, together with all profits from Theatre Royal Bath Productions Limited (TRBP), and Theatre Royal Bath (Trading) Limited (TRBT) the Group's commercial arms, are used to support the Ustinov and egg theatres, the presentation of the Summer Season as well as a wide variety of educational and outreach projects.

While the Group receives a limited number of grants and donations, usually for specific educational projects, it strives to be financially independent.

Strategic Report

The strategies employed to achieve the Group's objectives are to:

- present a broad range of artistic work in the Main House, the Ustinov and the egg for the education and entertainment of the local community and the general public at large;
- offer opportunities for a wide range of people of all ages and from all areas of our local community and beyond, to appreciate and participate in the arts through an extensive programme of educational and outreach activity, lectures and workshops;
- celebrate the diversity of cultures in our society by programming presentations by, and with, artists of different cultural backgrounds;
- offer a range of subsidies including bursaries and discounted seats, events and projects, to enable members of our community who otherwise might not have access to the arts to become involved and enjoy the programmes on offer; and
- provide grant funding, via the Creative Fund, for arts projects organised by local third parties.

The Group has four major areas of activity: performances in the Main House and Ustinov auditoria; educational and participative programmes and community outreach activity, including performances in the egg auditorium; touring and West End productions produced via TRBP; and the Creative Fund.

Trustees' report (Continued)

Main House and Ustinov performances

Due to the Coronavirus and the restrictions in place, there have been few opportunities for the auditoria to be open. When it was possible to have performances, all with socially restricted audiences, the Main House opened for A Welcome Back Season of three in-house produced plays. The first play, Harold Pinter's *Betrayal* started the season in October 2020. Unfortunately, theatres were required to close in November and the second play of the Season, *Copenhagen* by Michael Frayn was postponed until January 2021. When theatres were allowed to re-open in December 2020, the third play of the Season, *Oleanna* by David Mamet, was presented in the Ustinov auditorium albeit later than originally planned. The Christmas show in the Main House was a toured in production of the *The Play That Goes Wrong*. The runs of both the shows were curtailed when the theatre was closed as it was under Tier 3 rules at the end of December. And the auditoria were then closed for the remainder of the financial year; with performances of *Copenhagen* postponed for a second time.

the egg, education and outreach

The education and egg's activities predominantly moved online during the year. The creation during the year of the Egg Assembly, funded by Innovate, enabled the TRB theatre school to initially offer free online workshops and then integrate tools to create a new online theatre training experience. The two-year Level 3 diploma in Performing and Production Arts, where Theatre Royal Bath's Creative Learning team work in partnership with Bath College, was taught in person when schools were able to be open but had to go online between January 2021 and March 2021. For December 2020, the egg produced an online Advent Calendar featuring scenes from *Snow Mouse* and *Squirrel*, two previous own productions for very young children. Also in December 2020, the egg auditoria re-opened for the month with two productions, one for younger children and one for older children. In the spring of 2021, the egg rehearsed and prepared its new production, *Josephine* about the performer and civil rights campaigner Josephine Baker, so that it was ready to tour once theatres could re-open. Josephine has completed a successful autumn/winter 2021 tour playing thirteen venues and schools. The egg created online resources for schools that can be used in conjunction with the play.

Touring and West End Productions

Touring and West End Productions are normally produced through TRBP, a wholly owned subsidiary company, with a view to generating profits which are then gift-aided to TRB to support the Group's objectives. This financial year, there have been no TRBP productions.

Coronavirus

The Coronavirus has had a significant impact on the theatre industry, not only because theatres have been mandated to be closed for the majority of the financial year but also when they were able to initially re-open, audiences were socially distanced reducing an auditorium's capacity and the box office.

At the start of the pandemic, whilst theatres were closed, the Group reviewed its activities to minimise spend and it undertook a cost reduction programme. During the year, this has unfortunately included a number of staff redundancies. Shows that were due to play TRB in the financial year have either been cancelled or postponed to a later date. Customers were offered a refund of the ticket price or a credit note for application against future bookings or in the case of postponed shows, a transfer of the ticket to the new performances. Refunds were paid where requested.

The Group utilised the Coronavirus Job Retention Scheme where it was possible to do so up to the year end and received business rates relief. In August 2020, the first Culture Recovery Fund grant, delivered by Arts Council England using funds provided by the Department for Digital, Culture, Media and Sport was applied for. The Group was successful and was awarded £955k. The Group also

Trustees' report (Continued)

applied for and received a Coronavirus Business Interruption Loan of £1m from Barclays Bank PLC. In January 2021, the Group subsequently applied and was notified of success in March 2021 for £476k from the second Culture Recovery Fund grant from Arts Council England. The grants from Arts Council England have been awarded to cover operating expenses, are non-refundable and subject to conditions including, *inter alia* requirements to increase diversity, protect heritage assets, and increase education work. After the year end, the Group applied for the third Culture Recovery Fund grant and was awarded a continuity grant of £423k and a sustainability grant of £390k in November 2021.

Throughout the year, the Finance and Risk Committee has met regularly to monitor the financial health of the Group and assist the executive team in managing through the pandemic.

The Main House re-opened at the end of the financial year with Ralph Fiennes directing and starring in *Four Quartets*. This was followed by a three week run of the twice postponed *Copenhagen*. There has been significant production activity in TRBP after the end of the financial year. From June 2021 to December 2021 there have been six productions touring to seventeen venues with a total of forty five playing weeks. Three productions *Oleanna*, *Blithe Spirit* and *Four Quartets* have played the West End for a total of twenty seven weeks.

The Creative Fund

The Creative Fund awards grants to arts organisations within a twenty mile radius of Bath. All applications are closely scrutinised by the Creative Fund Committee (a sub-committee of the Board) in accordance with pre-defined criteria. When the Creative Fund is open for applications, information about how to apply and the criteria against which applications are assessed is available on the Theatre Royal Bath website. Additional due diligence is undertaken on all shortlisted candidates and the final awards are ratified by the Board. No Creative Fund awards were made in the financial year.

Our volunteers

Theatre Royal Bath is grateful for the support it receives via a team of dedicated voluntary fundraisers and volunteers. TRB Fundraisers generously donate their time to raise important funds. Trained volunteers normally assist with audio-described performances for the visually impaired; and placements from universities, drama schools, and colleges provide support for the production and education departments. In the financial year, with the auditoria mostly closed, there has been limited opportunity for TRB's volunteers. No monetary amount has been included in the Group's voluntary income for the period to reflect the 'in kind' support provided by the Group's volunteers.

Our artistic values

There is always a regard to providing productions of the highest quality and artistic merit and consideration is given to the appropriateness of potentially offensive or subversive material. Understanding that freedom of expression is totally subjective, we do not attempt to censor productions, but indicate age range suitability where appropriate. Any complaints or comments are responded to by the Theatre Director and, throughout the year, there are various open post-show discussions held by the education team where public comment is invited.

Monitoring and assessing performance

The trustees assess and monitor the Group's activities as follows:

- audience numbers and average ticket prices of the performances in the Main House, *Ustinov* and the egg are analysed on a monthly basis against five years of comparative data;
- an annual budget is produced, reviewed by the Finance and Risk Committee and approved by the Board in May each year;

Trustees' report (Continued)

- management accounts, where actual results are compared to budget and prior year, the variances are explained, and the year end results forecasted are prepared monthly and reported to the Finance and Risk Committee and the Board at their bi-monthly meetings;
- the Finance and Risk Committee, reporting to the Board, undertakes risk assessment and analysis in relation to a variety of financial, operational and regulatory risks and reviews applicable Group policies and procedures on a regular basis. During the pandemic the Finance and Risk Committee met on average every fortnight, to review the evolving situation and agree appropriate actions to be approved by the trustees;
- critics' and audiences' responses to the Group's own productions and the shows programmed in the three auditoria are reported regularly to the Board;
- the egg Director reports about the performance of the education programme to the Board at each meeting;
- the applications to the Creative Fund are assessed by the Creative Fund Committee and their recommendations are discussed and reviewed by the Board. The outcomes from the donations by the Creative Fund are reported on an annual basis;
- the general manager reports to the Board at their bi-monthly meetings on issues relating to building maintenance and repairs;
- health and safety performance is reviewed annually and the results, including three years of comparative data are reported to the Board; and
- the child and vulnerable adult, and the adult safeguarding policies and procedures are reviewed at least annually and reported to the Board.

Financial review

Principal Risks and Uncertainties

The Theatre Royal Bath Limited faces the following principal risks and challenges:

- weighing the promotion and fostering of artistic knowledge with commercial pressures to ensure continued financial viability;
- continuing to attract attendees in sufficient number to achieve the Group's objectives;
- making sure that necessary funds are generated to enable maintenance and improvement of existing assets to allow the Group to meet its artistic and audience requirements;
- the risk that the Group's access to publicly and non-publicly funded grants, which enrich the educational and outreach activities, is reduced as a result of increased competition because of the continued and significant cuts to public funding of the arts; and
- the impact of Covid-19 on the Group's operations.

The consolidated statement of financial activities shows income from charitable activities for the year was £2.0 million (2020: £9.6 million). Total income for the year was £2.9 million (2020: £11.0 million). Expenditure on charitable activities in the year to 31 May 2021 was £3.6 million (2020: £10.4 million). The net expenditure of the Group for the year was £707k (2020: net income of £627k). The results demonstrate the effects of operating during Coronavirus.

TRBP develops and produces theatrical productions. TRBP has generated a gross profit of £18k (2020: £339k) and a profit for the financial year of £27k (2020: £107k). TRBP has donated £74k (2020: £527k) in the year to TRB. Theatre Royal Bath Enterprises Limited ("TRBE") manages and runs certain theatrical productions for both TRB and TRBP. It has a profit of £nil (2020: £nil).

TRBT, the third wholly owned subsidiary, is responsible for operating and overseeing all aspects of the bars and retail operation within the theatre, procuring sponsorships and running a ticket booking agency for local events. It generated gross profits of £12k (2020: £243k), a loss for the financial year

Trustees' report (Continued)

of £6k (2020: a profit of £115k) and in the year it has donated £119k (2020: £97k) to TRB.

The differences between the reported profits of the subsidiaries noted above and the amounts donated are a function of when donations are made. All profits of the subsidiaries are ultimately donated to the TRB.

Overall, the trustees are satisfied with the year's results, during a year operating under Coronavirus restrictions. On behalf of the Board, the trustees thank Danny Moar and his staff for all their effort and commitment in this year 2020/21.

Subsidies and pricing policy

In setting the rates for admission to the auditoria and participation in the educational programme, the trustees have considered the Charity Commission's guidance on public benefit and fee charging, with a particular regard for those on low incomes. Many standard discounts applicable to generic groups such as under 16s, students, JSA claimants, registered disabled patrons and their carers are offered in respect of tickets for all shows.

In the Main House, there are 30 low cost "standby" seats available for £7.50-£12.50 for every performance which are sold from 12 noon on the day of performance. Last minute seats are also available 30 minutes before performance offering between 30% and 50% reductions in normal ticket prices. For sold-out performances, the theatre offers a standing ticket for £4.00.

Tickets for the Ustinov Seasons and toured in shows in the Ustinov are priced from £12.00 to £23.50 with standard discounts available, and the egg prices typically range from £8.00 to £10.00 (Christmas shows up to £18.00).

Financial assistance is also available for performances and participation in the egg events through the "egg pot". The "egg pot" provides funds for disadvantaged young people to participate in the egg events and projects. The "egg pot" exists to remove any obstacles that may prevent a school or young person taking part on the grounds of finance, geography, personal physical impairment or support needs.

To view our programme, and for fuller details of ticket prices and discount terms and conditions, or to e-book, visit our website www.theatreroyal.org.uk or telephone our booking office 01225 448844 or visit our booking office, open 10am until 8pm Mondays to Saturdays and 12 noon to start of show on Sundays on show days.

Investment powers and policy

The trustees have the power to invest funds not immediately required for operational use in such ways as they consider appropriate. Currently the funds are held with instant access at Barclays Bank PLC at a competitive interest rate.

Reserves policy and going concern

The trustees consider that a reserves policy is necessary to maintain sufficient reserves to achieve twin objectives:

- i) the presentation of high quality theatre throughout the year; and
- ii) the maintenance of the Grade II listed building in which the Group is housed.

The trustees regularly review the nature and level of the unrestricted reserves held to try and achieve balance in these objectives.

Total reserves as at the year end are £6.7 million (2020: £7.4 million) comprising restricted funds of

Trustees' report (Continued)

£1.4 million (2020: £1.5 million) and unrestricted funds of £5.3 million (2020: £5.9 million).

The unrestricted funds include designated funds of £1.9 million (2020: £2.0 million). The designated funds are stated below:

The Group has maintained the balance on its production fund this year so that it is ready, once trading returns to normal levels, to finance future productions for TRB as it has done in the past funding the Summer Season, the Ustinov Seasons and the egg Christmas production. The balance to carry forward was £123k (2020: £110k).

The stability fund provides a general buffer in the event of a sudden decrease in income or increase in expenditure. The balance of the stability fund is at £150k (2020:£150k).

The Creative Fund, that was set up using funds transferred from the stability fund, awards grants to local arts organisations. No grants were awarded during the financial year.

The Building Levy fund is used by the Group to maintain and run the building and equipment in the three auditoria. The trustees recognise that significant expenditure is required for a building such as the Theatre Royal Bath and its three auditoria, and the current reserve balance is of a size whereby annual planned expenditure as well as unpredictable works can be met.

Free reserves as at 31 May 2021 amounted to £0.6 million (2020: £1.0 million) and the trustees aim to maintain an adequate level of reserves in the coming years. The trustees have considered the level of funds and cash held, the future budgeted income and expenditure and the levels of reserves, such that they have determined that the Group is able to continue as a going concern. As noted above the Group has been able to draw on various support measures available during the Coronavirus pandemic which have assisted in enabling the Group to continue as a going concern.

Plans for future periods

Theatre Royal Bath will continue to programme and produce work of the highest quality for presentation to audiences in Bath and beyond. To this end, TRBP is undertaking a high level of activity, creating touring productions for Theatre Royal Bath and then on tour to UK theatres and the West End.

The egg intends to build on the success of its touring productions and significantly to expand its digital activity.

Full advantage will continue to be taken of any government grants or support to help theatres and other businesses manage during the Coronavirus pandemic.

While no expenditure has been committed at the year end, the trustees are considering proposals for a programme of capital expenditure in the future to improve significantly the toilet facilities for women in the Main House, at least doubling the number of cubicles. During extended periods of closure necessary maintenance works, not possible when the building is being used, have been carried out.

The Theatre Royal Bath Limited

Trustees' report (Continued)

Structure, Governance and Management

Reference and administrative details

Charity number: 277723
Company number: 01416448
Registered Office: Theatre Royal Bath, Sawclose, Bath, BA1 1ET

Our advisers

Auditor
Nexia Smith & Williamson Portwall Place, Portwall Lane, Bristol, BS1 6NA

Banker
Barclays Bank PLC 4 Queen Street, Bath, BA1 1HE

Solicitors
Mogers Drewett The Square, Lower Bristol Road, Bath, BA2 3BH

Directors and Trustees

The directors of TRB (the Charity) are its trustees for the purpose of Charity law.
The trustees and officers serving during the year and since the year end were as follows:

Key management personnel - Theatre Royal Bath Limited: Trustees and Directors

Paul Heal (Chairman)
Suresh Ariaratnam
Margaret Cooke
Cllr Susan Craig
Dominic Eaton
Cosmo Fry
Nick Hall
Simon Holdsworth
Katja Kammerer
Melanie Macer (resigned 22 November 2021)
Henry Meakin
Vicky Moffat (resigned 2 August 2021)
John Monahan
Charlotte Walker (Vice Chairman)

Finance and Risk Committee

Nick Hall	Trustee and Chairman of the Finance and Risk Committee
Dominic Eaton	Trustee
Paul Heal	Trustee and Chairman of the Board of Trustees
Charlotte Walker	Trustee and Vice Chairman of the Board of Trustees

The Theatre Royal Bath Limited

Trustees' report (Continued)

Remuneration committee

Paul Heal	Trustee and Chairman of the Board of Trustees
Stephen Ross	Chairman Theatre Royal Bath Productions
Nick Hall	Trustee and Chairman Finance and Risk Committee

Key management personnel: Senior managers of Theatre Royal Bath Limited

Theatre Director and Chief Executive	D Moar
Financial Director	G Akbar (resigned 28 December 2021)
General Manager	E Hibbert
Theatre Administrator	N Palmer

Governing Document

The Theatre Royal Bath Limited is a company limited by guarantee (number 01416448) and a registered Charity (number 277723 registered in May 1979) under the Charities Act 2011. Its governing instrument is the Memorandum and Articles of Association, which were last amended in February 2021.

All trustees are also the members and thus undertake to contribute the sum of £100 each to the assets of TRB in the event of it being wound up during the time that they are members or within one year thereafter.

Appointment of Trustees

The Charity's governing body is a Board of Directors (who are also the trustees of the Charity) whose members are invited to serve on the Board and retire periodically by rotation. Representatives of local businesses, people involved in the wider arts world and council members from Bath & North East Somerset are represented on the Board. When considering co-opting trustees, regard is given to the necessity for any specialist skills so that the Board can call on a wide range of relevant knowledge and expertise. The councillor board member is subject to the appointment process of the Bath & North East Somerset council.

Trustee induction and training

New trustees are briefed on their legal and other responsibilities as trustees and an appropriate induction process is arranged by existing trustees. There is a formal induction process pursuant to which new trustees are briefed by members of the executive team and trustees.

There is no set policy for the provision of trustee training. However, where training needs are identified, suitable training is organised. Additionally, the trustees are periodically reminded of their responsibilities as trustees.

Organisation

The Board of trustees administers the Charity. The Board normally meets bi-monthly, as does the Finance and Risk sub-committee. The Theatre Director is appointed by the trustees to manage the day-to-day operations with the senior managers.

Related parties and co-operation with other organisations

None of our trustees receive any remuneration or other benefit for services to the Charity. Any connection between a trustee with a supplier or contracted person must be disclosed to the full Board of trustees. In the current year, no such related party transactions were reported.

Trustees' report (Continued)

In order to enable the trustees to carry out their duties to assess and support the Charity, they are able to receive a maximum of two complimentary tickets to attend a performance of each of the Charity's own productions.

Pay policy for senior managers

The directors consider that the Board of directors, who are the Charity's trustees, and the senior management team comprise the key management personnel of the Charity. All directors give of their time freely and no director received remuneration in the year. Details of directors' expenses are disclosed in note 12 to the financial statements. The pay of the senior staff is reviewed annually and normally increased in accordance with CPI rates as approved by the trustees.

The Remuneration Committee considers the pay of the Chief Executive in his role as both Group Chief Executive and managing director of TRBP, the Group's commercial arm. The committee seeks to bench mark his remuneration against the executives of comparable theatres. His remuneration in relation to TRBP is wholly based on the profitability of that business. Other members of the senior management team also receive remuneration in relation to TRBP wholly based on the profitability of that business.

Fundraising

The Charity has a Development team that raises funds from individuals, trusts and corporate entities. It does not engage third parties to carry out fundraising activities on its behalf. No complaints were received during the year by the Charity about fundraising activity. The Charity currently does not have any major fundraising campaigns and the biggest area of fundraising is its membership scheme for Friends and Associates. Once a year, Friends and Associates are reminded in writing that their membership is up for renewal. If a member does not renew, they are informed in writing that their membership has lapsed with information about applying for the membership if they would like to join. Given the limited nature of the Charity's fundraising activities, the Charity has not signed up to a fundraising standard.

Risk management

The trustees are alert to the wide range of risk factors which may arise in connection with the Charity and its operations. The trustees are satisfied that policies and procedures are in place which address corporate governance risks including such as conflicts of interest and anti-corruption and bribery, together with policies which address operational risks such as health and safety; child and young person protection issues; adult safeguarding; disaster recovery; insurance; and IT systems and data security. Certain financial risks are provided for by way of the stability fund referred to above. The trustees regularly review these policies and procedures.

In particular, the trustees are aware of the risks posed by the fabric of the theatre as a historic building and the possibility that unforeseen maintenance may be required. By means of a rolling repairs programme and the Building Levy, the trustees are satisfied that they have adequately provided for this contingency.

Trustees' responsibilities in relation to the financial statements

The Charity trustees (who are also the directors of the Theatre Royal Bath Limited for the purposes of company law) are responsible for preparing a trustees' annual report and financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Charity trustees to prepare financial statements for each year which give a true and fair view of the state of affairs of the charitable company and the Group and of the incoming resources and application of resources, including the income and expenditure, of the charitable

Trustees' report (Continued)

Group for that period. In preparing the 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Charity will continue in business.

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

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.

Statement as to disclosure to our auditor

In so far as the trustees are aware at the time of approving our trustees' annual report:

- there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the Group's auditor is unaware; and
- the trustees, having made enquiries of fellow directors and the Group's auditor that they ought to have individually taken, have each taken all steps that he/she is obliged to take as a director in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the Board of Trustees



Paul Heal (Chairman)

Approved by the trustees on 24 February 2022

Independent auditor's report to the members of The Theatre Royal Bath Limited

Opinion

We have audited the financial statements of The Theatre Royal Bath Limited (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 May 2020 which comprise the Consolidated Statement of Financial Activities (including income and expenditure account), the Consolidated and Charity Balance Sheets, the Consolidated Cash Flow Statement and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including 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 of the parent charitable company's affairs as at 31 May 2020 and of the group's 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 group and parent 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 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 Trustee's Report and Consolidated Financial Statements, other than the financial statements and our auditor's report thereon. The trustees are responsible for the other information. 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.

Independent auditor's report to the members of The Theatre Royal Bath Limited (Continued)

Other information (Continued)

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

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' Annual Report, which includes the Strategic Report and the Directors' Report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' Report included within 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 the parent charitable company and their environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Directors' Report included within the Trustees' Annual Report.

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

- adequate and sufficient accounting records have not been kept by the parent charitable company, 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

Responsibilities of trustees

As explained more fully in the Statement of Trustees' Responsibilities in relation to the financial statements set out on pages 10 and 11, the trustees (who are directors of the parent 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.

Independent auditor's report to the members of The Theatre Royal Bath Limited (Continued)

Responsibilities of trustees (Continued)

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

We have been appointed as auditor under the Companies Act 2006 and under section 151 of the Charities Act 2011, and report in accordance with those Acts and relevant regulations made or having effect thereunder.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

We obtained a general understanding of the charitable company's legal and regulatory framework through enquiry of management in respect of their understanding of the relevant laws and regulations. We obtained an understanding of the charitable company's policies and procedures in relation to compliance with relevant laws and regulations. We also drew on our existing understanding of charity regulation.

We understand that the charitable company complies with the framework through:

- Updating operating procedures and internal controls as legal and regulatory requirements change;
- Regular reviews of risk by management and the Trustees; and
- The Trustees' close oversight through regular meetings and compliance reporting.

In the context of the audit, we considered those laws and regulations which determine the form and content of the financial statements, which are central to the charitable company's ability to conduct operations and where failure to comply could result in material penalties. We have identified the following laws and regulations as being of significance in the context of the charitable company:

- FRS 102 and the requirements of the Companies Act 2006 and the Charities Act 2011 in respect of the preparation and presentation of the financial statements;
- Health and safety regulations, including building and fire safety; and
- Charity law and regulation.

Independent auditor's report to the members of The Theatre Royal Bath Limited (Continued)

Auditor's responsibilities for the audit of the financial statements (Continued)

We performed the following specific procedures to gain evidence about compliance with the significant laws and regulations above:

- Making enquiries with management and a trustee (as representative of the Trustees as a whole) as to the risks of non-compliance and any instances thereof; and
- Reading minutes of meetings of those charged with governance and reviewing any correspondence between regulators and the charitable company.

The senior statutory auditor led a discussion with senior members of the engagement team regarding the susceptibility of the charitable company's financial statements to material misstatement, including how fraud might occur. The key areas identified as part of the discussion were:

- Management override of control; and
- Revenue recognition, specifically the manipulation of revenue through incorrect recognition.

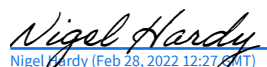
The procedures carried out to gain evidence in the above areas included:

- Testing of a sample of journal entries, selected through applying specific risk assessments based on the charitable company's processes and controls surrounding journal entries;
- reviewing and challenging estimates made by management; and
- substantive work on revenue transactions.

A further description of our responsibilities is available 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 parent 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 parent 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 parent charitable company, and the parent charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.


Nigel Hardy (Feb 28, 2022 12:27 GMT)

28/02/2022

Nigel Hardy
Senior Statutory Auditor, for and on behalf of
Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants

Portwall Place
Portwall lane
Bristol
BS1 6NA

Nexia Smith & Williamson is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006

*Independent auditor's report to the members of The Theatre
Royal Bath Limited (Continued)*

The Theatre Royal Bath Limited

Consolidated Statement of Financial Activities (including income and expenditure account)

For the year ended 31 May 2021

	Note	2021 Unrestricted Funds £'000	2021 Restricted Funds £'000	2021 Total Funds £'000	2020 Total Funds £'000
Income from:					
Charitable activities:	4	526	1,502	2,028	9,635
Donations and legacies	5	186	8	194	365
Other trading activities:	6	134	-	134	257
Investment income		5	-	5	11
Other income	8	551	-	551	715
Total income		1,402	1,510	2,912	10,983
Expenditure on:					
Costs of raising funds:		(35)	-	(35)	(51)
Charitable activities:	9	(2,008)	(1,576)	(3,584)	(10,305)
Total expenditure		(2,043)	(1,576)	(3,619)	(10,356)
Net income/(expenditure)	11	(641)	(66)	(707)	627
Funds transfer	22	-	-	-	-
Net movement in funds for the year		(641)	(66)	(707)	627
Reconciliation of funds					
Total funds brought forward		5,954	1,493	7,447	6,820
Total funds carried forward		5,313	1,427	6,740	7,447

All income and expenditure derive from continuing activities.

The Theatre Royal Bath Limited

Consolidated and Charity Balance Sheets

Registered number: 01416448

As at 31 May 2021

	Note	Group 2021 £'000	Group 2020 £'000	Charity 2021 £'000	Charity 2020 £'000
Fixed assets					
Intangible assets	16	2	8	2	8
Tangible assets	17	4,375	4,541	4,361	4,519
Investments	18	-	-	10	10
Total Fixed Assets		4,377	4,549	4,373	4,537
Current assets					
Work in progress		291	108	2	4
Debtors	19	936	1,504	1,086	2,210
Cash at bank and in hand		4,794	3,311	4,671	3,045
Total Current Assets		6,021	4,923	5,759	5,259
Liabilities					
Creditors falling due within one year	20	(2,758)	(2,025)	(2,508)	(2,546)
Net Current assets		3,263	2,898	3,251	2,713
Creditors falling due after more than one year	22	(900)	-	(900)	-
Net assets		6,740	7,447	6,724	7,250
The funds of the charity:					
Unrestricted income funds		5,313	5,954	5,297	5,757
Restricted income funds		1,427	1,493	1,427	1,493
Total Charity funds	23	6,740	7,447	6,724	7,250

The trustees have prepared group financial statements in accordance with section 398 of the Companies Act 2006 and section 38 of the Charities Act 2011. The net expenditure of the charity was £526k (2020 – a surplus of £1,028k).

Signed and authorised for issue on behalf of the trustees by



Paul Heal (Chairman)

Approved by the trustees on 24 February 2022

The Theatre Royal Bath Limited

Consolidated Cash Flow Statement

For the year ended 31 May 2021

	Note	2021 £'000	2020 £'000
Cash generated (used in) / from operating activities	25	491	(1,163)
Cash flows from investing activities			
Interest received		5	11
Purchase of intangible fixed assets		-	-
Purchase of tangible fixed assets		(13)	(80)
Cash used in investing activities		(8)	(69)
New bank loans		1,000	-
Net cash flow from financing activities		1,000	-
Increase / (decrease) in cash and cash equivalents in the year		1,483	(1,232)
Cash and cash equivalents at the beginning of the year		3,311	4,543
Total cash and cash equivalents at the end of the year		4,794	3,311

Reconciliation of net funds

For the year ended 31 May 2021

	As at 1 June 2020	Cashflows for the year	Other non- cash changes	As at 31 May 2021
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Cash at bank and in hand	3,311	1,483	-	4,794
Borrowings				
Bank loans – amounts falling due within one year	-	-	(100)	(100)
Bank loans – amounts falling due after more than one year	-	(1,000)	100	(900)
	-	(1,000)	-	(1,000)
Net funds	3,331	483	-	3,794

Notes to the Financial Statements

1 Accounting Policies

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

a) Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their financial statements in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102) (effective 1 January 2015 and as updated with effective from 1 January 2016) - (Charities SORP (FRS 102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102), the Companies Act 2006 and, in relation to the consolidated financial statements, the Charities Act 2011.

The accounting policies have been applied consistently from the prior year except as detailed below.

The Theatre Royal Bath 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 note(s).

b) Preparation of the financial statements on a going concern basis

The financial statements have been prepared on a going concern basis.

The Charity has reduced its fixed costs to reduce cash outflow; staffing and running the organisation at a minimum level when theatres could not open. It has utilised available Government financial help including the Coronavirus Job Retention Scheme, the Culture Recovery Fund and has received a Coronavirus Business Interruption Loan.

The trustees consider that the level of funds held by the Charity, the available cash on hand, and the budgeted income and expenditure is sufficient for the Charity to be able to continue as a going concern. Whilst future attendance figures, and thus the Group's income is uncertain, the level of cash on hand means that the Group can cover its costs even through a period of significantly reduced income and thus there are no material uncertainties relating to going concern.

c) Group financial statements

The financial statements consolidate the results of the Charity and its wholly owned subsidiaries Theatre Royal Bath Productions Limited, Theatre Royal Bath (Trading) Limited and Theatre Royal Bath Enterprises Limited. A separate Statement of Financial Activities and Income and Expenditure Account for the Charity has not been presented because the Charity has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

The Charity is a qualifying entity as defined by FRS 102 and, as such, has taken advantage of the following exemptions:

- presenting a statement of entity cash flows on the grounds that the relevant information is included within the consolidated information presented within these financial statements; and
- presenting certain financial instruments disclosures on the grounds that the relevant information is included within the consolidated information presented within these financial statements.

Notes to the Financial Statements (Continued)

d) Income

Income is recognised when the Charity has entitlement to the funds, any performance conditions attached to the item(s) of income have been met, it is probable that the income will be received and the amount can be measured reliably.

Income from government and other grants, whether 'capital' grants or 'revenue' grants, is recognised when the Charity has entitlement to the funds, any performance conditions attached to the grants have been met, it is probable that the income will be received and the amount can be measured reliably.

For legacies, entitlement is taken as the earlier of the date on which either: the Charity is aware that probate has been granted, the estate has been finalised and notification has been made by the executor(s) to the Charity that a distribution will be made, or when a distribution is received from the estate. Receipt of a legacy, in whole or in part, is only considered probable when the amount can be measured reliably and the Charity has been notified of the executor's intention to make a distribution. Where legacies have been notified to the Charity or the Charity is aware of the granting of probate, and the criteria for income recognition have not been met, then the legacy is treated as a contingent asset and disclosed if material.

Income received in advance of a theatrical performance or provision of other specified service is deferred until the performance or the service has been given (see note 21).

e) Donated services and facilities

Donated professional services and donated facilities are recognised as income when the Charity has control over the item, any conditions associated with the donated item have been met, the receipt of economic benefit from the use by the Charity of the item is probable and that economic benefit can be measured reliably. In accordance with the Charities SORP (FRS 102), the general volunteer time of the Friends is not recognised; the trustees' annual report gives information about their contribution.

On receipt, donated professional services and donated facilities are recognised on the basis of the value of the gift to the Charity which is the amount the Charity would have been willing to pay to obtain services or facilities of equivalent economic benefit on the open market; a corresponding amount is then recognised in expenditure in the period of receipt.

f) Interest receivable

Interest is included when receivable and the amount can be measured reliably by the Charity; this is normally upon notification of the interest paid or payable by the Bank.

g) Fund accounting

Unrestricted funds are available to spend on activities that further any of the purposes of the Charity. Designated funds are unrestricted funds of the Charity which the Charity trustees have decided at their discretion to set aside to use for a specific purpose. Restricted funds are donations which the donor has specified are to be solely used for particular areas of the Charity's work or for specific artistic projects being undertaken by the Charity.

h) Expenditure

Expenditure is recognised once there is a legal or constructive obligation to make a payment to a third party, it is probable that settlement will be required and the amount of the obligation can be measured reliably. Expenditure is classified under the following activity headings:

- costs of raising funds – which comprise the costs of commercial trading including the catering and the associated support costs;

Notes to the Financial Statements (Continued)

- expenditure on charitable activities – which includes activities undertaken to further the purposes of the Charity and the associated support costs.

i) Allocation of support costs

Support costs are those functions that assist the work of the Charity but do not directly undertake charitable activities. Support costs include back office costs, finance, personnel, payroll processing and governance costs which support the Charity's artistic programmes and activities. These costs have been allocated between cost of raising funds and expenditure on charitable activities. The bases on which support costs have been allocated are set out in note 10.

j) Tangible fixed assets

Individual fixed assets costing £200 or more are capitalised at cost and are depreciated over their estimated useful lives on a straight line basis as follows:

Asset Category	Annual rate
Equipment	10% - 33%
Motor vehicles	25%
Leasehold improvements	2%
Freehold property improvements	2%

The freehold property is not depreciated as the trustees do not believe its residual value to be significantly lower than its cost due to the age and nature of the building, and its location in the conservation area of central Bath.

k) Work in Progress

Work in progress, which represents direct costs of theatrical productions that had yet to start at the year end, is stated at the lower of cost and net realisable value.

l) Debtors

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

m) Cash at bank and in hand

Cash at bank and cash 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.

n) Creditors and provisions

Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Notes to the Financial Statements (Continued)

o) Financial instruments

The Charity only has financial assets and financial liabilities of a kind that qualify as basic financial instruments; all such financial assets are current. Except for financing instruments, basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value. Financing instruments are initially recorded at the proceeds received net of direct issue costs and are subsequently measured at amortised cost, using the effective interest rate method.

p) Pensions

The Group provides a range of benefits to employees, including paid holiday arrangements and defined contribution pension plans.

Short term benefits, including compensation for loss of employment, holiday pay and other non-monetary benefits, are recognised as an expense in the period in which the service is received.

New and existing employees are automatically enrolled into a defined contribution pension scheme unless they have exercised their right to opt out of scheme membership. The Group operates a defined contribution plan, whereby the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations. The contributions are recognised as an expense in the period to which they relate. Amounts not paid are shown in accruals in the statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

q) Taxation

The Charity's current trading activities are charitable and therefore, to the extent that any surpluses are applied to its charitable objects, the Charity is not liable to tax, and no provision is made for current or deferred tax by the Charity.

No provision is made for current or deferred tax on any profits arising in the year generated by the Charity's subsidiaries which are expected to be offset by the carry back of future donations to the Charity. The current tax charge recognised in the subsidiaries is based on the remaining taxable profit for the year. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Other than as described above, deferred tax is recognised in respect of all timing differences between taxable profits and the net movement in funds that have originated but not reversed at the balance sheet date. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised.

Deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

The Group receives Theatre Tax Relief which is surrendered, giving rise to tax payments to the Group. The arising credit is recognised in the year in which the related expenditure is incurred. The credit is recognised in charitable expenditure in the Consolidated Statement of Financial Activities.

Notes to the Financial Statements (Continued)

r) Key judgments and sources of estimation uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make judgements and estimates that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from those estimates.

In preparing the financial statements, the only judgements which had, or could have had, a material impact on the financial statements is the adoption of the going concern basis for the preparation of the financial statements (as explained above) and the assessment of whether a freehold property that is currently sublet should be classed as an investment property or, as is currently the case, not. If in future the property is reclassified as an investment property, it will need to be stated at its fair value rather than depreciated cost, which is likely to result in an increase in the reported net assets of the Group.

The only material estimate required is the estimated useful lives of assets and their residual values, which are described above. The carrying value of the assets is given in note 17.

2 Legal status of the Charity

The Charity is a private company limited by guarantee and has no share capital. It is registered in England and its registered office is Theatre Royal Bath, Sawclose, Bath, BA1 1ET and its registered company number is 01416448. In the event of the Charity being wound up, the liability in respect of the guarantee is limited to £100 per member of the Charity.

3 Financial Performance of the Charity

The consolidated statement of financial activities includes the results of the Charity's wholly owned subsidiaries (see note 7).

The summary financial performance of the Charity alone is:

	2020 £'000	2020 £'000
Income	2,868	8,617
Donation from subsidiary companies	193	624
	<u>3,061</u>	<u>9,241</u>
Expenditure on charitable activities	<u>(3,587)</u>	<u>(8,213)</u>
Net income/(expenditure)	(526)	1,028
Total funds brought forward	7,250	6,222
Total funds carried forward	<u>6,724</u>	<u>7,250</u>
Represented by:		
Unrestricted income funds	5,297	5,757
Restricted income funds	1,427	1,493
	<u>6,724</u>	<u>7,250</u>

Notes to the Financial Statements (Continued)

3 Financial Performance of the Charity (continued)

The consolidated income of £2,912k (2020: £10,983k) comprises the charity income above of £2,868k (2020: £8,617k) plus the income of the subsidiaries of £37k (2020: £5,893k) (Note 7) plus a net inter-company trading adjustment of £7k (2020: less net inter-company trading of £3,527k).

4 Income from charitable activities

	Unrestricted Funds 2021 £'000	Restricted Funds 2021 £'000	Total 2021 £'000	Total 2020 £'000
Main House & Ustinov Performances	311	-	311	7,086
Education (inc performances in the egg)	209	-	209	543
Touring and West End Productions				
Income	-	-	-	1,931
Grant Income	6	1,502	1,508	75
	<u>526</u>	<u>1,502</u>	<u>2,028</u>	<u>9,635</u>

Grant income received in 2020 of £75k was restricted; all other 2020 income was unrestricted.

Income from charitable activities arises from the provision of services.

5 Income from donations and legacies

	2021 £'000	2020 £'000
Donations and Legacies		
Memberships	91	102
Donations	73	258
Legacies	30	5
	<u>194</u>	<u>365</u>

Of the donations, £65k was unrestricted (2020: £142k) and £8k restricted (2020: £116k). Income from legacies and memberships was all unrestricted (2020: all).

The Charity benefits greatly from the involvement and enthusiastic support of its volunteers, details of which are given in our annual report. In accordance with FRS 102 and the Charities SORP (FRS 102), the economic contribution of volunteers is not recognised in the financial statements.

6 Income from other trading activities

	Total 2021 £'000	Total 2020 £'000
Other trading income	134	257
	<u>134</u>	<u>257</u>

All income from other trading activities is unrestricted in both 2021 and 2020. Of the income, £75k (2020: £63k) is from rents and the balance from the provision of services.

Notes to the Financial Statements (Continued)

7 Income from trading activities of subsidiaries

The Charity has three wholly owned trading subsidiaries all of which are incorporated in the UK and all of which have their registered office at Theatre Royal Bath, Sawclose, Bath BA1 1ET. The Theatre Royal Bath (Trading) Limited operates the bars within the Theatre, procures sponsorship for The Theatre Royal Bath and operates the 1805 Entertaining Suite and a ticket booking agency. The Theatre Royal Bath Productions Limited generates and presents theatrical productions. The Theatre Royal Bath Enterprises Limited manages and runs theatrical productions for The Theatre Royal and for The Theatre Royal Bath Productions Limited

These companies donate their taxable profits and pay management charges to The Theatre Royal Bath Limited. Audited financial statements are filed with the Registrar of Companies. A summary of their trading results is shown below. In the consolidated statement of financial activities, the turnover of Theatre Royal Bath Productions is included in touring and west end productions income. Other income, after eliminating intra-group transactions, is included as income from other trading activities.

The summary financial performances of the subsidiaries are:

2021	TRB Productions £'000	TRB Trading £'000	TRB Enterprises £'000	Total £'000
Turnover	53	32	(48)	37
Other expenditure	(26)	(37)	43	(26)
Net profit/(loss)	27	(5)	(5)	11
Theatre tax relief	-	-	5	5
Management charges	(2)	(1)	-	(3)
Amount donated to the Charity	(74)	(119)	-	(193)
Retained in subsidiary	(49)	(125)	-	(180)
2020	£'000	£'000	£'000	£'000
Turnover	2,216	487	3,190	5,893
Other expenditure	(1,949)	(285)	(3,508)	(5,742)
Net profit/(loss)	267	202	(318)	151
Theatre tax relief	-	-	318	318
Management charges	(160)	(87)	-	(247)
Amount gift aided to the Charity	(527)	(97)	-	(624)
Retained in subsidiary	(420)	18	-	(402)

The management charges were paid to the Charity.

Notes to the Financial Statements (Continued)

7 Income from trading activities of subsidiaries (continued)

The assets and liabilities of the subsidiaries were:

2021	TRB Productions £'000	TRB Trading £'000	TRB Enterprises £'000	Total £'000
Fixed assets	-	15	-	15
Current assets	343	74	303	724
Current liabilities	(332)	(88)	(293)	(713)
Total net assets	21	1	10	26

2020	£'000	£'000	£'000	£'000
Fixed assets	1	20	-	21
Current assets	314	171	642	1,127
Current liabilities	(245)	(65)	(632)	(942)
Total net assets	70	126	10	206

8 Other income

	Total 2021 £'000	Total 2020 £'000
Coronavirus job retention scheme	551	202
VAT reclaim	-	513
	551	715

The Theatre joined with a number of other theatres to reclaim a portion of input VAT previously disallowed. The reclaim relates to the VAT incurred in the period to May 2017, the repayment of which has been agreed, and a further estimated amount relating to the period to May 2020.

9 Analysis of expenditure on charitable activities

2021	Main House & Ustinov £'000	Education (incl the egg) £'000	Touring & West End Productions £'000	Creative Fund £'000	Total £'000
Cost of productions	580	99	(18)	-	661
Education and outreach	-	244	-	-	244
Box office and front of house	483	42	-	-	525
Marketing	198	7	(5)	-	200
Building and stage	494	28	2	-	524
Amortisation and depreciation	143	38	1	-	182
Grants made	-	-	-	-	-
Support costs (note 10)	853	270	35	-	1,158
Governance costs (note 10)	54	16	20	-	90
Total	2,805	744	35	-	3,584

Notes to the Financial Statements (Continued)

9 Analysis of expenditure on charitable activities (continued)

2020	Main House & Ustinov	Education (incl the egg)	Touring & West End Productions	Creative Fund	Total
	£'000	£'000	£'000	£'000	£'000
Cost of productions	4,348	276	1,651	-	6,275
Education and outreach	-	342	-	-	342
Box office and front of house	807	55	-	-	862
Marketing	394	25	171	-	590
Building and stage	414	21	8	-	443
Amortisation and depreciation	155	39	2	-	196
Grants made	-	-	-	(1)	(1)
Support costs (note 10)	999	334	209	3	1,545
Governance costs (note 10)	29	9	15	-	53
Total	7,146	1,101	2,056	2	10,305

Of the above expenditure, £1,576k was restricted (2020: £228k) and the balance unrestricted.

10 Analysis of governance and support costs

The Charity initially identifies the costs of its support functions, including governance costs. The support costs are apportioned between the charitable activities undertaken (see note 9) in the year. Administrative staff costs are allocated based on the time spent by the relevant staff in supporting the various activities. Other costs apportioned pro-rata to administrative staff costs.

2021	General Support	Governance function	Total
	£'000	£'000	£'000
Administrative costs	202	1	203
Administrative staff costs	956	9	965
Audit fees	-	38	38
Accountancy services	-	19	19
Legal and other professional fees	-	23	23
	1,158	90	1,248
2020	£'000	£'000	£'000
Administrative costs	297	2	289
Administrative staff costs	1,171	11	1,182
Audit fees	-	28	28
Accountancy services	-	12	12
Legal and other professional fees	77	-	77
	1,545	53	1,598

Notes to the Financial Statements (Continued)

11 Net income / (expenditure) for the year

This is stated after charging:	2021 £'000	2020 £'000
Amortisation of intangible fixed assets	6	5
Depreciation of tangible fixed assets	176	191
Auditor's remuneration:		
Audit fees	38	28
Tax compliance	7	5

12 Analysis of staff costs, trustee remuneration and expenses, and the cost of key management personnel

Staff costs	2021 £'000	2020 £'000
Salaries and wages	1,716	2,231
Social security costs	131	178
Pension costs	42	52
	1,889	2,461

Pension costs, comprising defined contribution payments, are included in administrative staff costs and are wholly charged to unrestricted funds.

The number of employees who received total employee benefits (excluding employer pension costs) of more than £60k is as follows:-

£'000	2021 Number	2020 Number
60-70	1	2
80-90	-	1
160-170	1	-
310-320	-	1

The Charity trustees were not paid nor received any other benefits from employment with the Charity or its subsidiaries in the year (2020: £nil) neither were they reimbursed expenses during the year (2020: £nil). No Charity trustee received payment for professional or other services supplied to the Charity (2020: £nil).

The key management personnel of the parent charity comprise the trustees, the Theatre Director, Finance Director, General Manager and Theatre Administrator. The total employee benefits of the key management personnel of the Charity were £381k (2020: £422k).

The key management personnel of the group are those of the Charity and the key management personnel of its wholly owned subsidiary Theatre Royal Bath Productions. The key management personnel of Theatre Royal Bath Productions Limited are the Board of Directors, the Finance Director, General Manager and Theatre Administrator whose employee benefits total £nil (2020: £186k). The employee benefits of key management personnel for the group was therefore £381k (2020: £608k).

The higher paid staff disclosures above are based on salary payments in the year which can include bonus payments relating in part to the preceding financial year.

Notes to the Financial Statements (Continued)

13 Staff Numbers

The average monthly head count was 99 staff (2020: 140 staff).

	2021	2020
	Number	Number
Fundraising	3	3
Production	21	36
Main House & Ustinov Front of House	30	46
Box Office	6	9
Marketing	3	3
Management	9	9
Administration	10	10
Education and the egg	17	24
	<u>99</u>	<u>140</u>

14 Related party transactions

In 2021, the following transactions took place between the Charity and its wholly owned subsidiaries:

- Donations from the subsidiaries to the Parent Charity
- The payment of management charges

Details of these transactions are shown in note 7.

In addition, the Charity, on behalf of the Group, employs all staff. Recharges of salary costs to the subsidiaries were £7k (2020: £160k).

Balances due from and to the subsidiaries are shown in notes 19 and 20 respectively.

During the year, the group obtained services with a total value of £950, of which the Charity obtained services cost £500, from the daughter of D Moar, a member of the key management team. There was no balance outstanding as at the year end.

In the prior year, the Charity obtained services with a VAT inclusive value of £12,150 from a company which is partly owned by the husband of M Cooke, a trustee. There was no balance outstanding as at the year end.

From time to time, related parties purchase tickets for productions in the auditoria. The price of these tickets is the same as that available to the general public at the time.

15 Government Grants

In the year, the Charity received a grant from the Arts Council of £81k (2020: £65k) and also Culture Recovery Grants of £1,241k (2020: £nil) from the Arts Council and the Department for Digital, Culture, Media and Sport (included within income from charitable activities - note 4). The charity also received coronavirus job retention scheme income (note 8).

Notes to the Financial Statements (Continued)

16 Intangible fixed assets – group and charity

	Software £'000
Cost	
At beginning of year	44
Additions	-
Disposals	-
At end of year	<u>44</u>
Amortisation	
At beginning of year	36
Charge for Year	6
Disposals	-
At end of year	<u>42</u>
Net book value	
At end of year	<u>2</u>
At beginning of year	<u>8</u>

17 Tangible fixed assets

Group	Long leasehold improvements £'000	Freehold property and improvements £'000	Motor vehicl es £'000	Equipment £'000	Total £'000
Cost					
At start of year	2,736	3,738	23	1,074	7,571
Additions	-	-	-	13	13
Disposals	-	-	-	(31)	(31)
At end of year	<u>2,736</u>	<u>3,738</u>	<u>23</u>	<u>1,056</u>	<u>7,553</u>
Depreciation					
At start of year	1,548	717	23	742	3,030
Charge for year	59	46	-	71	176
Disposals	-	-	-	(28)	(28)
At end of year	<u>1,607</u>	<u>763</u>	<u>23</u>	<u>785</u>	<u>3,178</u>
Net book value					
At end of year	<u>1,129</u>	<u>2,975</u>	<u>-</u>	<u>271</u>	<u>4,375</u>
At beginning of year	<u>1,188</u>	<u>3,021</u>	<u>-</u>	<u>332</u>	<u>4,541</u>

Notes to the Financial Statements (Continued)

17 Tangible fixed assets (continued)

Charity	Long leasehold improvements £'000	Freehold property and improvements £'000	Motor vehicles £'000	Equipment £'000	Total £'000
Cost					
At start of year	2,736	3,738	23	1,015	7,512
Additions	-	-	-	13	13
Disposals	-	-	-	(23)	(23)
At end of year	2,736	3,738	23	1,005	7,502
Depreciation					
At start of year	1,548	717	23	705	2,993
Charge for year	59	46	-	64	169
Disposals	-	-	-	(21)	(21)
At end of year	1,607	763	23	748	3,141
Net book value					
At end of year	1,129	2,975	-	257	4,361
At beginning of year	1,188	3,021	-	310	4,519

The original cost of the freehold property, which was not depreciated, is £1.4 million. The freehold property can only be sold with the consent of the Bath Theatre Trust, which is the freeholder of the main theatre, which the Charity leases from the Trust.

18 Investments

Charity	2021 £'000	2020 £'000
Shares at cost in group undertakings:		
At beginning and end of year – at cost	10	10

Details of consolidated subsidiary undertakings, which are all registered in England and Wales, as follows:

Subsidiary undertaking	Principal activity	Class and percentage of shares held
Theatre Royal Bath (Trading) Limited - 02353880	Operation of the Theatre Bars, Procurement of sponsorship and operation of 1805 Suite	Ordinary 100%
Theatre Royal Bath Enterprises Limited - 01640869	Control and running of theatre productions	Ordinary 100%
Theatre Royal Bath Productions Limited - 03495565	Development of theatre productions	Ordinary 100%

Notes to the Financial Statements (Continued)

19 Debtors

	Group		Charity	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Trade debtors	114	73	102	66
Other debtors	123	788	91	123
Prepayments and accrued income	699	643	696	636
Amounts owed by group undertakings	-	-	197	1,385
	<u>936</u>	<u>1,504</u>	<u>1,086</u>	<u>2,210</u>

20 Creditors: amounts falling due within one year

	Note	Group		Charity	
		2021	2020	2021	2020
		£'000	£'000	£'000	£'000
Bank loan (see note 22)		100	-	100	
Trade creditors		166	147	131	100
Taxation and social security		219	298	217	245
Amounts owed to group undertakings		-	-	62	990
Short-term compensated absences (holiday pay)		57	61	57	61
Other creditors		158	41	17	36
Accruals		349	701	215	337
Advance ticket sales and other deferred income	21	<u>1,709</u>	<u>777</u>	<u>1,709</u>	<u>777</u>
		<u>2,758</u>	<u>2,025</u>	<u>2,508</u>	<u>2,546</u>

21 Deferred income

Deferred income consists primarily of advance ticket sales and gift vouchers. The majority of income deferred in the current year relates to advance ticket sales in respect of the Summer Season of plays.

Group and Charity

	Gift vouchers and other deferred income	Advance ticket sales	Total
	£'000	£'000	£'000
Prior year			
At beginning of the prior year	183	1,202	1,385
Amount released to incoming resources	(183)	(1,202)	(1,385)
Amount deferred in year	<u>188</u>	<u>589</u>	<u>777</u>
Deferred income as at the year end	<u>188</u>	<u>589</u>	<u>777</u>
Current year			
At beginning of year	188	589	777
Amount released to incoming resources	(188)	(589)	(777)
Amount deferred in year	<u>178</u>	<u>1,531</u>	<u>1,709</u>
Deferred income as at the year end	<u>178</u>	<u>1,531</u>	<u>1,709</u>

Notes to the Financial Statements (Continued)

22 Creditors: amounts falling due after more than one year

Note	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Bank loan	900	-	900	-
	900	-	900	-

The bank loan is secured by way of a fixed and floating charge over the assets of the Group. The loan is repayable in monthly instalments over a period of five years, commencing in December 2021 and bears interest at a margin of 2.75% per annum. The interest that arose in the first year was paid by the Government.

23 Analysis of charitable funds

Analysis of movements in unrestricted funds

2021	Balance 1 June 2020 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Funds 31 May 2021 £'000
General fund	3,909	1,386	(1,887)	-	3,408
Designated production fund	110	-	13	-	123
Designated stability fund	150	-	-	-	150
Designated creative fund	47	-	-	-	47
Designated building levy	1,738	16	(169)	-	1,585
Total	5,954	1,402	(2,043)	-	5,313

2020	£'000	£'000	£'000	£'000	£'000
General Fund	3,183	10,437	(9,753)	42	3,909
Designated production fund	294	-	(184)	-	110
Designated stability fund	150	-	-	-	150
Designated creative fund	49	-	(2)	-	47
Designated building levy	1,572	355	(189)	-	1,738
Total	5,248	10,792	(10,128)	-	5,954

Details of unrestricted funds

Name of unrestricted fund	Description, nature and purposes of the fund
General fund	The balance of unrestricted reserves after designations.
Designated funds:	<ul style="list-style-type: none"> a) Designated production fund for own-house productions in the Main house, Ustinov and egg auditoria. b) Designated stability fund to enable continuity in activities as a result of unforeseen circumstances. c) Designated creative fund to enable the Charity to offer grants to local arts organisations. d) Designated building levy to cover the upkeep and running of the theatre building and its three auditoria.

Notes to the Financial Statements (Continued)

23 Analysis of charitable funds (continued)

Analysis of movements in restricted funds

2021	Balance 1 June 2020 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Funds 31 May 2021 £'000
Restoration reserve	3	2	(5)	-	-
The egg reserve	80	266	(289)	-	57
Arts Council Culture Recovery Fund Grants	-	1,241	(1,241)	-	-
The egg appeal reserve	1,374	-	(39)	-	1,335
Lifelong learning fund	36	-	(1)	-	35
2010 appeal reserve	-	1	(1)	-	-
Fixed asset reserve	-	-	-	-	-
Total	1,493	1,510	(1,576)	-	1,427

2020	Balance 1 June 2019 £'000	Incoming resources £'000	Resources expended £'000	Transfers £'000	Funds 31 May 2020 £'000
Restoration reserve	2	2	(1)	-	3
The egg reserve	105	201	(126)	-	80
The egg appeal reserve	1,412	1	(39)	-	1,374
Lifelong learning fund	9	80	(53)	-	36
2010 appeal reserve	8	1	(9)	-	-
Fixed asset reserve	36	6	-	(42)	-
Total	1,572	191	(228)	(42)	1,493

Details of restricted funds

Name	Description, nature and purposes of the fund
Restoration reserve	The balance specifically for the renovation work for the Ustinov.
The egg reserve	Funds received for the support of the egg and its educational work including Arts Council grants that are not from the Culture Recovery Fund.
Arts Council Culture Recovery Fund Grants	Arts Council Culture Recovery Fund Grants publically funded by the Department for Digital, Culture, Media and Sport.
The egg appeal reserve	Funds raised for the development of the egg auditorium to provide a theatre specifically for children and young people.
Lifelong learning fund	Funds received for the support of educational work for adults.
2010 appeal reserve	The balance specifically for the renovation and development work to the Main House.
Fixed asset reserve	Funds donated towards the purchase of equipment.

Notes to the Financial Statements (Continued)

24 Analysis of group net assets between funds

	General Fund	Designated Funds	Restricted Funds	Total
	£'000	£'000	£'000	£'000
2021				
Tangible fixed assets	2,844	198	1,335	4,377
Current assets	4,031	1,843	147	6,021
(Current liabilities)	(2,567)	(136)	(55)	(2,758)
(Long term liabilities)	(900)	-	-	(900)
Total	3,408	1,905	1,427	6,740
2020				
Tangible fixed assets	2,939	236	1,374	4,549
Current assets	2,811	1,942	170	4,923
(Current liabilities)	(1,841)	(133)	(51)	(2,025)
Total	3,909	2,045	1,493	7,447

25 Reconciliation of net movement in funds to cash generated by / (used in) operations

	2021 £'000	2020 £'000
Net movement in funds	(707)	627
Add back amortisation charge	6	5
Add back depreciation charge	176	191
Add back loss on disposal of fixed assets	3	1
Deduct interest income shown in investing activities	(5)	(11)
Movement in work in progress	(183)	407
Movement in debtors	568	(104)
Movement in creditors	633	(2,279)
Net cash generated by / (used in) operating activities	491	(1,163)

26 Financial instruments

	Group		Charity	
	2021 £'000	2020 £'000	2021 £'000	2020 £'000
Financial assets which are debt instruments measured at amortised cost	780	631	964	2,009
Financial assets which are equity instruments measured at amortised cost	-	-	10	10
Financial liabilities measured at amortised cost	530	1,345	428	1,410

The risk from financial instruments primarily arises from cash at bank, where the Charity is exposed to credit risk. The Group is also exposed to credit risk from its trade debtors and the Charity is exposed to credit risk relating to its subsidiaries.

Notes to the Financial Statements (Continued)

27 Operating leases

Income due under non-cancellable operating leases:

Group and Charity	2021 £'000	2020 £'000
Due next year	64	64
Due in 2 to 5 years	256	256
Due after more than 5 years	629	693
	<u>949</u>	<u>1,013</u>

Under the terms of the leases, the rental income is subject to periodic review. The leases give the tenants no right of acquisition.

28 Consolidated Statement of Financial Activities – Prior Year

2020	Unrestricted Funds £'000	Restricted Funds £'000	Total Funds £'000
Income from:			
Charitable activities:	9,560	75	9,635
Donations and legacies	249	116	365
Other trading activities:	257	-	257
Investment income	11	-	11
Other income	715	-	715
Total income	<u>10,792</u>	<u>191</u>	<u>10,983</u>
Expenditure on:			
Costs of raising funds:	(51)	-	(51)
Charitable activities:	(10,077)	(228)	(10,305)
Total expenditure	<u>(10,128)</u>	<u>(228)</u>	<u>(10,356)</u>
Net income/(expenditure)	664	(37)	627
Funds transfer	42	(42)	-
Net movement in funds for the year	<u>706</u>	<u>(79)</u>	<u>627</u>
Reconciliation of funds			
Total funds brought forward	5,248	1,572	6,820
Total funds carried forward	<u>5,954</u>	<u>1,493</u>	<u>7,447</u>

29 Post balance sheet events

Subsequent to the year end, the Charity was awarded further grants of £813,000 towards its operating costs.

The Charity re-opened its auditoria in June 2021 and Theatre Royal Bath Productions Limited also recommenced its touring activities in that month.