



Leeds Grand Theatre
and Opera House Ltd

Financial Statements
and Annual Report 2020/21

Company Registration Number – 00978161
Charity Registration Number – 500408

Leeds Grand Theatre & Opera House Ltd T/a Leeds Heritage Theatres

Trustees' Annual Report and Financial Statements for the year ended 31 March 2021

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Reference and Administrative Information

Company Name	Leeds Grand Theatre & Opera House Ltd T/a Leeds Heritage Theatres
Company Registration Number	00978161
Charity Registration Number	500408
VAT Number	333 4718 09
Registered Office	Leeds Grand Theatre & Opera House Ltd, 46 New Briggate, Leeds LS1 6NU

Trustees

Ms. Lucinda Yeadon
Mr. Robert Gettings
Alderman Gerry Harper
Councillor Jane Dowson
Councillor Peter Harrand
Mr. Paul Scholey
Mr. Neil Clephan
Mr. Alan Gay
Mr. Kris Brewster
Mr. Peter Wilkinson
Councillor Denise Ragan

Senior Management Team

Chris Blythe	Chief Executive
Anne Harrison	Head of Support Services
Ian Sime	Grand Theatre and City Varieties Music Hall General Manager
Anne Shaw	Head of House Management
Wendy Cook	Head of Cinema
Julie Wainwright	Head of Finance
Amy Sanderson	Head of Communications
Alan Dawson	Head of Technical
Rachel Lythe	Head of Learning

Treasurer Alan Gay, c/o Leeds Grand Theatre & Opera House Ltd,
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Auditors Sagars Accountants Ltd, Gresham House, 5-7 St Pauls Street,
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Solicitors Professional Legal Services, Leeds City Council, St George
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Trustees' Report for the year ended 31 March 2021

The Trustees are pleased to present their annual report together with the financial statements of the charity for the year ending 31 March 2021, which are also prepared to meet the requirements for a directors' report and accounts for Companies Act purposes.

The financial statements comply with the Charities Act 2011, the Companies Act 2006, the Memorandum and Articles of Association, and Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102).

1.0 Our Charitable Purposes

Our purpose as set out in the Company's Memorandum of Association is to promote knowledge, education and appreciation of the arts. We achieve our charitable aims by providing a theatre, music hall and picture house to stage productions and host film screenings, and provide educational programmes and heritage activity to encourage participation in the arts by the general public.

The Learning Programme engages participants with activities across our three venues, working with both young people and communities in the city and region. Inclusive skills-based training, workshops and educational tours are delivered, alongside introductory activities to connect people who may not ordinarily engage with the arts, with our live performances and films. This helps to make our programme and theatre buildings more accessible to wider audiences.

The over-arching **aims** of the Company are to:

1. Engage with as many members of the public as possible to raise awareness of and access to the arts and our educational offer;
2. To be a financially sustainable and robust organisation in the long term;
3. To provide access to, and suitably well maintained facilities for our high quality live performance and film programme

In order to achieve these aims, the Company has the following **objectives**:

1. Maximise attendances at our theatre productions and cinema screenings, and to encourage community involvement in our Learning Programme: awareness and accessibility are key to these aspirations;
2. Offer variety by providing a broad range of cultural experiences to be enjoyed by all tastes, ages and backgrounds;
3. Offer a Learning programme;
4. To be financially efficient and business-like in our activities;
5. Maintain and where possible improve the condition of our buildings and infrastructure.

The **strategies** employed to achieve the charitable Company's aims and objectives are:

- To achieve as broad an appeal as possible by presenting a wide range of theatre productions and cinema screenings, from younger children's activities and screenings, family productions such as pantomime, productions aimed at older audiences, operatic and balletic productions, plus those with a general appeal: dramatic, musical and comedic performances;

- To offer inclusivity by hosting accessible performances and screenings for people who are visually or hearing impaired, or otherwise vulnerable;
- To offer opportunities for a young people to get involved in arts activity exploring their own creative powers through workshops, training, a Youth Theatre, summer school and feeding into planning and decision making;
- To celebrate the heritage element of our historic buildings through tours, open days and exhibitions;
- To be financially successful by maximising income and controlling expenditure in order to be an efficient and effective organisation which achieves good value for money and obtains maximum value from its assets;
- To continue enhancing our reputation, and maintain or enhance relationships with our visiting companies; this will ensure the Company has a choice of high quality productions to host at our venues, and the ability to secure these in the medium term;
- To continue the planned approach to identifying and scheduling works to our venues.

2.0 Delivering Public Benefit

In shaping our objectives for the year and planning our activities, the Trustees have considered the Charity Commission's guidance on public benefit. Our principal activities for the public benefit would normally be live performances, film screenings and an educational programme delivered by our in-house Learning Team.

Due to the pandemic relating to Covid-19, no live performances took place at our venues in 2020/21. However, we were able to screen some films and provide a programme of remote educational activity using digital methods.

2.1 Screenings

Going into the 2020/21 financial year our plan had been for the Picture House building to close to allow the commencement of our ambitious National Lottery Heritage Fund supported refurbishment project. To mitigate the risks of the venue being closed for an extended period we developed the 'On the Road' programme which would allow us to continue to bring a diverse range of classic, independent, experimental and world cinema to Leeds using a range of off-site venues instead of the Picture House itself.

The pandemic caused extensive delays to our capital project but the lifting of some Covid-19 restrictions between July and November 2020 meant we were able to organise some On the Road events at the City Varieties Music Hall, Leeds University (outdoor screenings) and HEART Centre. These screenings included director Q&As (live and pre-recorded) and partnership work with London Film Festival, Leeds International Film Festival, the University of Leeds Students Union and Birds Eye View. We also curated work to respond to Black History Month and Pride in the same way we would normally try to make our screening activity relevant and an opportunity for learning.



We also adapted our activity where possible to online delivery where we either facilitated or helped with the promotion of extensive online film screening events with partners like Leeds International Film Festival, Birds Eye View, Scalarama Leeds, Pavilion, etc. We also curated an ongoing series of Hyde Park Picks which over the 2020/21 year allowed us to work with our team at the Picture House and external partners to make film recommendations for our audience to continue to use film to engage with people in a thoughtful and creative way throughout the extended lock down periods.

2.2 Education and Heritage

In 2020/21, throughout the pandemic and venue closures, we moved the Learning Programme online to continue engaging children and young people with our regular creative activities, focusing on wellbeing and skills development. Our core Creative Engagement Programme included Leeds Grand Youth Theatre (LGYT) and Leeds Actors in Training (LAIT), providing skills workshops for 8-25yr olds. Sessions were delivered via live streamed workshops and artist-led master classes, supported by live celebration screenings, when restrictions allowed. Members of the public were also able to access frequent live streamed and pre-recorded events including talks, q&as, film screening discussions, online and in person exhibitions and interactions with the creative work our young people produced. Resources, including artist led creative challenges, were produced for schools to further support wellbeing, reconnect young people and support the transition back into the classroom.



Digital provision via zoom

The Picture House's refurbishment project includes extensive audience facing activity related to telling, and facilitating engagement with, the Picture House's story and throughout the past year we also managed to move swathes of this work online. Key outputs included the launch of a new interactive website www.lostcinemas.co.uk and an associated exhibition of prints and postcards at Colours May Vary. The Website is a living resource, documenting all the historic cinemas of Leeds including many which are no longer standing. It brings together geographic information, archival photographs and people's memories of these cinemas. The work has been adapted into a book and an audio tour which will both be released in 2021/22. To encourage engagement with the project we ran extensive activity on social media, worked with the press to gain exposure and delivered two digital screening events as part of Scalarama 2020.

The Charity continues to be committed to training and the employment of apprentices and supports a Level 3 apprentice in Cultural Learning & Participation, due for completion in January 2022 (extended due to the pandemic and venue closure). Regular support was provided over the year and connections were maintained with the accrediting college.

In 2020/21, in total, including in person and virtual Learning activities we engaged **22,400** people through 291 sessions, introducing children, young people, families and members of the public, to arts activities and the story of our venues. This is an increase on previous years due to the greater reach and engagement via online activities.

2.3 Inclusivity

Whilst touring shows proved unviable for visiting producers with social distancing, we adapted our programme of activity and drew on our expertise of live streaming at CVMH and other partner venues, providing in person film screenings, celebration events and exhibitions as restrictions allowed. Flexibility to adapt our programme, work across our venues and move activities online welcomed new audiences and built on our existing audience for film and live streamed theatre (pre-pandemic). In person activities engaged a total of **10,829 people** in 2020/21. Whilst this was a significant reduction from previous averages of 350,000 people/year, we focused on increasing our online presence through

pre-recorded creative challenges and online artist led workshops for LGYT and LAIT, public digital exhibitions, podcasts and live online q&as. In total, including in person and virtual screenings and learning activities we engaged **24,856 people through 344 sessions**.

Increasing our reach further we nurtured regular engagement with the public via social media posts which shared stories, history, suggested films to watch and posted video clips and updates from activities taking place. As an example, over the year social media posts specifically focused on learning activities resulted in **21,445 interactions** (comments, likes, shares) with a reach of **579,328** people.

The activities we deliver as part of the Company's Learning Programme aim to engage a diverse range of participants with our venues and the arts, many for the first time. Activities are developed to help decrease social, financial and cultural barriers through a range of affordable creative projects and workshops.

In response to the pandemic and financial uncertainty families were faced with, fees were removed for the summer term of our youth theatre provision and ten bursary places were maintained for the remainder of the year. Focus continued to be on the development of skills, creativity, confidence, resilience and wellbeing, which became more important as further lockdowns and necessary home schooling resulted in isolations, loneliness, anxiety and low mood. Engaging young people from a range of Leeds postcodes, 34% of LGYT members (aged 8-17yrs) live in areas of multiple deprivation with low progression to higher education. LGYT workshops provided continuity, a creative outlet and a chance to develop new skills, with many members stated the sessions provided a lifeline during lockdown.

We adapted our LAIT provision as an intensive online master class series for 18-25 year olds, providing accessible but in-depth vocal, movement and actor training. Master classes focused on the development of transferrable skills and how to adapt practice for online auditions during the pandemic, for those keen to progress within the industry. 20% of the participants that took part in our LAIT course live in areas of multiple deprivation with low progression to higher education and 75% of those who signed up had not previously engaged with us before. Access to a range of industry experts was facilitated online, alongside providing vital commissions for our core creative team Lizi Patch, Pete Rosser and Dawn Holgate and guest artists including Sam Kenyon, Dermot Daly, James Lewis-Knight, Nickie Miles-Wildin, Robin Simpson and Testament.

We continued to reach out into local neighbourhoods, where restrictions allowed, through our On the Road programme. Engaging with families in Headingley and surrounding areas and young adults at Leeds University, On the Road screenings provided vital opportunities to bring people together safely to share a collective experience once again. Working online to support film releases and host or support on Q&A events with makers presented a rare opportunity to be bolder with our approach to access and by the end of the twelve-month period most of the events we presented were captioned as standard for hard of hearing audiences. Returning into venues we tried to mirror this with the provision of captioned screenings for all titles where possible.

With our film programme we have also tried to keep inclusivity at the fore of our mind by supporting new and archival works by a diverse range of filmmakers exploring a wide array of stories. We have tried to keep at the fore the voices of artists typically underrepresented in mainstream cinema. This has included putting titles like Ammonite, Mogul Mowgli, White

Riot, etc. front and centre in our programme as well as continuing to partners with national organisations like Birds Eye View who are working in a joined-up way to facilitate systemic change.

In recognition of the work still needed to improve Equality, Diversity and Inclusion within the Charity, we formed a senior working group to develop a comprehensive strategy to identify both short and long-term aspirations in this area including informing more inclusive recruitment practices, Workforce Development Plans, training and internal culture.



Celebration event at CVMH Sept 2020

2.4 Financial Position

In the last few years, the charitable Company achieved a momentous turnaround from having historically operated at a deficit, to achieving operating surpluses for the prior five consecutive years. This success allowed us to build up reserves to manage business risk and to help us survive the devastating impact of the Covid-19 pandemic.

In the context of an almost complete loss of earned income, the charitable Company has survived by controlling costs, utilising the existing reserves, and the receipt of considerable levels of grant income.

In particular, the charitable Company has received £1.1m of grant income from the Government's Job Retention Scheme, and £1.3m of Culture Recovery Fund grant. This considerably strengthens the financial sustainability of the Company during this period of uncertainty.

The charitable Company has made an operating deficit of £388k in 2020/21 (£137k surplus in 2019/20).

2.5 Preservation and Enhancement of our Venues and Infrastructure

Leeds Grand Theatre (LGT) is a Grade II* listed Victorian theatre (1878), City Varieties Music Hall (CVMH) is one of the few surviving Victorian music halls (1865), also with a Grade II* listed status, and Hyde Park Picture House (HPPH) is an early surviving cinema (1914) with a Grade II listing. Our venues are recognised nationally as significant heritage venues and are a renowned part of the cultural infrastructure of the city of Leeds.

A planned programme of works at LGT had been devised for a ten year period, together with a funding strategy. In light of the Covid-19 restrictions, urgent works have been prioritised. The programme will be reviewed, works prioritised, and timescales lengthened to meet the new financial reality of the post Covid-19 environment. The ability to fund the business-critical works going forward is key.

During the year, a number of urgent works have been completed in the LGT estate, costing £0.3m. These were funded by a mixture of capitalisation and by the levy on ticket sales, collected for that purpose and held in a dedicated Restricted Fund.

- We have completed a major scheme to replace distribution boards and electrical wiring,
- We continue to repair and restore the Grade 2* listed ornate plaster work in the auditorium,
- We have undertaken lighting upgrades to LED (part of a large programme of upgrades),
- We have replaced and repositioned our Stage Perches, which are working at height facilities allowing us to rig up lighting and sound equipment on the stage,
- We have completed a number of urgent repairs to rooves and made good damage caused by the ingress of water,
- We have made improvements to fire doors as part of a programme of improving Health & Safety infrastructure.

During the year, no major works have been required at City Varieties, nor at the Picture House.

Section 3 of the Strategic Report outlines significant planned works at our venues for 2021/22 and beyond.

3.0 Achievements and Performance

3.1 Performance Information

During the year 2020/21 the Covid-19 restrictions have prevented live performances in our theatres and allowed only a limited number of film screenings. We are delighted however that we were able to continue delivering our Learning Programme digitally and have been able to achieve the following:

- City Varieties: 25 screenings and attendance levels of 927 (230 performances and screenings and 69,000 attendances in 2019/20).
- On the Road Programme at Leeds University and HEART: 28 screenings and attendance levels of 1,529.

- Learning and Engagement Programme across our three venues: 291 sessions and 22,400 attendances – virtual and in person (392 sessions and 11,030 attendances in 2019/20).
- A total of **344** screenings, sessions and events have been staged and hosted during the year, with attendances of **24,856** people (virtual and in person).

3.2 Employees

Our Company is a major provider of employment within the arts, entertainment and cultural sectors in Leeds. The Company currently employs 78 permanent staff and 142 non-permanent staff (casual staff and an apprentice) across our three venues, a total of 220 individuals.

The majority of our employees were furloughed or part-furloughed for the year 2020/21. A skeleton team of senior managers and Box Office staff have been working throughout the year to secure the survival of the charitable Company, and to refund tickets to our patrons for cancelled shows, or to reschedule where this was possible.

3.3 Contribution Made by the Company's Volunteers

Volunteers are an integral element of the Front of House function at our venues, and archiving activity for the Company. This has been a long running and successful arrangement and the Company remains very grateful for the commitment and expertise of our 92 volunteers. We currently have the support of 8 archivists, 24 volunteers at Hyde Park Picture House, and 60 at the City Varieties Music Hall; although we were unable to facilitate in person volunteering throughout the pandemic, we kept in touch with them during closure and re-engaged with them as our venues reopened.

3.4 Contribution Made by the Company's Friends

The Friends of City Varieties Music Hall number around 140, they are a fundraising body with registered charity status. Their charitable aim is to 'promote the public appreciation and understanding of the arts by the support maintenance and advancement of the charitable work of the music hall'.

The Friends of Hyde Park Picture House are an independent charity (no. 1168835) with 899 members. They act in an ambassadorial role to champion the cause of the Picture House. As part of the ongoing development of the Picture House the Friends are re-assessing their relationship with the cinema and how best to support the company going forwards. As part of this process new memberships have been on hold since January 2020 and the cinema team are working with the Friends Trustees on a new approach to memberships ready for the cinema re-opening in 2022.

Strategic Report

1.0 Financial Summary

1.1 Position as at 31 March 2021

For the year ended 31 March 2021 the charitable Company registered a deficit of £2,603k compared to last year's deficit of £1,544k. This result reflects a number of factors which are summarised below:

Item	31 March 21 £000s	31 March 20 £000s
Operating (Deficit) / Surplus	(388)	137
Net movement to and from Funds	(249)	(115)
The revaluation of the company's pension fund liability resulting in an additional cost being recognised in the Statement of Comprehensive Income	(1,942)	(1,550)
Employees accumulating compensated absences	(23)	(17)
Total as per Statement of Comprehensive Income	(2,603)	(1,544)

The in-year deficit of £2.6m reflects a year in which our ability to generate earned income was almost completely eradicated. The charitable Company has survived the year by utilising reserves, cutting costs wherever possible, and a reliance on substantial grant funding.

Net cost in the movements to and from Restricted Funds of £(249)k represents £293k of income transferred into Restricted Funds, offset by utilising £(542)k of Restricted Funds to pay for specific items.

The Company's overall pension liability has increased by £1,942k and now stands at £6,085k compared to £4,143k in 2019/20. Financial Reporting Standard 102 'Pension Obligations' (FRS102) states that this deficit must be recognised in the balance sheet. The deficit is based on actuarial valuations and represents the difference between the value of the Company's pension fund assets at 31 March 2021 and the estimated present value of the future pension payments to which the Company was committed at that date.

During 2020/21, the fair value of assets has decreased and the present value of the future obligation has increased substantially, creating the overall increase in the liability of £1,942k. This loss is mainly due to re-measurement losses arising from unfavourable investment returns in year, market volatility, and future market uncertainty due to the current pandemic.

1.2 Funds Position

The Company has overall negative Unrestricted Funds of £(5,402)k. This is made up of two elements:

- £(6,085)k relates to the pension fund liability – pension payments are underwritten by LCC in the unlikely event of default by the Company,
- £683k of positive funds as replenished from CRF Grant Round 1.

The Company has overall Restricted Funds of £763k. Restricted Funds have various sources: income generated from a modest levy on ticket sales at our theatres; grant income from the Emerald Foundation and arts@Leeds grant from LCC; contributions towards the development scheme at HPPH have been received from LCC and a variety of grant making bodies.

The negative Unrestricted Funds of £(5,402)k together with positive Restricted Funds of £763k gives a net total of £(4,639)k, as at 31 March 2021, as shown in the Statement of Comprehensive Income and Statement of Financial Position.

Excluding the pension fund liability, the charitable Company has funds of £1.4m. The majority of this will be spent on the restoration and development of the Company's three historic venues. Further detail is given in Section 3.1 below. The remaining unrestricted funds will be held to mitigate against the realisation of certain major risks as outlined in Section 1.4 below.

1.3 Principal Funding Sources and Expenditure

The Company has received £2.4m of grant from the Government's Job Retention Scheme and Culture Recovery Fund (CRF) Scheme. This has been utilised to support the fixed costs and furlough wages of the Company during the period of closure. CRF Grant was also used to replenish Free Reserves as permitted by the grant conditions.

Our operating income for the year was £29k net of payments to film distributors for our screenings. More than half of this net income comprises Booking Fee for advance ticket sales for shows in the new financial year. Other income of £392k was received, mainly comprising reimbursements from third parties to cover costs incurred on their behalf. Donations of £49k were received from patrons and supporters and Trustees would like to express their thanks to everyone who gave so generously.

Operational grants are receivable from two main sources: Leeds City Council to help fund the provision of the artistic programme at our three venues, and delivery of the Learning Programme. The second source of grant was the Emerald Foundation, also to help fund the activities of our Learning Programme. Grants have also been received to help fund the HPPH development scheme.

Our total expenditure for the year was £4m, of which £2.6m was employee-related costs. Essential building works were undertaken totalling £0.9m (see 2.5 above) of which a substantial proportion was incurred to facilitate the redevelopment of the Howard Assembly Room. This is leased to our joint tenant in the LGT estate, Opera North, and the relevant costs were reimbursed by them.

1.4 Reserves Policy

The Company's Policy is to have the minimum level of Unrestricted Funds which will mitigate against the realisation of certain major risks summarised below:

- Emergency or planned closure for an extended period of Leeds Grand Theatre;
- Withdrawal of grant funding;
- Significant and sustained under-performance on major income-generating shows creating an in-year deficit;

- Pensions Liability (see below);
- Unidentified major repairs.

The Directors have assessed the probability and financial impact of the above risks and determined a target level of Unrestricted Funds to cover such eventualities. The target is currently met.

Restricted Funds are held for specific purposes as defined by Directors. Levy income on theatre tickets at LGT and CVMH is used to fund enhancements and restoration works to those venues (as outlined on page 8). Further plans to utilise some of these funds are set out in section 3.1 below. The Learning Fund is used in part each year to fund our Grand Futures LLP. The HPPH Development Fund will be used to help fund development works and activity.

1.5 Pension Payments

The accounting liability is covered in section 1.1 above. In cash terms, pensions are paid out by the Pension Fund over a period of many years during which time the assets will continue to generate returns towards funding them, and the Company will continue to make employer contributions. The last actuarial review was as at 31 March 2019, at that point the fund was 106% funded and therefore a static employer contribution rate was been proposed for three years of 15.3%. The methodology for determining this includes the value of current assets and the value of known liabilities (based on actual member demographics). The liability includes a prediction of for example, future RPI rates, CPI rates, salary increases, demographics etc. and is discounted back to present day. Given the impact of the pandemic, it is anticipated this position will worsen after the next review.

Leeds City Council acts as a guarantor for the charity under the West Yorkshire Pension Fund admission agreement and has agreed to indemnify the administering authority of the fund from and against all losses and payments that may be incurred by the authority by reason of any default by the Company.

1.6 Investment Powers and Policy

The policy of the Company is to ensure that all investment and borrowing activity is valid, accurate, efficient, properly accounted for and in accordance with statutory and corporate requirements. Trustees have sole responsibility for this type of activity. There was no borrowing undertaken during 2020/21. Interest was earned on balances comprising fixed term deposits and current accounts.

2.0 Principal Risks and Uncertainties Facing the Business

2.1 Governance Arrangements

An annual governance statement was received by Trustees in February 2021, this summarises an annual review of a suite of governance arrangements, to ensure compliance. Any risks or weaknesses identified can then be addressed by senior officers with the oversight of Trustees. No major weaknesses were identified.

2.2 Risk Register

All major risks are identified and monitored via the Company's risk register which is reviewed by the Trustees. Risks can be categorised into the broad themes of major (such as a force majeure), financial risks and operational risks. Internal systems have been implemented to mitigate risks as far as practicable by having plans and procedures in place such as Major Incident Plans, a robust framework of financial controls and financial reporting, procedures for Health & Safety, and the Safeguarding Procedure for vulnerable people.

3.0 Plans for the Future

3.1 Our Venues

The charitable Company anticipates embarking on a multi-million pound programme of restoration works to the LGT estate to sustain the longevity of the theatre. The funding strategy for this includes grant income, LGT Restoration Fund (restricted), and Designated Funds (identified from Unrestricted Funds).

Given the impact of Covid-19 on reserves and potential grant funding a full review of the capital programme is planned. The review will undoubtedly require some parts of the programme to be pushed back until finances are available but business critical and Health & Safety works have been and will continue to be prioritised.

Internally at LGT, planned maintenance and repairs includes fire safety enhancements, inspections to ornate plaster works and repairs if they are necessary, and upgrades to critical performance-related equipment.

At CVMH, a smaller programme of works has been identified. Whilst the CVMH has benefited from a comprehensive refurbishment, there are periodic inspections such as inspections of rooves, internal structures and load bearing capacity. The costs of any remedial works will be met by a mixture of Restricted Funds, capitalisation and Unrestricted Funds if available.

The refurbishment project for substantial improvements to Hyde Park Picture House includes;

- The restoration of important heritage features such as original screen mouldings, foyer terrazzo floors, and decorative plasterwork;
- Bringing key services such as electrics, heating and ventilation up to a high standard to improve the experience of patrons and improve environmental performance;
- Improving and future proofing technical infrastructure;
- Extending the spaces for box office, foyer and creating a café/bar area;
- Comprehensively addressing accessibility issues including level access to the venue, a lift to access facilities in the basement and new accessible washrooms;
- The construction of a second auditorium and break out area in the basement, to accommodate smaller scale screenings and learning & community activities.

The preferred contractor (Triton Construction Ltd.) has been appointed and the site was handed over to them in May 2021. Ahead of that, key enabling works were completed such as major services diversions, installation of temporary site electrics and a pre-start

archaeological report and additional surveys. Asbestos removal began in May and below ground excavation began in June.

3.2 Strategic Planning

The Strategic Plan is updated regularly, as is the corresponding financial plan. This is used to articulate the strategic direction of the Company and to plan particular activities together with the timescales for implementation.

As part of our Culture Recovery Fund grant, we committed to an activity plan that reviewed strategy in response to our risk register and needs arising from the pandemic, which resulted in the creation of strategic working groups focusing on Business Development (including fundraising); Artistic Vision, Audience Development and Engagement; Equality, Diversity and Inclusion and Environmental Responsibilities.

It is recognised that future planning will be difficult given the impact on reserves of the Covid-19 pandemic and the likely recession that will follow. We are entering a period of uncertainty and short-term financial planning will be critical, but all decisions will be made with the longer-term prosperity of the Company in mind. Our Charitable aims remain at the centre of our decision making and we remain confident that the underlying business model is sound.

3.3 Brand Identity and Website

Following extensive consultation, the charitable Company changed its trading name to 'Leeds Heritage Theatres' on 26 August 2020. A new brand identity has been developed in conjunction with consultants and stakeholders. This gives increased opportunity for cross venue promotion and increased ticket sales as well as telling our story as a charity and building the case for fundraising and individual giving both during the current Covid-19 uncertainty and beyond.

The re-opening of our venues will give us the proper opportunity to embed our values and strategic objectives across our team and ensure that we are ready to face the post COVID challenges.

3.4 Fundraising

Charity Commission guidance on fundraising sets out the law and good practice principles for trustees to follow when fundraising. Whilst traditionally there has been minimal audience focused fundraising activity, this will change during 2021/22 in order to raise the necessary funding required for the Hyde Park Picture House development project and other strategic priorities. The charitable Company has registered with the Fundraising Regulator to demonstrate its commitment to the recognised standards.

4.0 Structure, Governance and Management

4.1 Structure

Leeds Grand Theatre & Opera House Ltd is a charitable company with no subsidiaries.

4.2 Governing Document

The Leeds Grand Theatre & Opera House Limited is a company limited by guarantee governed by its Memorandum and Articles of Association, dated 27 April 1970, and incorporated in the United Kingdom. There is no share capital but each member of the company undertakes to guarantee £1 in the event of the winding up of the company.

4.3 Recruitment and Appointment of Directors

As per its Memorandum of Association, the company can have a maximum of nine people on its Board of Governors, all of whom are nominated by Leeds City Council. Five of these are elected members of Leeds City Council with the remaining four being independent. The directors make up the Board of Management. They are directors of the Company for the purposes of company law and are also charity trustees for the purposes of charity law. All trustees give their time voluntarily and received no benefit from the charity. Any expenses claimed are set out in note 13 to the accounts.

Council Directors are appointed through the Member Management Committee of Leeds City Council. Independent Directors are appointed through an interview process following advertising on the Company's website. All Directors undertake an induction process led by the Company's Chief Executive and Head of Support Services. All council members of the Board receive appropriate training as part of their responsibilities. All independent Board members were selected based on their relevant experience and training.

4.4 Organisation

The Board of Directors manages the Company. The Board normally meets quarterly and there are three sub-committees: Finance, General Purposes, and Hyde Park Picture House. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Directors, for operational matters.

4.5 Related Parties

Leeds City Council recognises ownership of the charitable Company under International Financial Reporting Standards, and provides funding in support of the artistic and educational programme. In addition, the City Council owns the Leeds Grand Theatre, which it leases to the Company for a peppercorn rent.

We are extremely grateful to the Emerald Foundation for their three-year grant agreement with the Company to support the work of the Learning & Heritage Team; during the year 2020/21 grant was received of £84,000.

4.6 Pay Policy for Senior Staff

The Directors agree that the key management personnel of the Company comprise themselves and the Senior Management Team. Directors do not receive remuneration for their role as Board Members; details of expenses paid to Directors are shown in note 13 to the accounts (2020/21: nil; 2019/20: nil).

Annual salary increases for all staff are paid in accordance with BECTU guidelines, other than for the Company's Chief Executive post, which is determined by the Board of Trustees.

4.7 Risk Management

The Directors have a governance framework as per section 2.1 which assesses key internal controls. The framework includes key internal controls to manage risk including:

- A system of authority and delegation for key decisions,
- Robust financial controls and financial planning,
- Annual high quality independent audit assessment of internal controls and processes,
- The setting of and monitoring of compliance with a comprehensive suite of policies and procedures covering risk areas,
- All major risks are identified and monitored via the Company's risk register.

It is recognised that a review of risks will need to be undertaken after the Covid-19 crisis and this will need to take into account the likely reduced level of reserves available.

5.0 Preparation of the Company's Accounts

5.1 Directors' Responsibilities

In relation to the Financial Accounts the Directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial accounts comply with the Companies Act 2006. The Directors are also responsible for safeguarding the assets of the charity and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Company and charity law requires directors to prepare financial accounts that give a true and fair view of the state of affairs of the company at the end of the financial year and of its surplus or deficit for the financial year. In doing so the Directors have:

- Selected suitable accounting policies and then applied them consistently,
- Observed the methods and principles in the Charities SORP,
- Made judgements and estimates that were reasonable and prudent,
- Stated whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- Prepared the financial accounts on a Going Concern basis.

5.2 Statement as to Disclosure to our Auditors

In so far as the Directors are aware:

- There is no relevant audit information of which the Company's auditor is unaware; and
- The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

5.3 Auditors

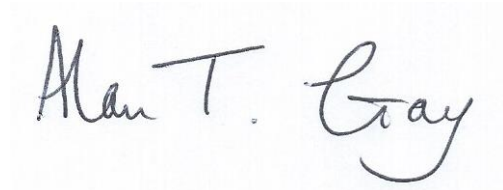
Under section 487(2) of the Companies Act 2006, Sagars Accountants Ltd will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

Approved by the directors on and signed on their behalf by



Mr. Paul Scholey
Chair,
Leeds Grand Theatre & Opera House
Limited

Date 11th November 2021



Mr. Alan T. Gay O.B.E.
Treasurer,
Leeds Grand Theatre & Opera House
Limited

Date 11th November 2021

Independent Auditor's Report to the Members of Leeds Grand Theatre & Opera House Limited

Opinion

We have audited the financial statements of Leeds Grand Theatre & Opera House Limited ('the charitable company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income and Retained Earnings, Statement of Financial Position, Cash Flow Statement and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2021 and of its incoming resources and application of resources for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 26 to the financial statements regarding the charitable company's ability to continue as a going concern. Note 26 outlines the impact of the Covid-19 pandemic and the uncertainties facing the company, specifically with regard to potential further restrictions. These conditions indicate the existence of material uncertainties, which may cast significant doubt as to the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Other information

The trustees are responsible for the other information contained within the annual report. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether 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, which includes 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 directors' report included within the trustees' 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 charity and its environment obtained in the course of the audit, we have not identified material misstatements in the trustees' report.

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

- adequate accounting records have not been kept; or
- the 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 trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purposes of company law) are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the trustees are responsible for assessing the 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 charity 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.

Details of the extent to which the audit was considered capable of detecting irregularities, including fraud and non-compliance with laws and regulations are set out below.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the charitable company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements. The laws and regulations we considered in this context were the Companies Act 2006 together with the Charities SORP (FRS102) 2019.

We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statement items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the charitable company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the charitable company for fraud. The laws and regulations we considered in this context were Charities Commission Regulations and requirements from funders.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Trustees and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be with regards to the timing of recognition of income, posting of unusual journals and the override of controls by management.

Our audit procedures to respond to these risks included:

- enquiries of management and the Trustees about their own identification and assessment of the risks of irregularities,
- sample testing on the posting of journals,
- reviewing accounting estimates for biases,
- reviewing funding agreements and carrying out detailed substantive testing on the completeness of income,
- reading minutes of meetings of those charged with governance; and
- obtaining confirmation from the trustees that there was no regulatory correspondence with the Charity Commission or other regulatory bodies.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Use of our report

This report is made solely to the 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



SUSAN C SEAMAN BA, FCA, CIOT
(Senior Statutory Auditor)
For and on behalf of
SAGARS ACCOUNTANTS LTD
Chartered Accountants & Statutory Auditor

Gresham House
5-7 St Paul's Street
Leeds
LS1 2JG

15 November 2021

STATEMENT OF COMPREHENSIVE INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 MARCH 2021

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £	Notes
INCOME					
Voluntary income	2,659,344	279,245	2,938,589	807,256	5
Investment income	20,609	0	20,609	46,777	6
Income from charitable activities	431,062	13,698	444,760	13,039,902	7
Other income	169,000	0	169,000	183,000	8
<i>Total Income</i>	<u>3,280,015</u>	<u>292,943</u>	<u>3,572,958</u>	<u>14,076,935</u>	
EXPENDITURE					
Charitable activities	(3,413,265)	(542,277)	(3,955,542)	(13,745,907)	10
Governance costs	(109,373)	0	(109,373)	(142,492)	9
Other expenditure	(548,000)	0	(548,000)	(790,000)	11
<i>Total Expenditure</i>	<u>(4,070,639)</u>	<u>(542,277)</u>	<u>(4,612,915)</u>	<u>(14,678,399)</u>	
Net Income for the Year	(790,624)	(249,333)	(1,039,957)	(601,464)	
OTHER RECOGNISED GAINS/LOSSES					
Actuarial gains/(losses) on Defined Benefit Pension Scheme	(1,563,000)	0	(1,563,000)	(943,000)	14
<i>Net movement in funds</i>	<u>(2,353,624)</u>	<u>(249,333)</u>	<u>(2,602,957)</u>	<u>(1,544,464)</u>	
RECONCILIATION OF FUNDS					
Total funds brought forward	(3,048,257)	1,012,204	(2,036,053)	(491,589)	
Total funds carried forward	<u>(5,401,881)</u>	<u>762,871</u>	<u>(4,639,010)</u>	<u>(2,036,053)</u>	

All of the above amounts relate to continuing activities.

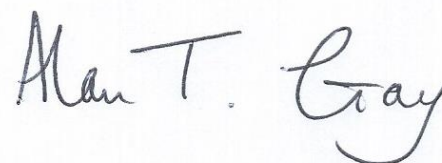
STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Charity 2021 £	Charity 2020 £	Notes
Fixed assets			
Tangible assets	1,384,715	1,365,270	15
Investment	0	0	
	<u>1,384,715</u>	<u>1,365,270</u>	
Current assets			
Stock	5,176	37,100	
Debtors	327,213	629,965	16
Cash	4,398,104	7,021,468	25
	<u>4,730,492</u>	<u>7,688,534</u>	
Creditors			
Amounts falling due within one year			
- trade creditors	(311,980)	(634,850)	17
- other creditors	(4,357,238)	(6,312,008)	17
	<u>(4,669,218)</u>	<u>(6,946,858)</u>	
Net current assets	<u>61,275</u>	<u>741,676</u>	
Total assets less current liabilities	1,445,990	2,106,947	
Creditors			
Amounts falling due after more than one year:			
- pension liability	(6,085,000)	(4,143,000)	14
Net assets	<u>(4,639,010)</u>	<u>(2,036,053)</u>	20, 22
Represented by:			
Unrestricted funds	(5,401,881)	(3,048,257)	20, 22
Restricted funds	762,871	1,012,204	20, 22
Total Funds	<u>(4,639,010)</u>	<u>(2,036,053)</u>	

Approved by the Directors on and signed on their behalf by



Mr. Paul Scholey
Chair,
Leeds Grand Theatre & Opera House
Limited
Date 11th November 2021



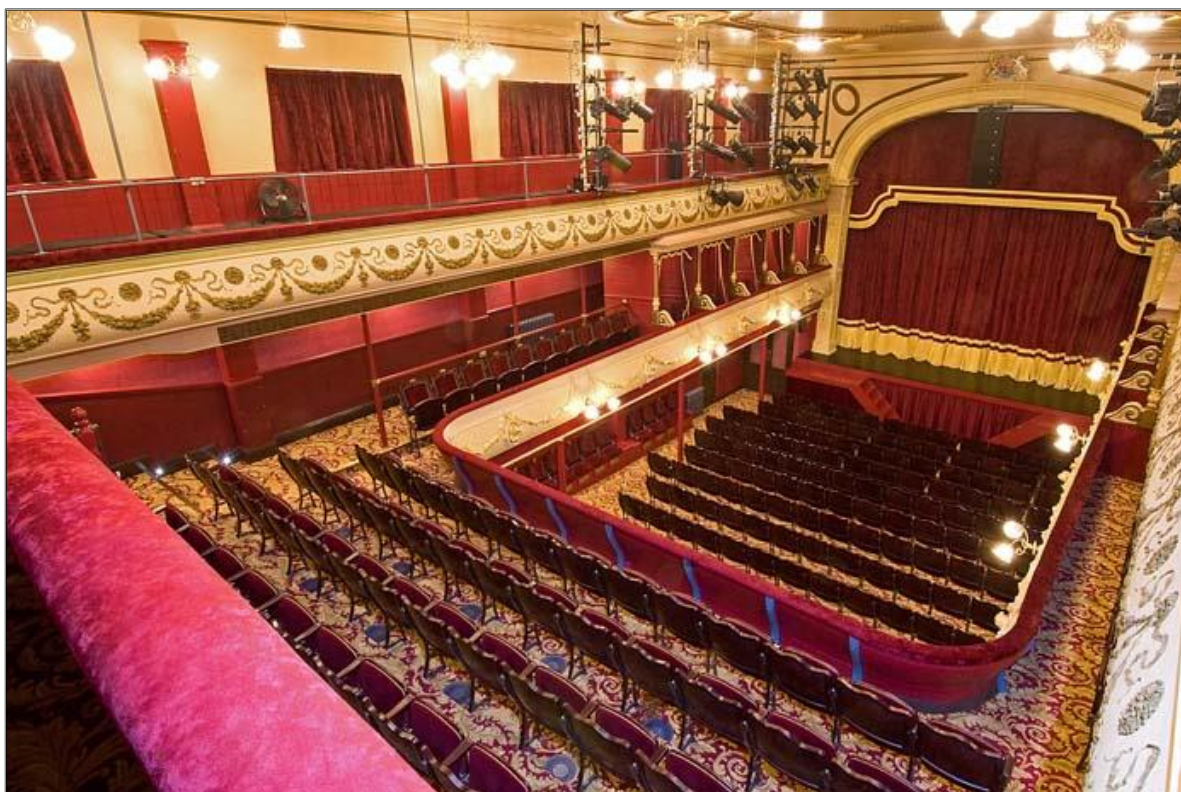
Mr. Alan T. Gay O.B.E.
Treasurer,
Leeds Grand Theatre & Opera House
Limited
Date 11th November 2021

Company Registration Number – 00978161

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	2021 £	2020 £	Notes
Net cash inflow from operating activities	(2,405,783)	1,967,465	24
Returns on Investments and Servicing of Finance			
Interest received	20,609	46,777	7, 24
Capital Expenditure and Financial Investment			
Payments to acquire/enhance tangible fixed assets	(238,191)	(735,569)	16
(Decrease) / Increase in cash	(2,623,365)	1,278,673	25

City Varieties Music Hall: Auditorium



Notes

Forming part of the Financial Statements for the year ended 31 March 2021

1. Accounting Policies

a) Basis of Accounting

The financial accounts 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 (FRS102) (Effective 1 January 2015) – (Charities SORP (FRS102)), The Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The Leeds Grand Theatre & Opera House Ltd meets the definition of a public benefit entity under FRS102.

b) Going Concern

The Trustees consider that given the current level of Unrestricted Reserves, it is appropriate to prepare the financial accounts on the going concern basis. Further detail is given at note 26 to the accounts.

c) Taxation

No provision for corporation taxation has been made, as Leeds Grand Theatre & Opera House claim for exemption from taxes under Section 505 (1) Income and Corporation Taxes Act 1988 has been confirmed by the Inland Revenue.

The Company became partially exempt from Value Added Taxation (VAT) on 25th January 2016. The cultural exemption has been applied to the sale of tickets for live performances, but other sales such as bar sales and ices remain subject to VAT.

d) Incoming Resources

All incoming resources are included in the Statement of Comprehensive Income when the charity is entitled to the income and the amount can be quantified with reasonable accuracy. The following specific policies are applied to particular categories of income.

Voluntary income is received by way of grants and donations, and is included in full in the Statement of Comprehensive Income when receivable.

Leeds City Council provided core funding of £172k (2020: £172k) to support the operation of the charity, plus certain donated services which are explained in more detail in note 3 below.

Donated services are included in income at a valuation which is an estimate of the financial cost borne by the donor where such a cost is quantifiable and measurable. No income is recognised when there is no financial cost borne by a third party. The contribution of volunteers is therefore not included in the Statement of Comprehensive Income.

Investment income is included when receivable by the Company. This comprises interest earned on deposits.

Incoming resources from charitable trading activity is accounted for in the year of show, income from tickets sold in advance is shown as 'Receipts in Advance'.

e) Financial Instruments

The Company only has financial assets and financial liabilities that qualify as basic financial instruments; these are recognised at transaction value.

f) Resources Expended

Resources expended are included in the Statement of Comprehensive Income on an accruals basis. Certain expenditure is directly attributable to specific activities and has been included in those cost categories.

g) Pension Costs

Employees of the charity are entitled to join the West Yorkshire Pension Fund, which is a funded defined benefit statutory scheme administered by the City of Bradford Metropolitan Council in accordance with the Local Government Superannuation Regulations 1988. The benefits provided to the employees concerned are based on final pensionable pay. Contributions are charged to the Statement of Comprehensive Income each year so as to spread the cost of pensions over employees' working lives with the charitable Company. Leeds City Council acts as a guarantor for the Company under the admission agreement and has agreed to indemnify the administering authority of the fund from and against all losses and payments that may be incurred by the authority by reason of any default by the Company.

h) Additional Pension Disclosures

FRS102 has required the pension fund liability to be recognised in the financial statements. The effect on the current year has been to increase the overall charge in the Statement of Comprehensive Income by £1,942k. The pension charges (gains and losses) have been allocated to the Statement of Comprehensive Income in accordance with the Charities SORP.

As a result of the Covid-19 (Coronavirus) pandemic, there was a dramatic downturn in global markets in March 2020 and there has been disruption to economic activity which has been reflected in fluctuations in global stock markets and investments made in these. There has been no immediate impact on contribution rates for the charitable company and given the inherent uncertainties with the investment movements it is not practicable at this time to provide a quantitative estimate of the impact of Covid-19 on the net assets of the company. The impact of the pandemic will be assessed by the actuary in the next valuation to be prepared (31 March 2021).

i) Depreciation

Individual fixed assets and expenditure that enhances rather than maintains the performance of tangible fixed assets is capitalised at cost. Each capitalised asset will be considered individually to determine the length of its useful economic life, and will be depreciated accordingly on a straight line basis.

j) Stock

Stock comprises supplies for bars and kiosks, and merchandise for our annual pantomime and for Hyde Park Picture House. Stock is included in the accounts at the lower of cost or net realisable value. The opening stock on 1 April 2020 was £37,100, all of this inventory was

disposed of during the course of the year in the most economical manner possible as covid restrictions continued. The closing stock on 31 March 2021 was £5,176.

k) Governance Costs

Resources expended are included in the Statement of Comprehensive Income on an accruals basis. Directors who are not councillors may be reimbursed for expenses incurred in attending board meetings. Not all Directors seek reimbursement. As per the charitable Company's memorandum and articles of association, members of the board are not entitled to any remuneration for their role.

l) Fund Accounting

Unrestricted Funds are available for use at the discretion of the Directors in furtherance of the general objectives of the Company.

Restricted Funds can only be used for particular restricted purposes within the objects of the Company. Restrictions arise when specified by the donor or when funds are received for a particular purpose. The use of the Restricted Funds is limited to the restoration and preservation of our venues, grant income from Emerald Publishing is limited to Learning activities, and the arts@leeds grant is limited to supporting our cultural and heritage offer.

m) Operating Lease

Leeds City Council has let the Grand Theatre & Opera House to the charitable Company at a peppercorn rent under a 99 year lease. The Company also has four leases for operational assets, further detail is shown in Note 19.

n) Capital Commitments

On 31 March 2021, the Charitable Company had the following capital commitments:

	2021 £000s	2020 £000s
Contracted but not provided for in the Financial Statements	<u>2,842</u>	<u>0</u>

o) Judgements and Estimations Policy

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the date of the statement of financial position and the amounts reported for revenues and expenses during the year. However, the nature of these estimations means that actual outcomes could differ from those estimates. Details of these judgements are set out in the accounting policies.

2. Legal Status of the Company

Leeds Grand Theatre & Opera House Limited is a charitable company limited by guarantee and has no share capital. The liability of each Director in the event of winding-up is limited to £1.

3. Related Party Transactions

Leeds City Council recognises ownership of the charitable Company as per the guidelines under International Financial Reporting Standards, the theatre at 46 New Briggate, and nominates all members of the Board of Management. The City Council provides funding, enabling the Company to carry out its charitable objectives. Leeds City Council has let the Grand Theatre & Opera House to the company at a peppercorn rent under a 99 year lease.

	2021	2020
	£	£
<u>Leeds City Council</u>		
Income:		
Revenue & capital funding	183,060	172,000

This comprises core funding of £147k (2020: £172k) to support the operation of the charity, and £36k of other grants, largely local Business Support Grant issued in response to the pandemic.

The Company receives a donation in kind from Leeds City Council, for the provision of certain administrative and financial services such as payroll and financial management systems, the value of these services has not been quantified and therefore has not been included in the financial statements.

Leeds City Council processes the majority of the company's payroll, creditor payments and income through its own systems. The Company reimburses the council on a monthly basis; the outstanding balance with Leeds City Council as at 31 March 2021 was £-109,008 (2020: £-414,283).

4. Statement of Comprehensive Income and Retained Earnings for the Prior Year

	Unrestricted Funds 2020 £	Restricted Funds 2020 £	Total Funds 2020 £
INCOME			
Voluntary income	59,341	747,915	807,256
Investment income	46,777	0	46,777
Income from charitable activities	12,980,626	59,276	13,039,902
Other income	183,000	0	183,000
Total Income	13,269,744	807,191	14,076,935
EXPENDITURE			
Charitable activities	(12,959,752)	(786,155)	(13,745,907)
Governance costs	(142,492)	0	(142,492)
Other expenditure	(790,000)	0	(790,000)
Total Expenditure	(13,892,244)	(786,155)	(14,678,399)
Net Income for the Year	(622,500)	21,036	(601,464)
OTHER RECOGNISED GAINS/LOSSES			
Actuarial gains/(losses) on Defined Benefit Pension Scheme	(943,000)	0	(943,000)
Net movement in funds	(1,565,500)	21,036	(1,544,464)
RECONCILIATION OF FUNDS			
Total funds brought forward	(1,482,757)	991,168	(491,589)
Total funds carried forward	(3,048,257)	1,012,204	(2,036,053)

5. Voluntary Income

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Donations and Levy	46,004	3,045	49,049	273,900
Leeds City Council Grant	76,860	106,200	183,060	172,000
Other Grants	2,536,480	170,000	2,706,480	361,357
Total	2,659,344	279,245	2,938,589	807,256

6. Investment Income

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Income from bank deposits	20,609	0	20,609	46,777

The investment income arises from an interest-bearing deposit account and fixed term deposits.

7. Incoming resources from charitable activities

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Films & shows	21,828	623	22,452	9,571,343
Bars & Front of House	48,793	0	48,793	1,048,443
Marketing & Box Office	74,626	0	74,626	1,547,595
Estate Management	115,394	0	115,394	635,045
Learning	0	13,075	13,075	59,276
Other	170,419	0	170,419	178,198
	<u>431,062</u>	<u>13,698</u>	<u>444,760</u>	<u>13,039,902</u>

8. Other Incoming Resources

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
FRS17 Pension Finance Changes:				
- expected return on assets	169,000	0	169,000	183,000
FRS17 Pension Service Changes:				
- contributions by employers	0	0	0	0
	<u>169,000</u>	<u>0</u>	<u>169,000</u>	<u>183,000</u>

This note along with notes 11 and 14 allocates pension changes (gains and costs) to the Statement of Comprehensive Income in accordance with the Charities SORP.

9. Allocation of Support Costs

	Charitable Activities 2021 £	Governance 2021 £	Total 2021 £	Total 2020 £
Trustee Expenses	0	0	0	0
Management & Support	0	(94,753)	(94,753)	(126,807)
Internal & External Audit Fees	0	(13,000)	(13,000)	(14,065)
LCC Interest & bank charges	105	0	105	(5,293)
H&S Consultants	(12,445)	0	(12,445)	(12,445)
Fees (refund)	0	0	0	0
Insurance	(81,586)	(1,620)	(83,206)	(132,315)
Subscriptions	(5,410)	0	(5,410)	(6,742)
Non-Domestic Rates	(2,875)	0	(2,875)	(31,235)
	<u>(102,211)</u>	<u>(109,373)</u>	<u>(211,584)</u>	<u>(328,902)</u>

Where appropriate, expenditure has been allocated directly to an activity. Management costs represent the cost of the Company's Chief Executive.

10. Analysis of Charitable Expenditure

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Films & Shows	(294,309)	(169,751)	(464,060)	(8,027,233)
Bars & Front of House	(562,176)	0	(562,176)	(1,072,654)
Marketing & Box Office	(498,235)	0	(498,235)	(1,219,815)
Facilities, Technical & Housekeeping	(1,346,642)	0	(1,346,642)	(2,161,969)
Learning	8,968	(158,620)	(149,651)	(198,613)
Refurbishment of venues	(59,739)	(213,906)	(273,645)	(145,180)
Management & support costs	(661,132)	0	(661,132)	(920,442)
	<u>(3,413,265)</u>	<u>(542,277)</u>	<u>(3,955,542)</u>	<u>(13,745,907)</u>

11. Other Resources Expended

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Contributions by employer	302,000	0	302,000	367,000
FRS17 Pension Finance Changes:				
- current service cost	(558,000)	0	(558,000)	(818,000)
- past service cost	(30,000)	0	(30,000)	(99,000)
- interest cost	(262,000)	0	(262,000)	(240,000)
	<u>(548,000)</u>	<u>0</u>	<u>(548,000)</u>	<u>(790,000)</u>

This note along with notes 8 and 14 allocates pension changes (gains and costs) to the Statement of Comprehensive Income in accordance with the Charities SORP (FRS102).

12. Net (Outgoing)/Incoming Resources for the Year

This is stated after charging:

	2021 £	2020 £
Employer pension contributions	(302,000)	(367,000)
Depreciation	(218,746)	(195,065)
Loss on disposal of Fixed Assets	0	(1,625)
Audit Fees	<u>(13,000)</u>	<u>(14,065)</u>

13. Staff Costs

	Unrestricted Funds 2021 £	Restricted Funds 2021 £	Total Funds 2021 £	Total Funds 2020 £
Wages and salaries	1,993,889	90,192	2,084,081	2,730,277
National Insurance	136,820	0	136,820	194,540
Pension costs: employer contributions	294,874	0	294,874	360,770
Accumulating compensated absences	57,873	0	57,873	34,738
Sub-total	2,483,456	90,192	2,573,648	3,320,325
Pension costs: FRS102 adjustments (net)	379,000	0	379,000	607,000
Total	2,862,456	90,192	2,952,648	3,927,325

Trustees who are not City Councillors may be reimbursed expenses incurred in attending board meetings. Not all Trustees seek reimbursement. As per the charitable Company's memorandum and articles of association, members of the board are not entitled to any remuneration for their role. Trustees did not receive any reimbursed expenses for attending board meetings in 2020/21 (2020 £nil). No remuneration was paid to Directors during the year ended 31 March 2021 (2020: nil).

One member of the Senior Management Team received emoluments of more than £60,000 in the year ended 31 March 2021 (2020: one).

The other key management personnel of the Company comprises the Senior Management Team. Remuneration totalling £322,005 (2020: £316,717) was paid to the Senior Management Team, plus benefits were accrued under the Company's pension scheme.

It is the policy of the Company not to quantify the contribution made by volunteers, as it cannot be readily measured.

Average Number of Employees During the Year

	2021	2020
Key Management	9	9
Other Management & Administration	14	16
Marketing, Publicity & Box Office	27	30
Stage Crew & Electricians	35	40
Stage Door & House Keepers	17	22
Front of House & Bar Staff	118	129
Total	220	246

14. Actuarial Gains/ (Losses) On Defined Benefit Pension Scheme

The West Yorkshire Pension Fund is a defined benefit pension fund. The last full actuarial valuation of the Fund was carried out as at 31 March 2019.

Since the charity is only one small unit within the West Yorkshire Superannuation Fund it is not appropriate to disclose either the current level of funding in the fund as a whole or the market value of its assets. However, copies of the accounts of the fund can be obtained from City of Bradford Metropolitan Council.

Introduction

The disclosures below relate to the funded liabilities within the West Yorkshire Pension Fund (the "Fund") which is part of the Local Government Pension Scheme (the "LGPS"). The funded nature of the LGPS requires Leeds Grand Theatre & Opera House Limited and its employees to pay contributions into the Fund, calculated at a level intended to balance the pension's liabilities with investment assets.

In accordance with Financial Reporting Standards disclosure of certain information concerning assets, liabilities, income and expenditure relating to pension schemes is required.

Contributions for the accounting period ending 31 March 2021

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2021 were £302k. Additional contributions may also become due in respect of employer discretions to enhance members' benefits in the Fund over the next accounting period.

Assumptions

The latest actuarial valuation of Leeds Grand Theatre & Opera House Limited's liabilities took place as at 31 March 2021. Liabilities have been estimated by the independent qualified actuary on an actuarial basis using the projected credit method. The principal assumptions used by the independent qualified actuaries in updating the latest valuation of the Fund for FRS102 purposes were:

Principal financial assumptions (% per annum)

	31-Mar-21	31-Mar-20
Discount rate	2.1%	2.3%
RPI Inflation	-	-
CPI Inflation	2.7%	1.9%
Rate of increase to pensions in payment	2.7%	1.9%
Rate of general increase in salaries	3.95%	3.15%

14. Actuarial gains/ (losses) on Defined Benefit Pension Scheme (continued)

Mortality assumptions

The mortality assumptions are based on the recent actual mortality experience of members within the Fund and allow for expected future mortality improvements.

Post retirement mortality

(retirement in normal health)

	31-Mar-21	31-Mar-20
Males		
Year of Birth base table	Standard SAPS S2N tables	Standard SAPS S2N tables
Rating to above base table * (years)	0.00	0.00
Scaling to above base table rates	105%	105%
Improvements to base table rates	CMI Projections (SK 7.5, A 0.0) with long term rate of improvement of 1.5% p.a.	The CMI Mortality Projections Model released with Working Paper 91 with core assumptions together with a long term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	21.9	21.8
Future lifetime from age 65 (aged 45 at accounting date)	22.6	22.5
Females		
Year of Birth base table	Standard SAPS S2N tables	Standard SAPS S2P tables
Rating to above base table * (years)	0	0
Scaling to above base table rates (current pensioners)	95%	90%
Improvements to base table rates	CMI Projections (SK 7.5, A 0.0) with long term rate of improvement of 1.5% p.a.	The CMI Mortality Projections Model released with Working Paper 91 with core assumptions together with a long term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	24.7	24.6
Future lifetime from age 65 (aged 45 at accounting date)	25.8	25.7

* A rating of +1 years means that members of the Fund are assumed to follow the mortality pattern of the base table for an individual +1 years older than them. The ratings shown apply to normal health retirements.

14. Actuarial gains/ (losses) on Defined Benefit Pension Scheme (continued)

Commutation

31-Mar-21	31-Mar-20
Members assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.	Members assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.

Reconciliation of funded status to balance sheet

	Value as at 31-Mar-21 £000	Value as at 31-Mar-20 £000
Fair value of assets	9,054	7,358
Present value of funded liabilities	(15,139)	(11,501)
Pension asset/(liability) recognised on the Balance Sheet	(6,085)	(4,143)

Analysis of the Profit and Loss charge

	Period ending 31-Mar-21 £000	Period ending 31-Mar-20 £000
Current service cost	558	818
Interest cost	93	240
Expected return on assets	(169)	(183)
Expense recognised	482	875

Cumulative Actuarial Gains / (Losses)

	31-Mar-21 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-18 £000	31-Mar-17 £000
Actuarial Gain / (Loss)	(1,563)	(943)	(293)	(120)	(216)

Cumulative actuarial loss as at 31st March 2021 was £3,677k (2020: £2,114k).

14. Actuarial gains/ (losses) on Defined Benefit Pension Scheme (continued)

Changes to the present value of liabilities during the accounting period

	Period ending 31-Mar-21 £000	Period ending 31-Mar-20 £000
Opening present value of liabilities	(11,501)	(10,028)
Current service cost	(558)	(818)
Interest cost	(262)	(240)
Contributions by participants	(107)	(141)
Actuarial gains/(losses) on liabilities*	(3,083)	(345)
Net benefits paid out #	402	170
Past Service cost	-	(99)
Curtailment Cost	(30)	-
Closing present value of liabilities	(15,139)	(11,501)

* includes changes to the actuarial assumptions

consists of net-cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

Changes to the fair value of assets during the accounting period

	Period ending 31-Mar-21 £000	Period ending 31-Mar-20 £000
Opening fair value of assets	7,358	7,435
Interest income on assets	169	183
Actuarial gains/(losses) on assets	1,520	(598)
Contributions by employer	302	367
Contributions by participants	107	141
Net benefits paid out #	(402)	(170)
Closing fair value of assets	9,054	7,358

consists of net-cash-flow out of the Fund in respect of the employer, excluding contributions and any death in service lump sums paid, and including an approximate allowance for the expected cost of death in service lump sums.

Actual return on assets

Period ending	31-Mar-21 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-18 £000	31-Mar-17 £000
Interest income on assets	169	183	165	152	164
Actuarial gain/(loss) on assets	(1,520)	(598)	746	48	726
Actual return on assets	(1,351)	(415)	911	200	890

14. Actuarial gains/ (losses) on Defined Benefit Pension Scheme (continued)

Analysis of amount recognised in STRGL

	31-Mar-21 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-18 £000	31-Mar-17 £000
Total actuarial gains/(losses)	(1,563)	(943)	(293)	(120)	(216)
Total gain/(loss) in STRGL	(1,563)	(943)	(293)	(120)	(216)

History of asset values, present value of liabilities and surplus/deficit

Period ending	31-Mar-21 £000	31-Mar-20 £000	31-Mar-19 £000	31-Mar-18 £000	31-Mar-17 £000
Fair value of assets	9,054	7,358	7,435	6,160	5,697
Present value of liabilities	(15,139)	(11,501)	(10,028)	(8,099)	(7,245)
Surplus/(deficit)	(6,085)	(4,143)	(2,593)	(1,939)	(1,548)

The table below allocates pension changes (gains and costs) to the Statement of Comprehensive Income in accordance with the Charities SORP.

Description	Period ending 31-Mar-21 £000	Period ending 31-Mar-20 £000	Disclosed in:
Pension Service Changes			
<u>Liabilities</u>			
Current service cost	(558)	(818)	Other resources expended: note 11
Past service cost	-	(99)	
Curtailment Cost	(30)	-	
<u>Assets</u>			
Contributions by employer	302	367	Other incoming resources: note 8
Subtotal	(286)	(550)	
Pension Finance Changes			
<u>Liabilities</u>			
Interest cost	(262)	(240)	Other resources expended: note 11
<u>Assets</u>			
Expected return on assets	169	183	Other incoming resources: note 8
Subtotal	(93)	(57)	
Pension Changes total	(379)	(607)	
Analysis of amount recognised in STRGL*	(1,563)	(943)	
Change in Balance Sheet Liability	(1,942)	(1,550)	

15. Tangible Fixed Assets

The value of expenditure capitalised and the amounts depreciated during 2020/21 is summarised below:

	Leasehold Property Improvements	Freehold Buildings	Other Fittings & Equipment	Total
	£	£	£	£
Cost				
At 1 April 2020	205,575	425,618	1,908,558	2,539,751
Transfer	83,345	(83,345)		0
Additions	0	0	238,191	238,191
Disposals	0	0	(885)	(885)
At 31 March 2021	288,920	342,273	2,145,864	2,777,057
Depreciation				
At 1 April 2020	(41,506)	(330,060)	(802,913)	(1,174,480)
Charge for the year	(16,725)	(1,357)	(200,664)	(218,746)
On Disposals	0	0	885	885
At 31 March 2021	(58,231)	(331,417)	(1,002,693)	(1,392,341)
Net book value				
At 1 April 2020	164,068	95,558	1,105,644	1,365,270
At 31 March 2021	230,688	10,856	1,143,171	1,384,715

16. Debtors

	Charity 2021	Charity 2020
	£	£
Trade debtors	195,485	523,322
Leeds City Council	0	13,000
HMRC	131,803	96,554
Total - Debtors	327,288	632,876
Doubtful Debt Provision	(75)	(2,911)
Net Total	327,213	629,965

17. Creditors: Amounts Falling Due Within One Year

	Charity 2021	Charity 2020
	£	£
Trade Creditors	(311,980)	(634,850)
Provisions	0	(9,821)
Advance Receipts	(4,177,250)	(5,729,027)
Leeds City Council	(109,008)	(414,283)
HMRC	(13,107)	(124,138)
Employees accumulating compensated absences	(57,873)	(34,738)
Total	(4,669,218)	(6,946,858)

18. Deferred Income

	Charity 2021 £	Charity 2020 £
Balance as at 1 April	(5,729,027)	(4,143,567)
incoming resources from charitable activities	10,477	8,848,988
Refunded to Patrons	2,828,493	0
Amount deferred in year	(1,287,194)	(10,434,448)
Balance as at 31 March	<u>(4,177,250)</u>	<u>(5,729,027)</u>

'Amount deferred in year' as shown above, comprises Box Office income from tickets and vouchers being sold in advance for around 90 performances and screenings.

19. Commitments under Operating Leases

At 31 March 2021 the Charitable Company's future minimum operating lease payments are as follows:

	Land and Buildings	
Operating Leases which expire	2021	2020
After more than 5 years	0	0
	Other Assets	
Operating Leases which expire	2021	2020
Within 1 year	1,379	654
Within 2 to 5 years	1,246	3,474
	<u>2,625</u>	<u>4,129</u>

20. Analysis of funds for Year Ending 31 March 2021

	At 31 March 2020 £	Income £	Expenditure £	Transfers & other recognised gains & losses £	At 31 March 2021 £
<u>Restricted Funds</u>					
Leeds Grand Theatre & Opera House:					
Restoration Fund	631,964	0	(213,906)	0	418,058
City Varieties Music Hall:					
Restoration Fund	115,049	423	0	0	115,472
Hyde Park Picture House					
Development Fund	239,148	49,536	(76,751)	0	211,932
Learning Department					
Emerald Grant	26,043	84,000	(92,635)	0	17,408
Other Grants	0	40,910	(40,910)	0	0
Other Income	0	13,075	(13,075)	0	0
Company					
Non-LCC Grants	0	0	0	0	0
LCC Grants	0	105,000	(105,000)	0	0
Total Restricted Funds	1,012,203	292,944	(542,277)	0	762,871
<u>Unrestricted Funds</u>					
Lifecycle & Planned Building	437,338	0	0	0	437,338
Charity	657,405	3,111,014	(3,522,639)	0	245,781
Pension Reserve	(4,143,000)	169,000	(548,000)	(1,563,000)	(6,085,000)
Total Unrestricted Funds	(3,048,257)	3,280,014	(4,070,639)	(1,563,000)	(5,401,881)
Total Funds	(2,036,054)	3,572,958	(4,612,915)	(1,563,000)	(4,639,010)

Unrestricted Funds are available for use at the discretion of the Directors in furtherance of the general objectives of the Company. The Lifecycle and Planned Building Works fund has been designated by Trustees to help fund the LGT Capital Programme.

Restricted Funds can only be used for particular restricted purposes within the objects of the Company. Restrictions arise when specified by the donor or when funds are received for a particular purpose. The use of the Restricted Funds is limited to the restoration and preservation of our venues, grant income from Emerald Publishing is limited to Learning activities, and arts@leeds grant is used to support our cultural and heritage offer.

Transfers and other recognised gains and losses represent the net actuarial gain or loss on the defined benefit pension scheme, this being the difference between the actuarial gain or loss on liabilities and the actuarial gain or loss on assets.

21. Analysis of funds for Prior Year (Ending 31 March 2020)

	At 31 March 2019 £	Income £	Expenditure £	Transfers & other recognised gains & losses £	At 31 March 2020 £
<u>Restricted Funds</u>					
Leeds Grand Theatre & Opera House:					
Restoration Fund	498,281	219,552	(85,868)	0	631,965
City Varieties Music Hall:					
Restoration Fund	119,061	37,514	(41,527)	0	115,049
Hyde Park Picture House					
Development Fund	330,057	233,275	(324,185)	0	239,148
Learning Department					
Emerald Grant	43,768	83,000	(100,725)	0	26,043
Other Grants	0	0	0	0	0
Other Income	0	59,276	(59,276)	0	0
Company					
Non-LCC Grants	0	44,574	(44,574)	0	0
LCC Grants	0	130,000	(130,000)	0	0
Total Restricted Funds	991,167	807,191	(786,155)	0	1,012,204
<u>Unrestricted Funds</u>					
Lifecycle & Planned	500,000	0	(62,662)	0	437,338
Charity	610,244	13,086,744	(13,039,583)	0	657,405
Pension Reserve	(2,593,000)	183,000	(790,000)	(943,000)	(4,143,000)
Total Unrestricted Funds	(1,482,756)	13,269,744	(13,892,244)	(943,000)	(3,048,256)
Total Funds	(491,589)	14,076,935	(14,678,399)	(943,000)	(2,036,052)

22. Analysis of Net Assets Between Funds for Year Ending 31 March 2021

	Tangible Fixed Assets £	Cash at Bank and In Hand £	Other Net Current Assets £	Pension Liability £	Total £
Unrestricted Funds					
Planned & Cyclical Maintenance	0	437,338	0	0	437,338
Charity Unrestricted Reserve	1,384,715	3,197,895	(4,336,828)	0	245,781
Pension Reserve	0		0	(6,085,000)	(6,085,000)
Sub-total	1,384,715	3,635,233	(4,336,828)	(6,085,000)	(5,401,881)
Restricted Funds					
Leeds Grand Theatre & Opera House: Refurbishment levy	0	418,058	0	0	418,058
City Varieties Music Hall: Preservation Levy	0	115,472	0	0	115,472
Hyde Park Picture House: Development Fund	0	211,932	0	0	211,932
Learning Department: Emerald Grant	0	17,408	0	0	17,408
Sub-Total	0	762,871	0	0	762,871
Total Funds	1,384,715	4,398,104	(4,336,828)	(6,085,000)	(4,639,010)

23. Analysis of Net Assets Between Funds for Prior Year (Ending 31 March 2020)

	Tangible Fixed Assets £	Cash at Bank and In Hand £	Other Net Current Assets £	Pension Liability £	Total £
Unrestricted Funds					
Planned & Cyclical Maintenance	0	437,338	0	0	437,338
Charity Unrestricted Reserve	1,365,270	5,571,926	(6,279,792)	0	657,404
Pension Reserve	0		0	(4,143,000)	(4,143,000)
Sub-total	1,365,270	6,009,264	(6,279,792)	(4,143,000)	(3,048,258)
Restricted Funds					
Leeds Grand Theatre & Opera House: Refurbishment levy	0	631,965	0	0	631,965
City Varieties Music Hall: Preservation Levy	0	115,049	0	0	115,049
Hyde Park Picture House: Development Fund	0	239,148	0	0	239,148
Learning Department: Emerald Grant	0	26,043	0	0	26,043
Sub-Total	0	1,012,204	0	0	1,012,204
Total Funds	1,365,270	7,021,468	(6,279,792)	(4,143,000)	(2,036,053)

24. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	2021 £	2020 £
Net Outgoing Resources	(1,039,957)	(601,464)
less: interest received	(20,609)	(46,777)
Operating Profit/(Loss)	(1,060,567)	(648,241)
(Decrease)/Increase in pension costs (FRS102)	379,000	607,000
Depreciation charge	218,746	195,065
Net disposal of fixed assets	0	1,625
Decrease/(Increase) in stocks	31,925	(2,176)
Decrease/(Increase) in debtors	302,753	(16,311)
(Decrease)/Increase in creditors	(2,277,640)	1,830,502
Net Cash Inflow from Operating Activities	(2,405,783)	1,967,465

25. Reconciliation of Net Cash Flow to Movements in Net Funds

	2021 £	2020 £
Increase/(Decrease) in cash in the year	(2,623,365)	1,278,672
Net funds at beginning of year	7,021,469	5,742,797
Net funds at end of year	4,398,104	7,021,469

26. Going Concern

The Directors consider the charitable Company to be a going concern and the financial statements have been prepared on that basis. In reaching this conclusion the Directors have taken into account a number of factors, including the current uncertainties facing the Company due to the Covid 19 pandemic. The Company is in dialogue with key stakeholders to arrange appropriate additional support and has also utilised, and continues to benefit from, the various support mechanisms provided by the UK government, in particular the Job Retention Scheme Grant and CRF Round 1 Grants. In addition CRF Round 2 has been awarded and utilised for the period April to June 2021 with a further significant sum from CRF Round 3 relating to the period November 2021 onwards.

The re-opening strategy for our theatres was successfully implemented in May and June, ensuring the safety of staff and patrons as far as possible, whilst maintaining the financial sustainability of the Company. Forecasts have been prepared to March 2023 modelling a number of scenarios which show that, with cost control measures in place, and the level of reserves, the Company can continue to operate as a going concern.

The Directors have also considered the impact on the business and the ongoing support measures in their forecasts and are aware that if further restrictions are introduced, the level of impact may change, but have determined that Unrestricted Funds are sufficient to see the Company through a period of economic downturn.

26. Going Concern (continued)

Excluding the pension fund liability, the Company now has Unrestricted Funds of £684k and Restricted Funds of £790k, this exceeds the target levels set by Directors and is regarded as a considerable success.

It is recognised that under the terms of the Leeds Grand Theatre lease, the Company is responsible for ensuring that the whole of the premises is kept in good and tenable repair and condition. The Company has an effective capital programme of works, and is working closely with the City Council in order to ensure compliance with these lease obligations.

The Directors have received confirmation from the City Council that it will continue to grant fund the Company in accordance with the terms of the four-year grant funding agreement (April 2018 to March 2022).

Emerald Publishing have awarded the Company a grant agreement for a period of three years, until July 2023.

The Board also has regard to the pension liability disclosed in the financial statements. Under the terms of the Guarantee Agreement between Leeds City Council and the Administering Authority of the West Yorkshire Pension Fund dated 1978, Leeds City Council acts as guarantor to the Company in respect of its pension liabilities. If the Company ceased to operate, the pension liability would revert to Leeds City Council.

With consideration of the points described above, the Directors have concluded that the charitable Company can continue to operate as a going concern basis.

27. Residency Licence

Leeds Grand Theatre & Opera House Limited has a residency licence with Opera North Limited. For the purposes of this note, Leeds Grand Theatre & Opera House Limited is the licensor and Opera North Limited the licensee.

Under the terms of this licence, Leeds Grand Theatre & Opera House permits Opera North Limited to use the Grand Theatre premises for a maximum of 23 residency weeks per year. Opera North Limited are entitled to have first call on booking its residency weeks but no part of a residency week may fall within the Company's priority window.

The weekly licence fee from 2010/11 was £30,300, rising in line each year with RPI. The licence is due to terminate on the 31st December 2035.