



Leeds Grand Theatre  
and Opera House Limited

Financial Statements  
and Annual Report 2022/23

**HYDE PARK**  
**PICTURE HOUSE**  
LEEDS' PREMIER ART-HOUSE CINEMA

**CITY VARIETIES**  
**MUSIC HALL • LEEDS**

*The*  
**GRAND**  
Theatre & Opera House Leeds

**Company Registration Number – 00978161**  
**Charity Registration Number – 500408**

## **Leeds Grand Theatre & Opera House Limited**

### **Trustees' Annual Report and Financial Statements for the year ended 31 March 2023**

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## Reference and Administrative Information

Company Name	Leeds Grand Theatre & Opera House Limited
Company Registration Number	00978161
Charity Registration Number	500408
VAT Number	333 4718 09
Registered Office	Leeds Grand Theatre & Opera House Limited, 46 New Briggate, Leeds LS1 6NU

## Trustees

Mr. Paul Scholey	Resigned 3 November 2022
Mr. Alan Gay O.B.E.	
Mr. Robert Gettings M.B.E.	
Ms. Lucinda Yeadon	Resigned 22 August 2022
Alderman Gerry Harper	Resigned 16 March 2023
Mr. Neil Clephan	
Mr. Kris Brewster	
Mr. Peter Wilkinson	
Councillor Jane Dowson	
Councillor Peter Harrand	Resigned 27 April 2023
Councillor Denise Ragan	Resigned 27 April 2023
Ms. Anna Franks	Appointed 26 January 2023
Ms. Rebecca Morgan	Appointed 26 January 2023
Ms. Madeleine Robinson	Appointed 26 January 2023
Councillor Ryan Stephenson	Appointed 8 August 2023

## 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 Property & Technical
Rachel Lythe	Head of Learning

**Treasurer** Kris Brewster, c/o Leeds Grand Theatre & Opera House Limited,  
46 New Briggate, Leeds LS1 6NU

**Auditors** Azets Audit Services Ltd, 33 Park Place, Leeds, LS1 2RY

**Bankers** NatWest Bank, 8 Park Row, Leeds, LS1 6QB

**Solicitors** Wrigleys Solicitors, 3 Wellington Place, Leeds, LS1 4AP  
Lupton Fawcett Solicitors, 2 The Embankment, Sovereign Street,  
Leeds, LS1 4BA

## **Trustees' Report for the year ended 31 March 2023**

The Trustees are pleased to present their annual report together with the financial statements of the Leeds Grand Theatre & Opera House Limited (the Company) for the year ending 31 March 2023, 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, effective 1 January 2019).

### **1.0 Reference and Administrative Details**

The Reference and Administration Information page forms part of this report.

### **2.0 Our Objectives and Activities**

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, a music hall and a 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.

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.

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;
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 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 young people to get involved in arts activities 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.

### **3.0 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 are staging live performances, film screenings and an educational programme delivered by our in-house Learning Team. Our vision is to connect people through arts and culture, each year we bring together over 340,000 people to collectively experience, celebrate, participate and enjoy the arts

#### **3.1 Advancing the Arts**

The year ending March 2023 was our first full year of opening post-pandemic and, like many in our sector, we were anxious to see whether audiences would return to our venues. At LGT, the majority of productions were re-scheduled from their original dates due to the pandemic. Most customers transferred their tickets so attendances remained buoyant. This was not the case for new shows booked post-pandemic where it was harder to generate sales, particularly for new titles where there was less knowledge of the show. However, overall it was a positive picture with many shows returning to pre-Covid numbers although with later booking patterns.

Our Christmas seasons at both LGT and CVMH bucked all trends and were some of our most successful weeks. At LGT, *Les Misérables* was packed with audiences of all ages from across Leeds and the wider City Region. This was followed by Northern Ballet's most successful ever run of *The Nutcracker*, a perennial Christmas favourite which always brings families spanning multiple generations for a festive experience. At CVMH, our *Rock 'n' Roll* pantomime, *Dick Whittington* was again hugely successful. This is often the first time many

people visit a theatre, and we were encouraged to see an increase in bookings from schools on the previous year, again, giving many children their first experience of live performance.

CVMH continued to programme a wide range of performances from comedy to music to live screenings from the National Theatre as well as burlesque, magicians and more traditional variety performances. Audiences are diverse and numbers were strong, with the venue benefiting from being on the relaunched Leeds Heritage Theatres website meaning increased traffic from a larger audience base looking at our 'What's On' pages. This trend continued across the year.



*Cast of the Rock n' Roll Pantomime 2022/23*

The HPPH remained closed for renovation throughout this year although the On the Road programme continued including the hosting of over 100 events across 12 different venues in 10 different postcodes. During this period, we engaged with 7,049 audience members and participants. This is predominantly through screening-based activities which account for 5,953 audiences but also includes lectures, talks, tours, podcasts, and other engagement activity. Screenings and events were delivered across 12 venues in Leeds but we additionally worked on events in Bristol, Bradford, Sheffield, Edinburgh and virtually recognising that the community we can serve through HPPH isn't always defined by geography.

Our On the Road programme also allowed us to test and develop our planned programming strands, including the successful 'Hyde and Seek' family programming, a new Cinema Africa! strand, in partnership with Leeds African Communities Trust and our Philosophy and Film strand which has been kept alive throughout the pandemic and closure period through a podcast.

The programme at our venues remains a core part of Leeds' cultural offer, providing a wide range of programme for audiences across the City. We are however conscious of the people

we currently do not reach, and the barriers faced in accessing our programme and activities for many residents.

To help shape our audience development plans, we commissioned Indigo to create a new evaluation framework for Leeds Heritage Theatres, tracking our audience and stakeholders' views on the Company as well as their demographics, and also looking at people who are not currently engaged with us to develop plans to widen our reach. This work is ongoing. The economic downturn has created an additional barrier for many with affordability problematic for more people. In February 2023 we introduced a 'Secret Seats' scheme at LGT, making a limited number of seats at all week-long performances available for £20. This has been successful in reaching new audiences who have never visited - 33% of Secret Seat bookers had not previously attended the venue - and also allowing existing patrons to visit more, widening their engagement with us.

Our Access Membership Scheme supports people with disabilities to enjoy live performance at our theatres, not only through discounted tickets but also through ensuring that their visit is safe and comfortable. Accessible performances increased in 2022/23 with over half the programme at LGT having an Audio-Described or BSL interpreted performance.

### **3.2 Advancing Education**

The Learning & Engagement programme focuses on connection, wellbeing, nurturing confidence and team work. In 2022/23, 246 participation sessions were delivered engaging 4,891 individuals. Outputs included Leeds Grand Youth Theatre (LGYT) and Leeds Actors in Training (LAIT), our School Partnership Programme, commissioned young people's projects and performances (Child Friendly Leeds Awards, Holocaust Memorial Commemoration performance), On the Road family activities and work experience partnership models. As part of our ambition to be more outward focused and have a wider reach of engagement, holiday provision and after school drama clubs were re-launched in 2022/23 working with targeted groups in the community to develop a sense of belonging, pride and connection.

Within our existing programme of activity, we strive to engage a demographic which is representative of the City. This year, a third of our regular participants (LGYT & LAIT) live in areas with low progression to High Education and 18% have additional needs. 18% of places were offered bursaries and we engaged young people from across 55% of the wards in the City through these activities. 64% of our school partners have above average Free School Meal entitlement, 57% had above average pupil need for SEN support and 60% pupils studied in areas with low progression to HE.

Projects such as the LAIT performance for the Holocaust Memorial Commemoration addressed challenging questions we face today regarding cohesion and respect and LGYT's production of 'Imaginary' explored the joys of coming together and celebrating difference – both for participants performing for the first-time post pandemic and for audience members.

Working with a range of partners across the city, key relationships have been developed within communities exploring themes of co-existence and place-based shared experiences (Leeds Libraries, BAME Health and Wellbeing Hub, Swarthmore, Action Asylum; Leeds African Charity Trust); creative & cultural (Pavilion, Brave Words Producers Club, SinCru, Queer East, Cinema Rediscovered); heritage (Yorkshire Film Archive, Heritage Action Zone, Armley Industrial Museum); and education (Leeds East Primary Partnership, Leeds City College, Leeds Conservatoire, Leeds Universities). Lasting connections have been formed to ensure that a wide range of voices are represented and inform our work, feeding into programming decisions and participation activities with creative wellbeing at the forefront.



### **3.4 Financial Position**

In the post-covid19 environment we have experienced dampened demand from patrons combined with hesitance amongst touring production companies who are also suffering the lingering economic effects of the pandemic. There has also been the significant impact of rising energy costs suffered nationally. The charitable Company has survived another year by controlling costs where possible and utilising reserves which have been topped up in recent years by Culture Recovery Fund (CRF) grant.

### **3.5 Preservation and Enhancement of our Venues and Infrastructure**

Delivery of our ten-year planned programme of works at LGT is ongoing. Urgent works are prioritised and this is kept under review. During the year, a number of works have been completed in the LGT estate, costing £0.7m. These were funded by a mixture of in-year budgetary provision, capitalisation and by the levy on ticket sales, collected for that purpose and held in a dedicated Restricted Fund.

- We have removed or encapsulated asbestos in some back of house areas,
- We continue to repair and restore the Grade 2\* listed ornate plaster work in the auditorium,
- We continued our phased programme of lighting upgrades to LED,
- We have replaced the software and control desk for the flying system which flies scenery up and down from above the stage,
- We have upgraded some of our plant and infrastructure for heating the building,
- We have begun a programme of internal strengthening works which will be completed over the next twelve months,
- We have completed the construction and fit out of two new accessible toilet facilities.

At CVMH, works have been funded by a combination of capitalisation and by the levy on ticket sales, collected for that purpose and held in a dedicated Restricted Fund. We would like to thank the Andrew Lloyd Webber Foundation for a grant towards the cost of upgrading the stage area.

- We have upgraded the stage area by rebuilding the stage thrust, replacing the stage covering and completed strengthening works to the grid and access to the area above the stage,
- We have replaced the lighting rig,
- We have begun a programme of works to refurbish roofs and brickwork, and replace the render on exterior walls.

Works at HPPH commenced on site in May 2021 and should have been completed in July 2022 however complications in the delivery of the works mean that Practical Completion was not achieved until June 2023. The challenges on site were dominated by unexpected conditions of the heritage fabric of the building, including the identification of a serious structural issue in the façade which, whilst not in the original scope of the project, required urgent repair in order to make the building safe to renovate.

Despite the elongated programme and obstacles along the way, the fundamental aims of the scheme have been achieved, namely:

- The creation of a new second screen, internal waiting area/café bar and community room,
- Comprehensive repair of the heritage features and fabric of the building,



- Comprehensive renewal and improvement of the building services including electrical and plumbing.



*Hyde Park Picture House undergoing redevelopment Sept. 2022  
Credit: Ollie Jenkins*

Ongoing engagement throughout the year has positioned our team well to understand the operational, maintenance and management needs of the improved building and the understanding gained through involvement throughout the scheme means that post completion, we are well placed to deliver the planned programme of management and maintenance.

Section 3 of the Strategic Report outlines significant planned works at our venues for 2023/24 and beyond.

## **4.0 Achievements and Performance**

### **4.1 Performance Information**

During the year 2022/23 the Company achieved the following:

- LGT: 281 performances with attendance levels of 266,000 (188 performances with attendance levels of 99,000 reflecting a part year closure during 2021/22).
- CVMH: 209 performances and 15 screenings with attendance levels of 75,000 (155 performances and 94 screenings with 50,000 attendances in 2021/22).
- On the Road Programme at Leeds University and HEART: 111 screenings with attendance levels of 2,552 (28 screenings and attendance levels of 1,529 in 2021/22).

- Learning and Engagement Programme across our three venues: 246 sessions and 4,819 people – virtual and in person (201 sessions and 50,000 engagements – including repeat visits - in 2021/22).
- A total of **862** screenings, sessions and events have been staged and hosted during the year, with attendances of **348,300** people (virtual and in person).

## **4.2 Employees**

Our Company is a major provider of employment within the arts, entertainment and cultural sectors in Leeds. The Company currently employs 101 permanent staff and 110 non-permanent staff (casual staff) across our three venues, a total of 211 individuals.

## **4.3 Contribution Made by the Company's Volunteers**

Volunteers are an integral element of the Front of House function at our venues, and this has been a long running and successful arrangement and the Company. We remain very grateful for the commitment and expertise of our 41 regular volunteers who contributed an estimated 2,500 hours.

## **4.4 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). At closure they had over 800 members but whilst closed we have worked with them to reframe their role and membership functionality. This has included removing the discounts they have historically received (allowing HPPH to establish its own schemes) allowing them to reduce down to a smaller, more engaged group who are able to focus more closely on their charitable purposes. Their 'new' memberships were launched in January 2023, and they currently have approximately 45 members.

The role of the Friends is very much an ambassadorial role. Helping to act as advocates for the Picture House. They are also an invaluable critical friend, representing the voice of our historic core audience. The charitable objects of the Friends are;

- To promote, support and participate in the cultural landscape of Hyde Park, Leeds and Yorkshire, particularly through an appreciation and understanding of the art of cinema
- To celebrate the heritage of the HPPH and ensure its preservation and continued use for cinema and related arts by and for all sections of the community.

Post re-opening we anticipate them to be involved in supporting our work with volunteers and helping us by engaging with our historical and archival work as part of our ongoing National Lottery Heritage Fund supported scheme.

## **Strategic Report**

### **1.0 Financial Summary**

#### **1.1 Position as at 31 March 2023**

For the year ended 31 March 2023 the Company registered a surplus of £709k compared to last year's surplus of £865k. This result reflects a number of factors which are summarised below:

- An underlying operating deficit despite earned income beginning to return to normal levels, this was mainly due to rising energy costs and inflation on other supplies, plus investments in delivering our strategic priorities,
- These pressures were offset in particular by the use of Sustainability Grant awarded from the CRF, and taxation efficiencies,
- The receipt of grant and other contributions towards the redevelopment works at HPPH, this income has been credited to the Restricted Fund to pay for the future annual depreciation on the capitalised costs of the scheme.

The Company's overall pension liability has decreased by £4,624k and is now an asset of £135k compared to the liability of £4,489k in 2021/22. Financial Reporting Standard 102 'Pension Obligations' (FRS102) states that this item must be recognised in the balance sheet. The asset is based on actuarial valuations and represents the difference between the value of the Company's pension fund assets at 31 March 2023 and the estimated present value of the future pension payments to which the Company was committed at that date.

During 2022/23, the fair value of assets has increased by a modest amount at £323k: investments in the property and equity markets are reliable and returns are reasonable. The present value of the future obligation has decreased significantly by £4,301k. This is mainly due to an increase in the discount rate of 2% which reduces the liability, combined with more modest reductions in the rate of assumed salary increases, pension increases, and the pension account revaluation rate.

#### **1.2 Funds Position**

The Company has overall Unrestricted Funds of £-698k. This is net of a transfer to Restricted Funds to support capital expenditure. Within this, free reserves (unrestricted funds which are not committed elsewhere and not invested in tangible fixed assets) are £-1,200k (2022: £-462k). This negative position arises from the level of deferred income we carry arising from advance ticket sales.

The Company has overall Restricted Funds of £5,400k. Restricted Funds comprise investments in fixed assets, grant income and a bequest.

Unrestricted Funds of £-698k (2022: £-4,641k) together with Restricted Funds of £5,400k (2022: £3,230k) gives a net total of £4,701k (2022: £-1,410k), as at 31 March 2023, as shown in the Statement of Financial Activities and the Balance Sheet.

Excluding the pension fund asset, the Company has funds of £4.6m. This represents expenditure on the restoration and development of the Company's three historic venues. Further detail is given in Section 3.1 below.

### **1.3 Principal Funding Sources and Expenditure**

The Company generated £14.6m of income from ticket and ancillary sales. Other operating income of £0.4m was received for work done, reimbursements, and miscellaneous recoveries. Grants of £1.6m were received, of which £1.4m related to the development works at HPPH, and £0.07m was the final payment released to us from the CRF Grant.

In addition, grants were received from two other 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 Keith Howard Foundation, also to help fund the activities of our Learning Programme.

Donations of £43k were received from patrons and supporters and Trustees would like to express their thanks to everyone who gave so generously.

Our total operating expenditure for the year was £16.5m, of which £3.5m was employee-related costs, £8.2m was paid to our visiting companies and film distributors for our performances and screenings. General operating costs were £3.9m, this comprises premises costs including repairs, energy and insurance, overheads such as IT/software, licences, marketing, stock and the cost of staging our in-house performances, the annual pantomime and Good Old Days.

### **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 LGT;
- Withdrawal of significant 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 Trustees have assessed the probability and financial impact of the above risks and determined a target level of Unrestricted Funds to cover such operational eventualities. The target is currently met.

There is no target for Free Reserves which is defined as Unrestricted Funds less commitments and investments in Fixed Assets. Free Reserves are currently negative due to investing in Fixed Assets, in particular those assets categorised as Restricted Fixed Assets. In the Statement of Financial Activities, the value of this is shown as a transfer of funds from Unrestricted to Restricted.

Restricted Funds are held for specific purposes as defined by Trustees. 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 HPPH Development Fund will be used to help fund redevelopment 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 2022, at that point the fund was 106% funded and therefore a reducing employer contribution rate was proposed for three years of 15.7% dropping to 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 Company 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 2022/23. 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 January 2023, 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. The key risk categories are:

- Financial Sustainability
- Failures in Governance Arrangements
- Failure of Infrastructure

Each category of risk the Register has further detail on risk areas, internal and external causes of risk and how risks will be managed. 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, Safeguarding etc.

### **3.0 Plans for the Future**

We have ambitious plans for Leeds Heritage Theatres. We want to ensure that we are here for generations to come, as we have been for generations past.

Our over-arching strategy is broken into three core areas, Educate, Entertain and Sustain. Each overlap and feed into each other to work towards our vision.

In order to sustain our Company, we need a robust business model and our heritage buildings need to be not only fit for purpose but assets which support the Company in delivering its work to the widest possible audience. We also have a renewed focus on reducing our carbon footprint in connection with water and energy consumption as well as consumables and we are looking ahead to major projects to upgrade systems to support this aim.

#### **3.1 Our Venues**

In conjunction with Leeds City Council as landlord, the Company has embarked on a multi-million pound programme of restoration works to the LGT estate to sustain the longevity of the theatre and facilities. Externally, the focus in the next 12-18 months will be rooves and maintaining structural integrity. Internally we will undertake strengthening works to a number of different areas including balcony fronts from which lighting and sound bars are suspended. This will necessitate a planned closure period in Summer 2024 as some of the works cannot be done whilst the venue is live.

We will also continue to deliver planned maintenance and repairs including ongoing fire safety enhancements, annual inspections to ornate plaster works and repairs where necessary, continuing to upgrade all Front of House lighting to LED. We will also continue to reduce our carbon footprint in connection with water and energy consumption as well as consumables. The funding strategy for Company costs includes capitalisation, LGT Restoration Fund (restricted), and Unrestricted Funds.

At CVMH, a smaller programme of works has been identified. Whilst the CVMH has benefited from a comprehensive refurbishment, there are periodic inspections such inspections of roofs, internal structures and load bearing capacity. Here we are prioritising roofs and external walls, and continuing to upgrade lighting to LED. The costs of works will be met by a mixture of Restricted Funds, capitalisation and Unrestricted Funds.

The re-development of HPPH was completed in June, including works to make the venue more environmentally sustainable. Therefore, no major works are required in the short to medium term, but a comprehensive management and maintenance plan reflecting the best possible path to maintaining the asset will be followed.

#### **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.

Our strategic working groups continue to focus on Business Development including fundraising, Equality, Diversity and Inclusion, Environmental Responsibilities and the Artistic Vision, Audience Development and Engagement group. For the latter, a ten-year plan has been developed alongside a newly commissioned Evaluation Framework to monitor and measure our progress against key outcomes. Work continues with an action plan and key deliverables during 2023/24.

The remaining focus of our development is our ambition to reflect the demographic of our city, through our workforce, our audiences, our participants and the work we present on our screens and stages. Our EDI plans cut across all areas of the Company, and we believe this is critical to us achieving our ambition of being here for future generations.

Our charitable aims and Strategic Plans remain at the centre of our decision making and we remain confident that our business model is sound and sustainable. We review and develop this, responding to the external and internal factors such as the current cost of living crisis and our own cost increases. Our pricing strategy is proving robust, and work will continue to ensure we balance income and accessibility across our venues.

### **3.3 Fundraising**

Charity Commission guidance on fundraising sets out the law and good practice principles for trustees to follow when fundraising. The charitable Company has registered with the Fundraising Regulator to demonstrate its commitment to the recognised standards, and adheres to them.

To ensure greater stability, we are developing and investing in our fundraising capability. Historically our approach to fundraising from trusts, foundations, individuals and corporate entities has been ad hoc and split across different teams. This year, we have used CRF Grant to commission a freelance fundraiser to kick-start the process and support us in creating an achievable fundraising model which we can then adopt. During 2023/24 we anticipate realising additional income from grant bids made, along with submitting new bids for other key areas of development. Subject to affordability, we are hoping to employ a permanent fundraiser over the coming two years. In the meantime, Trustees would like to extend their sincere thanks to all donors.

## **4.0 Structure, Governance and Management**

### **4.1 Structure**

Leeds Grand Theatre & Opera House Limited 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 Trustees**

The Company has a maximum of twelve people on its Board of Trustees, three of whom are nominated by Leeds City Council with the remaining nine being independent, of which one is currently vacant. The trustees 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 Company. Any expenses claimed are set out in note 13 to the accounts.

Council trustees are appointed through the Member Management Committee of Leeds City Council. Independent trustees are appointed through an interview process following advertising on the Company's website. All trustees undertake an induction process led by the Company's Chief Executive; all council trustees receive appropriate training as part of



their responsibilities and all independent trustees were selected based on their relevant experience and training.

#### **4.4 Organisation**

The Board of Trustees manages the Company. The Board normally meets quarterly and there are three sub-committees: Finance, Governance & Resources, Artistic & Charity Development, and Property, Health & Safety & Safeguarding. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by Trustees, 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 LGT estate, which it leases to the Company with a full repairing obligation for a peppercorn rent.

We are extremely grateful to the Keith Howard Foundation for extending their three-year grant agreement into a fourth year to support the work of the Learning & Heritage Team; during the year 2022/23 grant was received of £63,000.

#### **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. Trustees do not receive remuneration for their role as Board Members; details of expenses paid to Trustees are shown in note 13 to the accounts (2022/23: nil; 2021/22: nil).

Annual salary increases for all staff are paid with reference to BECTU guidelines and statutory rates of pay, other than for the Company's Chief Executive post, which is determined by the Board of Trustees.

#### **4.7 Risk Management**

The Trustees 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. These include
  - Financial Sustainability
  - Failure of Governance Arrangements
  - Failure of Infrastructure.

## **5.0 Preparation of the Financial Statements**

### **5.1 Trustees' Responsibilities**

In relation to the Financial Statements the Trustees 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 statements comply with the Companies Act 2006. The Trustees are also responsible for safeguarding the assets of the Company 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 Trustees are aware:

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

### **5.3 Auditors**

Azets Audit Services Limited were appointed auditor to the Company and in accordance with Section 485 of the Companies Act 2006, a resolution that they be re-appointed will be tabled at a general meeting.

Approved by Trustees and signed on their behalf by



Mr. Alan T. Gay O.B.E.  
Chair of the Board of Trustees,  
Leeds Grand Theatre & Opera House Limited



Mr. Kris Brewster,  
Chair of Finance, Governance &  
Resources Sub-committee and  
Treasurer,  
Leeds Grand Theatre & Opera House  
Limited

Date 29/09/2023

Date 06/10/2023



*Hyde Park Picture House Nov. 2022  
Credit: Ollie Jenkins*

## **Independent Auditor's Report to the Members of Leeds Grand Theatre and Opera House**

### **Opinion**

We have audited the financial statements of Leeds Grand Theatre and Opera House (the 'charitable company') for the year ended 31 March 2023 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards, including Financial Reporting Standard 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK 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 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Basis for opinion**

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

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

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

### **Other information**

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

## **Independent Auditor's Report to the Members of Leeds Grand Theatre and Opera House continued**

In connection with our audit of the financial statements, 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.

### **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 and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Trustees' report and strategic 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 charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustees' report or the strategic report.

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

- adequate accounting records have not been kept or returns adequate for our audit have not been received from branches not visited by us;
- the financial statements are not in agreement with the accounting records and returns;
- 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 the Trustees**

As explained more fully in the Trustees' responsibilities statement, the Trustees are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they 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 charitable company or to cease operations, or have no realistic alternative but to do so.

## **Independent Auditor's Report to the Members of Leeds Grand Theatre and Opera House continued**

### **Our 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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Extent to which the audit was considered capable of identifying irregularities, including fraud**

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

We obtain and update our understanding of the entity, its activities, its control environment, and likely future developments, including in relation to the legal and regulatory framework applicable and how the entity is complying with that framework. Based on this understanding, we identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. This includes consideration of the risk of acts by the entity that were contrary to applicable laws and regulations, including fraud.

In response to the risk of irregularities and non-compliance with laws and regulations, including fraud, we designed procedures which included:

- Enquiry of management and those charged with governance around actual and potential litigation and claims as well as actual, suspected and alleged fraud;
- Reviewing minutes of meetings of those charged with governance;
- Assessing the extent of compliance with the laws and regulations considered to have a direct material effect on the financial statements or the operations of the company through enquiry and inspection;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risk of management bias and override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating the business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for indicators of potential bias.
- Performing audit work over the timing and recognition of revenue and in particular whether it has been recorded in the correct accounting period.

## **Independent Auditor's Report to the Members of Leeds Grand Theatre and Opera House continued**

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

### **Use of our report**

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

*Jessica Lawrence*

**Jessica Lawrence**  
**Senior Statutory Auditor**

09/10/2023

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**For and on behalf of Azets Audit Services Limited**  
**Statutory Auditor**

33 Park Place  
Leeds  
LS1 2RY



**STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING INCOME AND EXPENDITURE ACCOUNT) FOR THE YEAR ENDED 31 MARCH 2023**

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds Restated 2022 £	Notes
<b>INCOME</b>					
Donations and grants	48,286	1,946,450	1,994,736	3,776,002	5
Investment income	48,658	0	48,658	15,658	6
Income from charitable activities	14,835,717	72,929	14,908,646	7,147,710	7
Other income	276,000	0	276,000	193,000	8
<i>Total Income</i>	<u>15,208,661</u>	<u>2,019,379</u>	<u>17,228,040</u>	<u>11,132,370</u>	
<b>EXPENDITURE</b>					
Charitable activities	(14,405,316)	(912,523)	(15,317,839)	(9,174,338)	10
Governance costs	(146,437)	0	(146,437)	(132,350)	9
Other expenditure	(1,055,000)	0	(1,055,000)	(961,000)	11
<i>Total Expenditure</i>	<u>(15,606,753)</u>	<u>(912,523)</u>	<u>(16,519,276)</u>	<u>(10,267,688)</u>	
Net Income for the Year	(398,092)	1,106,856	708,764	864,682	
<b>TRANSFERS</b>					
Gross transfers between funds	(1,061,840)	1,061,840	0	0	
<b>OTHER RECOGNISED GAINS/LOSSES</b>					
Actuarial gains/(losses) on Defined Benefit Pension Scheme	5,403,000	0	5,403,000	2,364,000	14
<i>Net movement in funds</i>	<u>3,943,068</u>	<u>2,168,696</u>	<u>6,111,764</u>	<u>3,228,682</u>	
<b>RECONCILIATION OF FUNDS</b>					
Total funds brought forward	(4,641,305)	3,230,977	(1,410,328)	(4,639,010)	
<b>Total funds carried forward</b>	<u>(698,237)</u>	<u>5,399,673</u>	<u>4,701,436</u>	<u>(1,410,328)</u>	

All of the above amounts relate to continuing activities. The Statement of Financial Activities also complies with the requirements for an Income and Expenditure account under the Companies Act 2006 and includes all gains and losses recognised in the year. A fully detailed comparative Statement of Financial Activities for the year ending 31 March 2022 is shown at Note 4.

## BALANCE SHEET AS AT 31 MARCH 2023

	Charity	As restated Charity	Notes
	2023	2022	
	£	£	
Fixed assets			
Tangible assets	5,625,433	2,851,554	15
Investment	0	0	
	<u>5,625,433</u>	<u>2,851,554</u>	
Current assets			
Stock	28,790	31,181	
Debtors	908,403	2,199,365	16
Cash	4,274,530	4,734,791	
	<u>5,211,723</u>	<u>6,965,337</u>	
Creditors			
Amounts falling due within one year			
- trade creditors	(744,801)	(1,113,481)	17
- other creditors	(5,525,919)	(5,624,738)	17
	<u>(6,270,720)</u>	<u>(6,738,219)</u>	
Net current assets	<u>(1,058,997)</u>	227,118	
Total assets less current liabilities	4,566,436	3,078,672	
Creditors			
Amounts falling due after more than one year:			
- pension asset / (liability)	135,000	(4,489,000)	14
<b>Net assets</b>	<b><u>4,701,436</u></b>	<b><u>(1,410,328)</u></b>	20, 22
Represented by:			
Unrestricted funds	(698,237)	(4,641,305)	20, 22
Restricted funds	5,399,673	3,230,977	20, 22
<b>Total Funds</b>	<b><u>4,701,436</u></b>	<b><u>(1,410,328)</u></b>	

The Trustees acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and preparation of the financial statements. The financial statements were approved and are signed on their behalf by

*Alan T. Gay*

Mr. Alan T. Gay O.B.E.  
Chair of the Board of Trustees,  
Leeds Grand Theatre & Opera House Limited

*Kris Brewster*

Mr. Kris Brewster,  
Chair of Finance, Governance &  
Resources Sub-committee and  
Treasurer,  
Leeds Grand Theatre & Opera House  
Limited

Date 29/09/2023

Date 06/10/2023

Company Registration Number – 00978161

The notes on pages 24 to 43 form part of these financial statements.

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2023

	2023 £	2022 £	Notes
Cash flows from operating activities	2,506,866	1,965,794	24
Cash flows from investing activities			
Interest received	48,658	15,658	6, 24
Purchase of property, plant and equipment	(3,015,785)	(1,644,764)	15
<b>Change in cash in the year</b>	<b>(460,261)</b>	<b>336,688</b>	

## RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN NET FUNDS

	2023 £	2022 £
(Decrease) / Increase in cash in the year	(460,261)	336,688
Net funds at beginning of year	4,734,791	4,398,103
Net funds at end of year	4,274,530	4,734,791

## **Notes**

### **Forming part of the Financial Statements for the year ended 31 March 2023**

#### **1. Charity Information**

Leeds Grand Theatre & Opera House Limited is a Company Limited by Guarantee and is a Charity Registered in England and Wales. The Registered Office is 46 New Briggate, Leeds, LS1 6NU. The liability of each Trustee in the event of winding-up is limited to £1.

#### **2. 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 Financial Statements are prepared in Sterling which is the functional currency of the Company. Monetary amounts are rounded to the nearest £1.

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

Assets and liabilities are initially recognised at cost or transaction value unless otherwise stated in the relevant accounting policy notes.

##### **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 25 to the accounts.

##### **c) Taxation**

No provision for corporation taxation has been made, as Leeds Grand Theatre & Opera House Limited 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 25<sup>th</sup> 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) Income**

All income is included in the Statement of Financial Activities when the Company 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.

Grants (including Government grants) and donations are included in full in the Statement of Financial Activities when receivable.

Leeds City Council provided core funding of £85k (2022: £85k) to support the operation of the Company. In addition, certain donated services are provided 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 Financial Activities.

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

Income 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. Basic financial instruments are initially recognised at transaction value and subsequently measured at their settlement value.

#### **f) Expenditure**

Expenditure is included in the Statement of Financial Activities 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 Company 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 Financial Activities each year so as to spread the cost of pensions over employees' working lives with the 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 asset to be recognised in the financial statements. The effect on the current year has been to decrease the overall charge in the Statement of Financial Activities by £4,624k. The pension charges (gains and losses) have been allocated to the Statement of Financial Activities in accordance with the Charities SORP.

At 31 March 2023, despite ongoing volatility in the market, the property and equity markets remain reliable and are achieving reasonable returns on investments. Liabilities have reduced substantially by £4,301k, the actuarial assumptions are based on an increased discount rate by 2% combined with reduced rates for pension increases, salary increases, and pension account revaluation rates.

## **i) Depreciation**

Individual fixed assets and expenditure that enhances rather than maintains the performance of tangible fixed assets is capitalised at cost; in general this is items above £1,000. 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. Depreciation rates are:

- Leasehold property improvements: 25 – 50 years
- Freehold buildings: 25 – 50 years
- Other Plant, Fittings and Equipment: 3 to 15 years.

In the Balance Sheet, assets are held at cost less accumulated depreciation.

## **j) Stock**

Stock comprises supplies for bars and kiosks, and merchandise. Stock is included in the accounts at the lower of cost or net realisable value.

## **k) Cash/Cash Equivalents**

Cash and cash equivalents includes cash in hand and deposits held with banks.

## **l) Debtors**

Trade and other debtors are held at the settlement amount. Prepayments are valued at the amount prepaid. Provisions for Doubtful Debts are held at the settlement amount outstanding, taking into account the risk of default.

## **m) Creditors**

Creditors are recognised where the Company 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 reliably estimated. Creditors are normally recognised at their settlement amount. Financial liabilities are only de-recognised when the Company's obligations are discharged, cancelled or they expire.

## **n) Governance Costs**

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

## **o) Fund Accounting**

Unrestricted Funds are available for use at the discretion of the Trustees 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 the Keith Howard Foundation is limited to

Learning activities, the arts@leeds grant is limited to supporting our cultural and heritage offer, Sustainability grant from the CRF also has eligibility conditions attached to it.

#### **p) Operating Lease**

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

#### **q) Capital Commitments**

On 31 March 2023, the Company had the following capital commitments:

	2023	2022
	£000s	£000s
Contracted but not provided for in the Financial Statements	203	1,693

#### **r) 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.

Depreciation of tangible assets: the annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are assessed annually.

### **3. Related Party Transactions**

Leeds City Council recognises ownership of the 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 LGT to the company at a peppercorn rent under a 99 year full repairing lease.

	2023	2022
	£	£
<u>Leeds City Council</u>		
Income:		
Revenue & capital funding	85,000	467,444

The total £85k comprises core funding of £85k (2022: £85k) to support the operation of the Company.



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 indebtedness balance with Leeds City Council as at 31 March 2023 was £-973,732 (2022: 228,305 owing from LCC).

#### 4. Statement of Financial Activities for the Prior Year

	Unrestricted Funds 2022 £	Restricted Funds 2022 £	Total Funds 2022 £
<b>INCOME</b>			
Donations and grants	1,544,918	2,231,084	3,776,002
Investment income	15,658	0	15,658
Income from charitable activities	7,109,423	38,287	7,147,710
Other income	193,000	0	193,000
<b>Total Income</b>	<b>8,862,999</b>	<b>2,269,371</b>	<b>11,132,370</b>
<b>EXPENDITURE</b>			
Charitable activities	(8,763,841)	(410,497)	(9,174,338)
Governance costs	(132,350)	0	(132,350)
Other expenditure	(961,000)	0	(961,000)
<b>Total Expenditure</b>	<b>(9,857,191)</b>	<b>(410,497)</b>	<b>(10,267,688)</b>
<b>Net Income for the Year</b>	<b>(994,192)</b>	<b>1,858,874</b>	<b>864,682</b>
<b>TRANSFERS</b>			
Gross transfers between funds	(609,232)	609,232	0
<b>OTHER RECOGNISED GAINS/LOSSES</b>			
Actuarial gains/(losses) on Defined Benefit Pension Scheme	2,364,000	0	2,364,000
<b>Net movement in funds</b>	<b>760,576</b>	<b>2,468,106</b>	<b>3,228,682</b>
<b>RECONCILIATION OF FUNDS</b>			
Total funds brought forward	(5,401,881)	762,871	(4,639,010)
<b>Total funds carried forward</b>	<b>(4,641,305)</b>	<b>3,230,977</b>	<b>(1,410,328)</b>

#### 5. Donations and Grants

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Donations and Levy	548	333,733	334,281	196,683
Other Income	0	13,039	13,039	6,143
Leeds City Council Grant	42,000	43,000	85,000	467,444
Other Grants	5,738	1,556,678	1,562,416	3,105,731
<b>Total</b>	<b>48,286</b>	<b>1,946,450</b>	<b>1,994,736</b>	<b>3,776,002</b>

## 6. Investment Income

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Income from bank deposits	48,658	0	48,658	15,658

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

## 7. Income from Charitable Activities

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Films & shows	11,656,987	0	11,656,987	5,150,365
Bars & Front of House	1,276,313	0	1,276,313	552,660
Marketing & Box Office	1,384,551	0	1,384,551	871,843
Estate Management	341,785	0	341,785	471,375
Learning	0	72,929	72,929	38,287
Other	176,081	0	176,081	63,180
	<u>14,835,717</u>	<u>72,929</u>	<u>14,908,646</u>	<u>7,147,710</u>

## 8. Other Income

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
FRS17 Pension Finance Changes:				
- expected return on assets	276,000	0	276,000	193,000
	<u>276,000</u>	<u>0</u>	<u>276,000</u>	<u>193,000</u>

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

## 9. Allocation of Support Costs

	Charitable Activities 2023 £	Governance 2023 £	Total 2023 £	Total 2022 £
Management & Support	0	(122,335)	(122,335)	(115,400)
Internal & External Audit Fees	0	(20,495)	(20,495)	(15,150)
LCC Interest & bank charges	(60,230)	0	(60,230)	(144)
H&S Consultants	(5,846)	0	(5,846)	(12,445)
Insurance	(129,833)	(1,620)	(131,453)	(135,775)
Subscriptions	(8,213)	(1,987)	(10,200)	(4,784)
Non-Domestic Rates	(17,416)	0	(17,416)	(10,298)
	<u>(221,538)</u>	<u>(146,437)</u>	<u>(367,975)</u>	<u>(293,996)</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 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Films & Shows	(9,116,284)	(43,000)	(9,159,284)	(4,101,654)
Bars & Front of House	(1,326,283)	0	(1,326,283)	(941,153)
Marketing & Box Office	(1,222,298)	0	(1,222,298)	(1,026,679)
Facilities, Technical & Housekeeping	(2,143,656)	0	(2,143,656)	(1,766,219)
Learning	(126,365)	(143,932)	(270,297)	(185,575)
Refurbishment of venues	(45,011)	(290,670)	(335,681)	(406,265)
Management & support costs	(425,419)	(434,921)	(860,340)	(746,793)
	<u>(14,405,316)</u>	<u>(912,523)</u>	<u>(15,317,839)</u>	<u>(9,174,338)</u>

## 11. Other Expenditure

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Contributions by employer	376,000	0	376,000	315,000
FRS17 Pension Finance Changes:				
- current service cost	(1,039,000)	0	(1,039,000)	(959,000)
- interest cost	(392,000)	0	(392,000)	(317,000)
	<u>(1,055,000)</u>	<u>0</u>	<u>(1,055,000)</u>	<u>(961,000)</u>

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

## 12. Net Income for the Year

This is stated after charging:

	2023 £	2022 £
Employer pension contributions	(369,050)	(315,000)
Depreciation	(214,086)	(174,368)
Loss on disposal of Fixed Assets	(528)	(3,557)
Impairments	(27,292)	0
Audit Fees: audit services	(17,950)	(12,400)
Audit Fees: non-audit services	<u>(2,545)</u>	<u>(2,750)</u>

### 13. Staff Costs

	Unrestricted Funds 2023 £	Restricted Funds 2023 £	Total Funds 2023 £	Total Funds 2022 £
Wages and salaries	2,765,631	63,000	2,828,631	2,332,939
National Insurance	217,109	0	217,109	174,774
Pension costs: employer contributions	369,050	0	369,050	316,419
Accumulating compensated absences	10,075	0	10,075	48,356
Sub-total	3,361,865	63,000	3,424,865	2,872,488
Pension costs: FRS102 adjustments (net)	779,000	0	779,000	768,000
Total	4,140,865	63,000	4,203,865	3,640,488

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 2022/23 (2022 £nil). No remuneration was paid to Directors during the year ended 31 March 2023 (2022: nil).

The number of employees who received emoluments in excess of £60,000 was:

	2023	2022
£80,000 to £89,999	1	1
	<u>1</u>	<u>1</u>

The other key management personnel of the Company comprises the Senior Management Team. Remuneration totalling £356,748 (2022: £333,556) 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

	2023	2022
Key Management	9	9
Other Management & Administration	19	14
Marketing, Publicity & Box Office	29	22
Stage Crew & Electricians	48	29
Stage Door & House Keepers	17	13
Front of House & Bar Staff	89	92
Total	<u>211</u>	<u>179</u>

#### **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 2022 and the results have been received.

Since the Company 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 2023

The Employer's regular contributions to the Fund for the accounting period ending 31 March 2023 were £369k. 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 2022. 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-23	31-Mar-22
Discount rate	4.7%	2.7%
CPI Inflation	2.7%	2.9%
Rate of increase to pensions in payment	2.7%	2.9%
Rate of general increase in salaries	3.95%	4.15%

## 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-23	31-Mar-22
<b>Males</b>		
Year of Birth base table	Standard SAPS S3N tables (Heavy)	Standard SAPS S2N tables
Rating to above base table * (years)	0.00	0.00
Scaling to above base table rates: Pensioners	90%	108%
Improvements to base table rates	CMI Projections (SK 7.0, A 0.5) with long term rate of improvement of 1.5% p.a.	CMI Projections (SK 7.5, A 0.0) with long term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	21.6	21.8
Future lifetime from age 65 (aged 45 at accounting date)	22.9	22.5
<b>Females</b>		
Year of Birth base table	Standard SAPS S3N tables (Heavy)	Standard SAPS S2N tables
Rating to above base table * (years)	0	0
Scaling to above base table rates: Pensioners	90%	98%
Improvements to base table rates	CMI Projections (SK 7.0, A 0.5) with long term rate of improvement of 1.5% p.a.	CMI Projections (SK 7.5, A 0.0) with long term rate of improvement of 1.5% p.a.
Future lifetime from age 65 (aged 65 at accounting date)	24.6	24.6
Future lifetime from age 65 (aged 45 at accounting date)	25.7	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-23	31-Mar-22
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-23 £000	Value as at 31-Mar-22 £000
Fair value of assets	10,399	10,076
Present value of funded liabilities	(10,264)	(14,565)
Pension asset/(liability) recognised on the Balance Sheet	135	(4,489)

### Analysis of the Profit and Loss charge

	Period ending 31-Mar-23 £000	Period ending 31-Mar-22 £000
Current service cost	1,039	959
Interest cost	392	317
Expected return on assets	(276)	(193)
Expense recognised	1,155	1,083

### Actuarial Gains / (Losses)

	31-Mar-23 £000	31-Mar-22 £000	31-Mar-21 £000	31-Mar-20 £000	31-Mar-19 £000
Actuarial Gain / (Loss)	5,403	2,364	(1,563)	(943)	(293)

The cumulative actuarial gain as at 31<sup>st</sup> March 2023 was £4,090k (2022: loss of £1,313k).



## 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-23 £000	Period ending 31-Mar-22 £000
Opening present value of liabilities	(14,565)	(15,139)
Current service cost	(1,039)	(959)
Interest cost	(392)	(317)
Contributions by participants	(150)	(126)
Actuarial gains/(losses) on liabilities*	5,613	1,753
Net benefits paid out #	269	223
Closing present value of liabilities	(10,264)	(14,565)

\* 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-23 £000	Period ending 31-Mar-22 £000
Opening fair value of assets	10,076	9,054
Interest income on assets	276	193
Actuarial gains/(losses) on assets	(210)	611
Contributions by employer	376	315
Contributions by participants	150	126
Net benefits paid out #	(269)	(223)
Closing fair value of assets	10,399	10,076

# 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-23 £000	31-Mar-22 £000	31-Mar-21 £000	31-Mar-20 £000	31-Mar-19 £000
Interest income on assets	276	193	169	183	165
Actuarial gain/(loss) on assets	(210)	611	(1,520)	(598)	746
Actual return on assets	66	804	(1,351)	(415)	911

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

##### Analysis of amount recognised in Statement of Financial Activities

	31-Mar-23 £000	31-Mar-22 £000	31-Mar-21 £000	31-Mar-20 £000	31-Mar-19 £000
Total actuarial gains/(losses)	5,403	2,364	(1,563)	(943)	(293)
Total gain/(loss) in STRGL	5,403	2,364	(1,563)	(943)	(293)

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

Period ending	31-Mar-23 £000	31-Mar-22 £000	31-Mar-21 £000	31-Mar-20 £000	31-Mar-19 £000
Fair value of assets	10,399	10,076	9,054	7,358	7,435
Present value of liabilities	(10,264)	(14,565)	(15,139)	(11,501)	(10,028)
Surplus/(deficit)	135	(4,489)	(6,085)	(4,143)	(2,593)

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

Description	Period ending 31-Mar-23 £000	Period ending 31-Mar-22 £000	Disclosed in:
<b>Pension Service Changes</b>			
<u>Liabilities</u>			
Current service cost	(1,039)	(959)	Other expenditure: note 11
Past service cost	-	-	
Curtailment Cost	-	-	
<u>Assets</u>			
Contributions by employer	376	315	Other income note 8
Subtotal	(663)	(644)	
<b>Pension Finance Changes</b>			
<u>Liabilities</u>			
Interest cost	(392)	(317)	Other expenditure: note 11
<u>Assets</u>			
Expected return on assets	276	193	Other income: note 8
Subtotal	(116)	(124)	
<b>Pension Changes total</b>	(779)	(768)	
Analysis of amount recognised in Statement of Financial Activities	5,403	2,364	
Change in Balance Sheet Liability	4,624	1,596	

## 15. Tangible Fixed Assets

The value of expenditure capitalised and the amounts depreciated during 2022/23 is summarised below:

	Leasehold Property Improvements £	Freehold Buildings £	Other Fittings & Equipment £	Total £
<u>Cost</u>				
At 1 April 2022	288,920	1,858,789	2,119,506	4,267,214
Additions	245,629	2,046,906	723,250	3,015,785
Disposals	0	0	(3,727)	(3,727)
Impairments	(27,292)	0	0	(27,292)
At 31 March 2023	507,257	3,905,694	2,839,029	7,251,980
<u>Depreciation</u>				
At 1 April 2022	(74,956)	(332,774)	(1,007,930)	(1,415,660)
Charge for the year	(29,078)	(1,357)	(183,652)	(214,086)
On Disposals	0	0	3,199	3,199
At 31 March 2023	(104,034)	(334,131)	(1,188,382)	(1,626,547)
Net book value				
At 1 April 2022	213,963	1,526,015	1,111,576	2,851,554
At 31 March 2023	403,223	3,571,564	1,650,647	5,625,433

## 16. Debtors

	Charity 2023 £	Charity 2022 £
Trade debtors	111,956	571,488
National Lottery Heritage Fund Grant	474,094	742,423
Culture Recovery Fund Grant	68,400	318,194
Leeds City Council	0	369,455
HMRC (VAT & Theatre Tax Credits)	268,719	213,701
Total - Debtors	923,169	2,215,261
Doubtful Debt Provision	(14,766)	(15,896)
Net Total	908,403	2,199,365

## 17. Creditors: Amounts Falling Due Within One Year

	Charity 2023 £	Charity 2022 £
Trade Creditors	(744,801)	(1,113,481)
Advance Receipts	(4,498,997)	(5,576,382)
Leeds City Council	(974,343)	0
HMRC (VAT)	(42,505)	0
Employees accumulating compensated absences accrual	(10,075)	(48,356)
Total	(6,270,721)	(6,738,219)

## 18. Deferred Income

	Charity 2023 £	Charity 2022 £
Balance as at 1 April	(5,576,382)	(4,177,250)
Amount released to incoming resources from charitable activities	5,576,382	6,731,865
Amount deferred in year	(4,498,997)	(8,130,997)
Balance as at 31 March	(4,498,997)	(5,576,382)

'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 2023 the Charitable Company's future minimum operating lease payments are as follows:

	<b>Land and Buildings</b>	
	2023	2022
	£	£
<b>Operating Leases which expire</b>		
After more than 5 years	0	0
	<b>Other Assets</b>	
	2023	2022
	£	£
<b>Operating Leases which expire</b>		
Within 1 year	60	2,080
Within 2 to 5 years	0	564
	60	2,644

## 20. Analysis of funds for Year Ending 31 March 2023

	As Restated 31 March 2022 £	Income £	Expenditure £	Transfers & other recognised gains & losses £	At 31 March 2023 £
<b><u>Restricted Funds</u></b>					
<b>Leeds Grand Theatre &amp; Opera House:</b>					
Restoration Fund	1,025,167	263,581	(233,260)	460,327	1,515,815
<b>City Varieties Music Hall:</b>					
Restoration Fund	130,762	67,241	(27,413)	8,768	179,358
<b>Hyde Park Picture House:</b>					
Development Fund	1,572,448	1,428,225	(29,997)	592,745	3,563,421
<b>Learning Department</b>					
Keith Howard (formerly Emerald) Foundation Grant	0	63,000	(63,000)	0	0
Other Income	0	80,932	(80,932)	0	0
<b>Company</b>					
Non-LCC Grants	502,600	73,400	(434,921)	0	141,079
LCC Grants	0	43,000	(43,000)	0	0
<b>Total Restricted Funds</b>	<b>3,230,977</b>	<b>2,019,379</b>	<b>(912,523)</b>	<b>1,061,840</b>	<b>5,399,673</b>
<b><u>Unrestricted Funds</u></b>					
Charity	(152,305)	14,932,661	(14,551,753)	(1,061,840)	(833,237)
Pension Reserve	(4,489,000)	276,000	(1,055,000)	5,403,000	135,000
<b>Total Unrestricted Funds</b>	<b>(4,641,305)</b>	<b>15,208,661</b>	<b>(15,606,753)</b>	<b>4,341,160</b>	<b>(698,237)</b>
<b>Total Funds</b>	<b>(1,410,328)</b>	<b>17,228,040</b>	<b>(16,519,276)</b>	<b>5,403,000</b>	<b>4,701,436</b>

Unrestricted Funds are available for use at the discretion of the Trustees 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 of our three venues, grant income from the Keith Howard Foundation 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 2022)

	At 31 March 2021 £	Income £	Expenditure £	Transfers & other recognised gains & losses £	As Restated 31 March 2022 £
<b><u>Restricted Funds</u></b>					
<b>Leeds Grand Theatre &amp; Opera House:</b>					
Restoration Fund	418,059	91,982	(94,106)	609,232	1,025,167
<b>City Varieties Music Hall:</b>					
Restoration Fund	115,472	27,951	(12,661)	0	130,762
<b>Hyde Park Picture House</b>					
Development Fund	211,932	1,386,825	(26,309)	0	1,572,448
<b>Learning Department</b>					
Emerald Grant	17,408	63,000	(80,408)	0	0
Other Grants	0	2,728	(2,728)	0	0
Other Income	0	38,287	(38,287)	0	0
<b>Company</b>					
Non-LCC Grants	0	615,598	(112,998)	0	502,600
LCC Grants	0	43,000	(43,000)	0	0
<b>Total Restricted Funds</b>	<b>762,871</b>	<b>2,269,371</b>	<b>(410,497)</b>	<b>609,232</b>	<b>3,230,977</b>
<b><u>Unrestricted Funds</u></b>					
Lifecycle & Planned	437,338	0	(437,338)	0	0
Charity	245,781	8,669,999	(8,458,853)	(609,232)	(152,305)
Pension Reserve	(6,085,000)	193,000	(961,000)	2,364,000	(4,489,000)
<b>Total Unrestricted Funds</b>	<b>(5,401,881)</b>	<b>8,862,999</b>	<b>(9,857,191)</b>	<b>1,754,768</b>	<b>(4,641,305)</b>
<b>Total Funds</b>	<b>(4,639,010)</b>	<b>11,132,370</b>	<b>(10,267,688)</b>	<b>2,364,000</b>	<b>(1,410,328)</b>

## 22. Analysis of Net Assets Between Funds for Year Ending 31 March 2023

	Tangible Fixed Assets £	Cash at Bank and In Hand £	Other Net Current Assets £	Pension (Liability)/ Asset £	Total £
<b>Unrestricted Funds</b>					
Charity Unrestricted Reserve	366,840	4,201,850	(5,401,926)	0	(833,237)
Pension Reserve	0		0	135,000	135,000
Sub-total	366,840	4,201,850	(5,401,926)	135,000	(698,237)
<b>Restricted Funds</b>					
Leeds Grand Theatre & Opera House: Restoration Fund	1,515,814	0	0	0	1,515,814
City Varieties Music Hall: Preservation Levy	179,358	0	0	0	179,358
Hyde Park Picture House: Development Fund	3,563,421	0	0	0	3,563,421
Corporate: Other Grants	0	72,680	68,399	0	141,079
Sub-Total	5,258,594	72,680	68,399	0	5,399,671
Total Funds	5,625,433	4,274,530	(5,333,528)	135,000	4,701,436

## 23. Analysis of Net Assets Between Funds for Prior Year (Ending 31 March 2022)

	Tangible Fixed Assets £	Cash at Bank and In Hand £	Other Net Current Assets £	Pension Liability £	Total As Restated £
<b>Unrestricted Funds</b>					
Charity Unrestricted Reserve	309,870	4,045,498	(4,507,673)	0	(152,305)
Pension Reserve	0	0	0	(4,489,000)	(4,489,000)
Sub-total	309,870	4,045,498	(4,507,673)	(4,489,000)	(4,641,305)
<b>Restricted Funds</b>					
Leeds Grand Theatre & Opera House: Refurbishment levy	1,025,167	0	0	0	1,025,167
City Varieties Music Hall: Preservation Levy	0	130,762	0	0	130,762
Hyde Park Picture House: Development Fund	1,516,516	55,932	0	0	1,572,448
Learning Department: Emerald Grant	0	0	0	0	0
Corporate: Other Grants	0	502,600	0	0	502,600
Sub-Total	2,541,683	689,294	0	0	3,230,977
Total Funds	2,851,554	4,734,791	(4,507,673)	(4,489,000)	(1,410,328)

## 24. Reconciliation of Net Income to Net Cash Flow from Operating Activities

	2023 £	2022 £
Net Income	708,764	864,682
less: interest received	(48,658)	(15,658)
Operating Profit	660,106	849,024
(Decrease)/Increase in pension costs (FRS102)	779,000	768,000
Depreciation charge	214,086	174,368
Loss on disposal of fixed assets	528	3,557
Impairments	27,292	0
Decrease/(Increase) in stocks	2,391	(26,005)
Decrease/(Increase) in debtors	1,290,962	(1,872,152)
(Decrease)/Increase in creditors	(467,499)	2,069,002
Net Cash provided by Operating Activities	<u>2,506,866</u>	<u>1,965,794</u>

The Company had no debt in the current or previous year.

## 25. Going Concern

The Trustees consider the charitable Company to be a going concern and the financial statements have been prepared on that basis. In reaching this conclusion the Trustees have taken into account a number of factors, including the residual impact of the Covid19 pandemic and the current period of economic downturn. Other major factors include the re-opening of Hyde Park Picture House and the planned twelve-week closure period of the Leeds Grand Theatre in Summer 2024 to undertake major works.

Long term forecasts have been prepared modelling a number of scenarios which show that, with income generation strategies and cost control measures in place, and the level of reserves, the Company can continue to operate as a going concern. Key to this success will be:

- The re-opening of Hyde Park Picture House with a second auditorium and refreshment facilities,
- The award from The Keith Howard Foundation (previously the Emerald Foundation) of a grant agreement for a period of three years, until July 2026,
- Energy savings from investments in infrastructure as per the Environmental Strategy,
- Additional income from implementing our Business Strategy.

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 tenantable repair and condition. The Company has a programme of capital works, and is working closely with the City Council in order to ensure compliance with these lease obligations.

We acknowledge that a legal charge remains in place between the Company and the Arts Council of England dated 10 June 2009, creating a legal obligation for the Company to reimburse the Arts council a grant of up to £1,050k if the Leeds Grand Theatre property is no longer used for the purposes of being a theatre during the 20 years to June 2029. We consider that the probability of the theatre no longer being used as a theatre is remote, and on the basis that the Company is a going concern, no disclosure is required in respect of any potential contingent liability.



## 25. Going Concern (continued)

We also acknowledge that a legal charge is in place between the Leeds Grand Theatre & Opera House Ltd and the Trustees of the National Heritage Memorial Fund (NHMF) dated 14 September 2023, creating a legal obligation for the Company to reimburse the NHMF a grant of up to £2,623.4k if the Hyde Park Picture House is no longer used for the purposes of being a cinema during the period to December 2038. We consider that the probability of the cinema no longer being used as a cinema is remote, and again, on the basis the Company is a going concern, no disclosure is required in respect of any potential contingent liability.

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 Trustees have concluded that the charitable Company can continue to operate as a going concern basis.

## 26. 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 LGT 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 31<sup>st</sup> December 2035.

## 27. Prior Year Adjustments

An adjustment has been made to the prior year figures in relation to the reclassification of unrestricted fixed assets to restricted fixed assets. A corresponding transfer of funds from unrestricted to restricted has been made in relation to these assets.

	2022 £
Opening Reserves at 1 April 2022	(1,410,328)
Prior Year Adjustment:	
Transfer from Unrestricted Fund	(609,232)
Transfer to Restricted Funds	609,232
Opening Reserves at 1 April 2022 (restated)	(1,410,328)

In the prior year the Company subsidised the purchase of Restricted Fund assets from Unrestricted Funds and did not recognise a transfer between funds in relation to this expenditure. A prior year adjustment has been processed to correct this. The adjustment has had the effect of increasing closing Restricted Funds by £609,232 and reducing Unrestricted Funds by £609,232; the effect on the overall reserves balance is nil.

Jessica Lawrence  
Azets Audit Services Limited  
33 Park Place  
Leeds  
LS1 2RY

**Re: Audit of Leeds Grand Theatre and Opera house Limited**

The following representations are made on the basis of enquiries of management and staff with relevant knowledge and experience such as we consider necessary in connection with your audit of the charitable company's financial statements for the period ended 31 March 2023. These enquiries have included inspection of supporting documentation where appropriate and are sufficient to satisfy ourselves that we can make each of the following representations. All representations are made to the best of our knowledge and belief.

**GENERAL**

1. We have fulfilled our responsibilities as trustees as set out in the terms of your engagement letter dated 9 January 2023, under the Companies Act 2006 for preparing financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), for being satisfied that they give a true and fair view and for making accurate representations to you.
2. All the transactions undertaken by the charitable company have been properly reflected and recorded in the accounting records.
3. All the accounting records have been made available to you for the purpose of your audit. We have provided you with unrestricted access to all appropriate persons within the charitable company, and with all other records and related information requested, including minutes of all management and trustee meetings and correspondence with The Charity Commission.

**ADJUSTMENTS & DISCLOSURES**

4. The financial statements are free of material misstatements, including omissions.
5. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. (See appendix 1 for details of such uncorrected misstatements).
6. We have reviewed and approved all audit adjustments made in the financial statements (See appendix 2 for details of such corrected misstatements).
7. We have reviewed and approved all disclosures made in the financial statements and we are not aware of any other matters which require disclosure in order to comply with the requirements of applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

**INTERNAL CONTROL AND FRAUD**

8. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error, and we believe that we have appropriately fulfilled these responsibilities. We have disclosed to you the results of our risk assessment that the financial statements are very unlikely to be misstated as a result of fraud.
9. We have disclosed to you all instances of known or suspected fraud affecting the charitable company involving management, employees who have a significant role in internal control or others where fraud could have a material effect on the financial statements.
10. We have also disclosed to you all information in relation to allegations of fraud or suspected fraud affecting the charitable company's financial statements communicated by current or former employees, analysts, regulators or others.

## **ASSETS AND LIABILITIES**

11. The charitable company has satisfactory title to all assets and there are no liens or encumbrances on the charitable company's assets except for those that are disclosed in the notes to the financial statements.
12. There were no changes in fixed assets during the period ended 31<sup>st</sup> March 2023 other than those disclosed in the accounts.
13. We have reviewed the residual values attached to fixed assets and confirm they are still appropriate and reasonable reflections of these assets condition and usage.
14. All actual liabilities, contingent liabilities and guarantees given to third parties have been recorded or disclosed as appropriate.
15. We have no plans or intentions that may materially alter the carrying value and, where relevant, the fair value measurements or classification of assets and liabilities reflected in the financial statements.
16. We confirm that all bank accounts have been disclosed to you and are included within the financial statements.
17. We confirm that the charitable company has not contracted for any capital expenditure other than as disclosed in the financial statements.

## **ACCOUNTING ESTIMATES**

18. The methods, data and significant assumptions used by us in making accounting estimates, and their related disclosures, are appropriate to achieve recognition, measurement and disclosure that is reasonable in the context of the applicable financial reporting framework.

## **LOANS AND ARRANGEMENTS**

19. The charitable company has not granted any advances or credits to, or made guarantees on behalf of, trustees other than those disclosed in the financial statements.

## **LEGAL CLAIMS**

20. We have disclosed to you all claims in connection with litigation that have been, or are expected to be, received and such matters, as appropriate, have been properly accounted for and disclosed in the financial statements.

## **LAWS AND REGULATIONS**

21. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements and disclosures, including non-compliance matters:
  - a. Involving financial impropriety;
  - b. Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the charitable company's financial statements;
  - c. Related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the charitable company's business, its ability to continue in business, or to avoid material penalties; and
  - d. Involving management, or employees who have significant roles in internal control, or others.
22. We are unaware of any known or probable instances of non-compliance with the requirements of regulatory or governmental authorities, including their financial reporting requirements, and there have been no communications from regulatory agencies or government representatives concerning investigations or allegations of non-compliance, other than those already disclosed.

## **RELATED PARTIES**

23. Related party relationships and transactions have been appropriately accounted for and disclosed in the financial statements. We have disclosed to you all relevant information concerning such relationships and transactions and we confirm that such information is complete. We are not aware of any other matters which require disclosure in order to comply with legislative and accounting standards requirements.

## **SUBSEQUENT EVENTS**

24. All events subsequent to the date of the financial statements which require adjustment or disclosure have been properly accounted for and disclosed.

## **GOING CONCERN**

25. We believe that the charitable company's financial statements should be prepared on a going concern basis on the grounds that existing cash reserves will be more than adequate for the charitable company's needs.

26. We also confirm our plans for future action(s) required to enable the charitable company to continue as a going concern are feasible.
27. We have considered a period of twelve months from the date of approval of the financial statements. We believe that no further disclosures relating to the charitable company's ability to continue as a going concern need to be made in the financial statements.

#### **GRANTS AND DONATIONS**

28. All grants, donations and other income, the receipt of which is subject to specific terms or conditions, have been notified to you. There have been no breaches of terms or conditions in the application of such income.
29. Restricted grants and donations are as follows:
- a. Leeds Grand Theatre and Opera House restoration fund
  - b. City Varieties restoration fund
  - c. Hyde Park Picture House development fund
  - d. The Keith Howard Foundation Grant
  - e. Learning Department other income
  - f. Non Leeds City Council grants
  - g. Leeds City Council grants
30. We acknowledge our legal responsibilities regarding disclosure of information to you as auditor and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware.
31. Each trustee has taken all the steps that they ought to have taken as a trustee in order to make themselves aware of any relevant audit information and to establish that you are aware of that information.

Yours faithfully

*Alan T. Gay*

.....  
Signed on behalf of the board of trustees by:

Mr Alan T Gay O.B.E

Chair of the Board of Trustees and Treasurer

Date: 29/09/2023

## Appendix 1 – Uncorrected misstatements

No	Detail	Assets	Liabilities	Equity	Profit / (loss)
		Dr / (Cr) £	Dr / (Cr) £	Dr / (Cr) £	Dr / (Cr) £
<b>Details of unadjusted audit differences</b>					
1	To remove amount from debtor related to VAT re-pricing exercise which appears to have been rejected by HMRC	(68,000)	-	-	68,000
2	Being to reclass element of deferred income in relation to Sister Act to accruals	43,003 (43,003)	- -	- -	- -
3	Being to split out accruals from trade creditors	- -	58,384 (58,384)	- -	- -
<b>Total</b>		(141,780)	-	-	141,780

## Appendix 2 – Corrected misstatements

No	Detail	Assets	Liabilities	Equity	Profit / (loss)
		Dr / (Cr) £	Dr / (Cr) £	Dr / (Cr) £	Dr / (Cr) £
<b>Details of adjusted audit differences</b>					
1	To reclassify deferred income from creditors	- -	104,790 (104,790)	- -	- -
2	Being capitalisation of additional assets and additional depreciation charge	29,740 11,515 (461)	- -	- -	(29,740) (11,515) 461
3	Transfer from unrestricted to restricted funds - 2023	- -	- -	1,061,840 (1,061,840)	- -
4	Transfer from unrestricted to restricted funds – 2022 – Prior year adjustment	- -	- -	609,232 (609,232)	- -
<b>Total</b>		40,794	-	-	(40,794)