



CUMBRIA THEATRE TRUST

(Trading as Theatre by the Lake)

(A company limited by guarantee)

CONSOLIDATED

ANNUAL REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

Cumbria Theatre Trust

Contents

Company Information	1
<i>ANNUAL REPORT</i>	
Chair's Report	2
Strategic Report	
Objectives	3
Strategies	3
Achievements	3
Artistic Activities	3
Evaluating our Work	4
Securing our Future	4
Financial Review	5
Plans for Future Periods	9
Principal Risks and Uncertainties	10
Structure, Governance and Management	
Governing Documents	11
Organisation	11
Trustee Appointment	11
Meetings and Board Rules	11
Directors' Transactions	12
Related Parties and Co-operation with Other Organisations	12
Staff and Internal Policies	12
Report of the Board	13
Auditor's Report	14
<i>FINANCIAL STATEMENTS</i>	
Financial Statements	
Group Statement of Financial Activities	16
Balance Sheets	17
Cash Flow Statements	18
Notes to the Financial Statements	19

Company Information

PRESIDENT	Dame Judi Dench	
FOUNDING PRESIDENTS	Graham Lamont Vicky Robinson	(from 19/08/19) (from 19/08/19)
VICE PRESIDENTS	Nigel Illman Doreen Wilkinson	
PATRONS	Lord Bragg of Wigton Sir Tony Cunningham Hunter Davies OBE Dame Patricia Routledge OBE Eric Robson Richard Wilson OBE	
DIRECTORS AND TRUSTEES	Charles Carter * Kate McLaughlin-Flynn * Graham Lamont Vicky Robinson MBE Anne Chambers ** Dr Jim Cox OBE * Steve Freeman Janaki Fryer-Spedding * Geoffrey Hall ** Ian Hill Godfrey Owen ** Cllr Martin Pugmire * Member of Finance Committee ** Member of Development Committee	(Chair from 19/08/19) (Vice Chair from 19/08/19) (Joint Chair to 19/08/19, resigned 19/08/19) (Joint Chair to 19/08/19, resigned 19/08/19) (Appointed 22/06/2019) (Died 22/04/19)
SECRETARY	Michael Lawler	
CHIEF EXECUTIVE	James Cobbold	
KEY MANAGEMENT PERSONNEL	Liz Stevenson – Artistic Director Michael Lawler – Head of Finance Rachel Swift – Head of Communications	(from 06/05/19)
REGISTERED OFFICE	Theatre by the Lake Lakeside Keswick Cumbria CA12 5DJ	
AUDITORS	Chittenden Horley Limited Registered Auditors 456 Chester Road Old Trafford Manchester M16 9HD	
MAIN BANKERS	Barclays Bank plc Market Square Keswick Cumbria CA12 5BE	
COMPANY NUMBER	1874868	
CHARITY NUMBER	516673	
TELEPHONE	017687 72282	
WEBSITE	www.theatrebythelake.com	

Annual Report – Chair's Report

I write this report at the most difficult time in the history of the Cumbria Theatre Trust. The first 11 months of the financial year covered by these accounts were characterised by Theatre by the Lake creating some great theatre and achieving its best financial results for some years. The final month of the year – March 2020 – and the first few months of the current financial year have been dominated by the need to deal with the impact of coronavirus which – in common with theatres and arts venues across the country – has led to the indefinite closure of the Theatre by the Lake.

The first 11 months of our financial year were immensely successful:

- Our Easter production of *Educating Rita* in conjunction with David Pugh Ltd., a commercial producer, achieved a near-record capacity for our Spring season, with our only regret being that we were not able to stage it for longer. The production went on to a successful nationwide tour which publicised Theatre by the Lake's involvement and branding widely.
- Our Summer season repertory programme reverted to its more usual wide-ranging choice of six plays. Our main house shows *Little Voice*, *Dear Uncle* and *The Ladykillers* did well, the season only slightly hampered by some cancellation due to cast illness. Our Studio shows *My Mother Said I Never Should*, *The Children and Guards* at the Taj challenged and delighted audiences in different ways and all performed well.
- Our Christmas production of *A Christmas Carol* was well received and had the second highest audience for a Christmas show in the theatre's history.

We are enormously proud that we are able to create theatre in Keswick, and also that we are able to welcome a wide and eclectic programme of visiting productions and festivals alongside our home-produced work. Further, during the year we strengthened our learning and participation programme of activities where we work with a range of people in our local communities.

Financially, both Summer and Christmas seasons delivered record ticket revenues, achieving Summer season sales of over £1m for the first time. We continued to refine our approach to ticket pricing through the year, including offering advantageous deals for early bookers and young people. Overall these changes increased yield (the average price per ticket sold) and were in part the reason for our excellent ticket revenues. Additionally, our catering operations delivered a record contribution, and our Friends and supporters continue to provide considerable help. Overall, we were on track to deliver a strong surplus for 2019-20, and therefore continue on our path to rebuilding our reserves following the investment in the Lakeside cafe.

Then came coronavirus.

Our Spring production of *Malory Towers*, again produced with David Pugh Ltd., was due to open in the week that theatres were closed by government. At the same time, our Summer season cast was about to start rehearsals for a really exciting repertory season that included four world premieres. Regrettably, we had to cancel the entire season as social distancing rules meant that there was limited ability to rehearse and no prospect of viable audiences.

With no realistic prospect of ticket sales in 2020 we have had no choice but to reduce our costs to a level lower than our only current sources of revenue, principally our grant from Arts Council England. The implication has been that, with huge regret, we have had to make the majority of our staff redundant.

On behalf of the trustees, I would like to thank James Cobbold, Liz Stevenson and the theatre team as a whole for their commitment over the last year. We can look back with pride on the year's achievements, and the professionalism, understanding and graciousness that they are showing at this current difficult time has been humbling.

We remain optimistic. The theatre was built on the shoulders of the Blue Box nearly 25 years ago, and we will now build on the shoulders of the recent history of Theatre by the Lake. We are continuing to artistic activity albeit in a much smaller scale, and not in the theatre buildings. We will return. We will again be the leading producing theatre in Cumbria, providing delight and provoking thought amongst our local communities and visitors to the Lake District.

Charles Carter

Charles Carter

Date: 26 September 2020

Annual Report – Strategic Report

Objectives

The objectives of Cumbria Theatre Trust (CTT) are:

- “to promote and advance the arts and in particular the performing arts for the benefit of the public”; and
- “to promote and advance education through the development and delivery of creative learning programmes for people of all ages”.

The mission that shapes CTT's activities is “to provide a year-round theatre and performing arts resource for communities of, and visitors to, Cumbria”. To support this, a permanent theatre building was created in Keswick which presented its first performance on 19 August 1999. Theatre by the Lake (TBTL) is the only professional producing theatre in Cumbria.

Strategies

CTT seeks to deliver its mission through the presentation of performances at TBTL in Keswick, and other venues, and through education and participatory activities. The cornerstone of CTT's strategy is to plan, create and present professional theatre performances in its specialist theatre facilities. In-house productions are complemented by incoming work that provides wide-ranging opportunities for audiences and participants, maximises the use of the theatre facilities and helps to secure the income which underpins the whole operation. The delivery of education and participation activities also represents an important strategy, particularly to widen engagement, raise aspirations and build audiences for the future.

Achievements

Key achievements in 2019/20 included:

- The presentation of 568 performances at Theatre By The Lake;
- Total audiences: 110,760;
- The staging of 10 home-produced theatre shows;
- 3 co-productions;
- Transfers of 3 shows to other theatres;
- A production which toured to regional community venues;
- Festivals of jazz, film and literature;
- Continued development of our Education and Participation programmes;
- Fourth full year of operation for the new café facility.

Artistic Activities

Home-Produced Theatre

TBTL's programme of work for 2019/20 included 10 home-produced shows which helped meet its commitment to celebrating diverse creative voices. 364 performances in the Main House and Studio were attended by over 79,000 people.

In Spring 2019 we staged two shows in our studio theatre, *Creditors* and *Miss Julie*, both commissioned adaptations of the Strindberg plays, and both co-produced with Jermyn Street Theatre. *Miss Julie* toured to community venues in Cumbria and beyond.

Creditors ran alongside a mixture of incoming work in the Main House, plus a co-production with a commercial producer, David Pugh Ltd. *Educating Rita* was immensely successful, achieving a record capacity for our Spring season. The production subsequently embarked on a successful nationwide tour which publicised Theatre by the Lake's involvement.

The 2019 Summer Season consisted of six plays in repertoire and attracted audiences of over 45,000. *The Ladykillers* proved the most popular choice for audiences. Also in the Main House, we staged *The Rise and Fall of Little Voice* and *Dear Uncle* which provided excellent variety of choice for audiences, both selling reasonably well. Our Studio shows *My Mother Said I Never Should*, *The Children* and *Guards at the Taj* challenged and delighted audiences in different ways and all performed well. Across the season,

Strategic Report (cont.)

there were 10 show cancellations caused by cast illness, but fortunately this didn't affect audience totals too much.

An audience of more than 21,000 came to see our hugely successful Festive Season production of *A Christmas Carol*, which far exceeded audience and financial targets.

We had planned to end the year with the opening in the studio of *One Side Lies the Sea*, a co-production with Pentabus Arts, and the opening of *Malory Towers*, a co-production with David Pugh Ltd in the Main House. The enforced closure of theatre by the government in response to the COVID-19 outbreak has meant these productions were cancelled shortly before they were due to open.

Visiting Companies and Festivals

TBTL's wide-ranging programme which complemented the in-house work included annual festivals of literature, film and mountain activities:

- TBTL's festival events attracted attendances of approximately 11,000
- 151 performances by visiting professional performers and community groups attracted audiences of approximately 14,000.

Education and Community

CTT further developed its education and community engagement programme during the year. Our three active groups for young people and an Elders' Company ran throughout the year, as well as summer school opportunities for young people in the local area. CTT also helps to support schools in pursuit of Arts' Award and Arts' Mark qualifications. Dementia workshops continued throughout 2018/19 despite a lack of funding available to support this area of work.

Other

We continued to provide support to independent artists and associate companies:

- 2 emerging directors directed Summer Season shows;
- Residency of inclusive company Prism Arts;
- Our partnership with Cumbria University re-focussed on creative learning practice;
- Our bursary scheme supported a young professional;
- Through a joint programme with the Brewery Arts Centre and The Dukes, Lancaster, we supported locally created new work;
- We supported 4 associate companies: Ragged Edge, PMac Productions, Metta Theatre and Imitating the Dog (who explored digital artistic excellence).

Evaluating our Work

Artistic activity continued to be reviewed by staff and trustees taking into account both process and presentation. External evaluation was offered by CTT's major funder, Arts Council England, and through press and social media. TBTL's work received consistently positive reviews in both the local and national press throughout 2019/20, demonstrating our ability to attain artistic standards comparable to the best in the UK.

During the year, CTT continued its audience research programme to help inform future programming and play choice.

TBTL was also the regional winner of the UK Most Welcoming Theatre award for the sixth year in a row. This award is voted for by the general public.

Securing our Future

2019/20 was the fourth full year of operation for the new café building, the operation of which is outsourced to BaxterStorey Limited along with all bars and catering operations at the theatre. The Trust received income of more than £155,000 from BaxterStorey Limited in 2019/20, including more than £12,000 of concessionary income, over and above the minimum guarantee to which we are entitled to under our terms of our contract with them. This was the first year in which we received more than the minimum

Strategic Report (cont.)

guarantee, providing a lot of promise regarding future trading potential. During the year, the CTT and trading subsidiary boards continued to consider future catering options, post current contract, though the closure of the theatre due to the COVID-19 outbreak has prompted a rethink about process and timescales.

The café building, completed in 2016, was partly funded from free reserves, meaning that free reserves have been subdued since that time. We have applied greater diligence in our management of funds over recent years, which has helped to rebuild free reserves back to a more acceptable level.

Financial Review

Overview

CTT's key financial objective is to ensure financial stability so that the charity can pursue its artistic and educational aims and objectives. In support of this objective are policies relating to reserves, financial risk, trading activities and fundraising which are addressed in more detail within this report.

For the financial year ended 31 March 2020, the organisation realised a surplus on unrestricted funds of £132,949 which is an excellent result at this time when the aims of the trust are to rebuild reserves. Total incoming resources, including restricted funds relating to special projects, were £3,161,155.

CTT has prepared accounts in compliance with Charities SORP (FRS 102). The statement of financial activities (SOFA), balance sheet, cash flow statement and notes are set out from page 16 onwards. The following simplified income and expenditure account summarises unrestricted funds activity during the year, including management charges and donations paid by the subsidiary trading company to CTT.

	Unrestricted funds 2020		<i>Unrestricted funds 2019</i>	
	£		£	
Income				
Box office receipts	1,922,620	62.6%	1,769,152	62.8%
Other trading	340,430	11.1%	310,350	11.0%
Donations and partnerships	73,733	2.4%	68,122	2.4%
Education/training income	15,151	0.5%	15,994	0.6%
Investment income	1,018	0.0%	538	0.0%
Other income	102,001	3.3%	37,816	1.3%
Grants – inc. Arts Council	614,067	20.0%	614,067	21.8%
	<u>3,069,020</u>	100.0%	<u>2,816,039</u>	100.0%
Expenditure				
Direct costs of performances	2,777,424	90.3%	2,688,590	90.5%
Operating costs	19,322	0.6%	11,206	0.4%
Education/training costs	26,300	0.9%	40,976	1.4%
Trading expenditure	252,809	8.2%	228,920	7.7%
	<u>3,075,855</u>	100.0%	<u>2,969,692</u>	100.0%
Net incoming/(outgoing) resources before other recognised gains/(losses)	(6,835)		(153,653)	
Theatre Tax Credit	139,784		183,232	
Net incoming resources	<u>132,949</u>		<u>29,579</u>	

Strategic Report (cont.)

Funding and Fundraising

CTT generates income from its activities – ticket sales, ancillary trading, contracts for services, grants for specific projects, fundraising, etc. – which, in 2019/20, represented around 79% of annual turnover. The balance of regular income is made up of grants. Our annual core funding from Arts Council England (ACE), which supports the full range of artistic activity, equates to approximately 21% of turnover.

2019/20 was second year of a four-year commitment from ACE under the National Portfolio Organisation (NPO) funding programme. As a consequence of funding cuts from central government, and in common with the majority of NPOs, CTT was awarded only a cash standstill grant for the four year period (£604,067 p.a.). Thus, ACE's core funding support has continued to be eroded in value by inflation.

For several years, local authority funding to CTT was provided mainly on the basis of investment into specific projects and activities, rather than in support of the whole operation. We are grateful to Cumbria County Council however for their award of new funding grant, the first receipt of which was in 2018/19.

The table below summarises core funding received over the last 5 years.

Cumbria Theatre Trust – annual grant aid (£), 2015-2020					
	2015/16	2016/17	2017/18	2018/19	2019/20
Arts Council England	604,067	604,067	604,067	604,067	604,067
Cumbria County Council	15,000	3,000	0	10,000	10,000
Keswick Town Council	3,500	3,500	3,500	3,500	3,500

Allerdale Borough Council ceased offering core funding after 2009, instead granting a one-off arrangement comprising a lease to CTT on the Lakeside Tea Gardens site and a capital sum.

Sponsorship and unrestricted donations, including contributions from the Friends of Theatre by the Lake, were lower in 2018/19 than the previous year, however this is largely to do with the timing of donations from the Friends of TBTL. The underlying position is broadly similar.

The trustees place great importance on relationships with donors and supporters and are committed to ensuring best practice through ethical, sustainable fundraising. The charity is not currently registered with a regulatory body but plans to become a member of the Fundraising Regulator's voluntary regulation scheme. There is an in-house fundraiser, who joined as Head of Development in September 2018. Prior to this the charity had not had an in-house fundraising function since 2015 but received support from a professional fundraiser on an ad-hoc consultancy basis. No commercial participator carried out any fundraising activities.

Income from Activities

Ticket sales rose slightly in comparison to 2018/19 and represent over half of the organisation's turnover. This excludes sales for performances promoted by voluntary organisations for which CTT is acting as an agent, and this element of receipts does not therefore appear in CTT's accounts (see page 28, note 19).

CTT operates a subsidiary company for trading activities which might fall outside its charitable objectives, including bars and catering, ice creams, merchandise and programmes. In March 2016, the operation of bars and catering activities was contracted for a five year period to BaxterStorey Limited, a commercial operator, who contribute a proportion of turnover, with a guaranteed monthly payment, to the subsidiary company. TBTL Services Limited donates its profits to CTT through Gift Aid.

Our second subsidiary company, Theatre by the Lake Productions Limited, is a Special Purpose Vehicle company which was set up to prepare productions for presentation at TBTL and other venues, and to claim theatre tax relief.

Strategic Report (cont.)

CTT's financial statements for the year ended 31 March 2020 are consolidated with the profit and loss accounts of TBTL Services Limited and Theatre by the Lake Productions Limited. TBTL Services Limited made a net surplus of £87,619 before making a donation to the Charity (see also page 32, note 30). Theatre by the Lake Productions Limited made a loss of £139,684, before submitting a tax credit claim to HMRC (see also page 33, note 31).

Public Benefit

In accordance with the Charity Commission's guidance on public benefit, including fee charging, Trustees have continued to consider accessibility of the theatre to those on low incomes. Low cost tickets remained available for almost all performances at a level which has remained unchanged for many years. Discounts continue to be offered to categories of people likely to be financially disadvantaged, including an Under 26 / student offer of £10 for any seat to any TBTL performance. Over 16,000 children and young people benefitted from this offer during the year.

TBTL further extended the range and number of performances which made special provision for people with disabilities: captioned performances for the hard of hearing (5), audio described performances for the visually impaired (5) and relaxed performances for young people and adults whose disabilities might be considered disruptive to a conventional audience (3).

Investment Powers and Policy

The Trust's investment powers are defined in the Memorandum of Association, however no investments were held during 2019/20.

Reserves Policy

The unrestricted reserves of the Trust are £1,330,796. The trust also has restricted reserves of £3,475,591 not available for the general purposes of the charity at the end of the year. Reserves are further analysed in note 20, page 29.

In 2016 the Trust invested nearly £1.3m in a new café which, under the terms of contract with our catering provider, produced guaranteed income of more than £146,000 in 2019/20. The investment has helped diversify income and creates a more sustainable business model for the Trust, however the decision to invest reduced cash balances from £750,941 at 31 March 2015 to just £147,609 at 31 March 2016. The Trust decided not to borrow any money on a long term basis at the time of investment in order to save the cost of obtaining and servicing a term loan of up to £400,000.

Cash balances have improved since the investment in the café was made. At 31 March 2020 cash balances stood at £451,410, which is significantly better than at any year-end since the café opened. The level of cash held is still not as high as we would like it to be however.

The trustees consider that the ideal level of free reserves at the current time would be £225,000. This would provide sufficient contingency in the event of a very poor season, but is not excessive in view of the anticipated future income stream from the café.

Free reserves were £10,200 at the year-end (2019: -£137,937). The trust was working to a plan to increase free reserves to £225,000 by 31 March 2022, however this will now need to be reviewed in the light of the current closure of the theatre.

Financial Control and Audit

The board of trustees delegates review of the effectiveness of all internal controls, including operational, financial and compliance controls and risk management systems to the Finance Committee. The internal control systems are appropriate to the scale and complexity of the organisation. Detailed management accounts are reviewed by the Finance Committee, whilst summary management account are presented regularly to meetings of the board of trustees.

Strategic Report (cont.)

The Finance Committee monitors and reviews financial performance, financial management and management reporting arrangements, and then reports its findings to the main board. The finance specialist on the board (Kate McLaughlin-Flynn) chairs the Finance Committee

The full board accepts responsibility for financial matters, though in practice much of the work is delegated to the finance committee. Processes include scrutiny of management accounts throughout the year, consideration of accounting and investment policies, risk management policies and compliance with statutory requirements. The finance committee will also respond to any relevant matters relating to annual financial statements raised by the external auditors as a result of audit work. The full board will consider the appointment of the external auditors and approves their remuneration and terms of engagement.

Financial Risk Management

The finance committee considers the financial risks to which CTT may be exposed, assesses their potential impact on the organisation and identifies strategies to mitigate their effect, should those risks materialise. CTT's risk management strategy and the principal risks and uncertainties, including financial risks, are outlined on page 10.

Non-Adjusting Post Balance Sheet Events

As already described elsewhere in this report, the impact of coronavirus on CTT's operations has been substantial.

Since end-March, the Trust has taken advantage of all appropriate government schemes to support its operations, including the job retention scheme (which funded a substantial proportion of many employees' salaries), relief from business rates on the café, and deferral of VAT and PAYE payments. A successful application was also made to Arts Council England for emergency funding, resulting in an award of £180,000.

The trustees have kept the company's financial position under close review, with the Board and Finance Committee each meeting on average once a fortnight since the crisis began. After extensive consideration, the trustees took the view that the earliest possible reopening date would be early 2021 and, even if that was achieved, potential profitability would be low given the likely need for social distancing measures. The trustees therefore took the difficult decision to reduce our running costs to be lower than our regular grant from Arts Council England under the National Portfolio Organisation funding programme. The principal impact of this decision was the need to make all except 12 staff (9.7 FTE) redundant in August 2020, following a two month consultation process, costing £111,240.

On this basis, the trustees are therefore of the view that CTT can survive until at least March 2022 using its ACE NPO funding.

We have applied for a further grant from the Department of Culture, Media and Sport's Culture Recovery Fund (CRF), which is administered by Arts Council England. The grant application incorporates an outline strategy for re-opening from Spring 2021.

Additionally, we have raised in excess of £100k in donations, principally from the conversion of ticket sales for cancelled Summer and Christmas seasons.

The retained team of 12 staff will undertake planning for reopening once the outcome of the CRF bid is known in October 2020. This means that detailed planning for reopening will be done on a basis that is sustainable and affordable.

Strategic Report (cont.)

Plans for Future Periods

Priorities for 2020/21

Our intended plan for 2020/21 was to deliver eight new productions of home-produced theatre, including a co-production with David Pugh Ltd, for Spring 2020; six plays, including four world premieres, in repertoire in Summer 2020; a Christmas production; and then a further production for Spring 2021.

The impact of coronavirus and the uncertainty about the future that follows have changed these priorities fundamentally.

Our priority for 2020/21 is now to ensure that Cumbria Theatre Trust survives and is sustainable in the future. Our specific priorities are:

- In the short term, to maintain our costs at a level which is lower than our only guaranteed revenues, namely our Arts Council England grant and income from Cumbria County Council
- To maintain the fabric of the theatre so that we are able to open the building quickly when we are able to
- To generate revenue wherever we can, and in particular to open the catering facilities to the extent possible, if it is profitable to do so
- To offer a very limited programme of events, usually online, to engage locally and demonstrate to our audiences that we are still operating
- To re-open as quickly as we can when it is safe to do so, and when we can expect audiences that are commercially viable
- To launch a fundraising campaign, once we can be clearer when and how we will return.

Plans and Objectives for 2020/21 and Beyond

In early 2020 we had embarked on developing a strategy for 2021 and beyond that would continue to develop our role as a leading producing theatre and build stronger links with our local communities. Importantly, this strategy was also intending to address the necessary changes to our business model to enable us to operate effectively in an increasingly stringent business environment. The intent was that this strategy and associated plan would form the basis of an application to Arts Council England for continued funding as part of its National Portfolio.

The hiatus caused by coronavirus does not affect our ability to plan for the future. However, we cannot plan on the same basis as before because the environment in which we are operating has changed, not least because there is considerable uncertainty as to:

- the continuing impact of coronavirus on our ability to stage productions, including the ability to rehearse, and the willingness of employees and volunteers to work in confined spaces
- when audiences will return. Our experience of previous significant downturns (e.g. foot and mouth in 2007, flooding and the financial crisis in 2008-10) show that audiences can be slow to return and we suspect that the same will happen with this crisis, exacerbated by the fact that a significant proportion of our historical audiences fall into categories where there is higher risk of harm from coronavirus
- how Arts Council England, or government more generally, will support theatre into the future.

We will therefore resuscitate our strategy development and planning process. Our approach to planning in 2021 will have two aspects.

The first is to develop detailed plans for reopening the theatre. While the trustees have taken the steps described earlier to ensure the company remains sustainable, there are insufficient funds available to make the front-end investment required to mount major new productions, particularly given the prevailing uncertainties. The pace and scale of reopening will therefore be dependent on:

- obtaining additional funding, both from the Culture Recovery Fund and any subsequent government schemes, and from fundraising
- accommodating the changes needed to enable social distancing
- assessing the appetite for audiences to return by the use of test events.

Strategic Report (cont.)

The second aspect of planning, which will run in parallel, is to develop a longer-term strategy for the theatre as was intended before coronavirus struck. We will start by gaining greater understanding of our communities and their needs to explore how we might respond to them; and to talk to other organisations in Cumbria, and other theatres, about how we might collaborate in the future. We will assess how our vision, established some years ago, “to be an exemplary producing theatre, with regional and national impact, inspired by the Lake District and its rich cultural heritage” might evolve and change.

Over the balance of 2021 we intend to combine these two aspects into a strategy and plan for:

- Reopening the theatre
- Re-establishing ourselves as a leading production venue with an updated vision and intent
- Encouraging our historical audiences to return, and encouraging new audiences to come
- Operating efficiently and effectively within the stringent financial boundaries that are likely to be needed

Principal Risks and Uncertainties

Cumbria Theatre Trust's risk management strategy comprises:

- regular review of the principal risks and uncertainties faced by the group;
- the establishment of policies, systems and procedures to mitigate those risks;
- the implementation of procedures to minimise or manage any potential impact on the organisation, should those risks materialise.

This overall approach remains valid, although the risk analysis has been re-worked temporarily to reflect the current situation.

At present, the charity is entirely reliant on support from Arts Council England for its survival. As part of the Arts Council England's 2018-22 National Portfolio, CTT receives funding and has to meet certain conditions in return, which are principally focused on delivering a prescribed amount and quality of artistic content. At present the charity's most significant risk is loss of Arts Council England funding or re-imposition of its conditions (which the charity would be unable to meet as it does not have the staff to deliver them). If either of these risks materialise, it would adversely affect the charity's ability to operate.

Provided Arts Council England continue with the current arrangements, trustees are confident that the charity can be sustained in its current form. Given previous experience with establishing the theatre in Keswick in the 1990s, and dealing with other the after effects of major crises including foot & mouth, flooding and the global financial crisis, trustees are confident that, using the approach described above, they can find a path to reopen the theatre and, over time, return to be a business of similar scale.

As the theatre moves towards re-opening, we will return to a risk management process similar to that which we used previously, which identified that the principal risks and uncertainties faced by CTT. These relate to its financial ability to create and stage performances to standards which will retain the interest and support of the public; operational issues relating to the management, maintenance and conduct of a public building; and uncertainties relating to future income.

Structure, Governance and Management

Governing Documents

CTT is a company limited by guarantee, governed by its Memorandum and Articles of Association dated 4 December 1984. It is registered with the Charity Commission.

CTT established a wholly owned trading subsidiary company for the benefit of the charity, TBTL Services Limited, a private company limited by shares, governed by its Memorandum and Articles of Association dated 22 June 2009.

Theatre by the Lake Productions Limited, a special purpose vehicle wholly owned subsidiary company, was established for CTT to take advantage of the government's theatre production tax credit scheme. It is a private company limited by shares and governed by its Articles of Association dated 13 October 2014.

Organisation

The governing body of CTT is the board of trustees whose members are non-executive and unpaid. The board normally meets at least four times a year and retains full and effective control over the Company. The board of trustees has a set of board rules which provide a detailed framework for the conduct of the company, including the appointment, roles and responsibilities of trustees, delegation of responsibilities and the conduct of meetings. The board delegates the management and artistic operation of the company to the Artistic Director and Chief Executive. They normally attend meetings of the board, together with the Head of Finance and other senior staff, as appropriate. All staff who attend board meetings do so as non-voting participants. The Head of Finance currently acts as company secretary for CTT, TBTL Services Ltd and Theatre by the Lake Productions Limited.

The board of trustees takes responsibility for appointing the Artistic Director and Chief Executive and will determine the contract of employment and monitor the performance of individuals undertaking these roles. The responsibility for the appointment of other staff would normally be delegated to the Artistic Director and Chief Executive.

Trustee Appointment

The Articles of Association specify that the number of members of the board is not less than five and not more than fifteen, including trustees nominated by external bodies currently designated in the board rules: the Friends of Theatre by the Lake, Allerdale Borough Council and Keswick Town Council. Nominated representative members on the board are not subject to the electoral process but are deemed to have resigned as members if they are no longer the nominee of the organisation they represent.

Elected directors would normally retire at the end of their term of office (up to 4 years) but may seek re-election for a second term.

Meetings and Board Rules

The Articles of Association and board rules provide for the appointment, or re-appointment, of a Chair, or two people to serve as Joint Chairs, for a period of four years. Graham Lamont and Vicky Robinson stood down as Joint Chairs on 19 August 2019. Charles Carter was appointed as the new Chair with Kate McLaughlin-Flynn appointed as Vice-Chair; both appointments taking effect from the same date.

The quality, effectiveness and timeliness of information provided to the board of trustees is kept under review, as are arrangements for conducting board business, including delegation to committees. Two standing committees were established during the year: the Finance Committee and a Development Committee which consider financial matters and fundraising matters, respectively, in more details than would be appropriate at full board meetings.

Structure, Governance and Management (cont.)

Special groups are formed from time to time to deal with specific items, for example, the process for recruitment of a new Artistic Director in early 2019 was delegated to a special group comprising select trustees, plus external advisers.

Directors' Transactions

From time to time, members of the board or persons connected with them may enter into transactions with CTT in the normal course of business of both parties. It is the board's policy that any such transactions should be revealed to and approved by the board.

Relevant transactions during the year, are disclosed in note 28 (page 31). All transactions are considered by trustees to represent excellent value for money and fully compliant with Charity Commission guidelines.

Related Parties and Co-operation with Other Organisations

None of our trustees receives remuneration or other benefit from their work with the charity. Any connection to a related party must be declared.

The charity's wholly owned subsidiary companies operate for the benefit of the charity. TBTL Services Limited operates bars and catering services and other ancillary trading activities; Theatre by the Lake Productions Limited enables the charity to take advantage of the government's theatre production tax credit scheme.

CTT has a close relationship with the Friends of Theatre by the Lake, a registered charity whose objects include financial support for CTT. The trust also has relationships with funders, each of whom agrees specific targets and objectives.

Staff and Internal Policies

Staff Numbers

The average number of employees in 2019/20 was 56, an increase of 4 from the previous year (52), due largely to vacancies during the prior year, plus some new roles. The number was much higher prior to the outsourcing of bars and catering services in March 2016, meaning that existing staff were transferred to the catering operator under TUPE regulations.

CTT's commitment to investing in the core activity of in-house productions included 597 weeks of actor engagement, a small decrease from 615 in 2018/19 due to fewer actors starring in our Festive Season production.

Volunteers

Recruitment, induction and training of volunteers represents a vital element of CTT's staffing strategy, with approximately 240 dedicated front of house staff supporting 568 performances across the year and providing approximately 15,000 hours of unpaid work. The role of volunteers as the public face of TBTL has played a vital part in our success, particularly in offering a unique welcome to theatre customers, recognised by TBTL's shortlisting in successive years for the UK Theatre Most Welcoming Theatre award. In financial terms, our volunteers' contribution is valued at around £150,000 per annum.

Pay Policy

Trustees are aware that salaries, particularly for key specialist staff, have always been significantly below national comparators within theatre and the arts. The aspiration has been to offer more competitive salaries for specialist staff and policy has been to ensure that pay awards are implemented as and when these become affordable.

During the year, trustees were able to approve a pay award of at least 2% for all staff (excluding executive roles). No employee was paid in excess of £60,000 excluding employer's national insurance and pension contributions (2018/19 – none).

Report of the Board

The trustees are pleased to present their annual Directors' Report, together with the consolidated financial statements of the charity and its subsidiary companies, for the year ending 31 March 2020, which have been prepared in accordance with 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 2015).

Directors' Responsibilities for the Financial Statements

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors have:

- identified suitable accounting policies, reviewed these policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- stated whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepared the financial statements on the going concern basis.

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

In so far as the directors are aware:

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

The financial statements have been prepared in accordance with the accounting policies set out on pages 19 to 21 and comply with the Statement of Recommended Practice (as applicable to charities preparing their accounts in accordance with FRS 102), current statutory requirements and the governing document.

Directors' Responsibilities for the Strategic Report

In approving the trustees' Annual Report, the trustees of Cumbria Theatre Trust, in their capacity as company directors, confirm their approval of the strategic report contained therein, prepared in accordance with The Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013.

On behalf of the Board

Charles Carter

Charles Carter

Chair

Date: 26 September 2020

AUDITOR'S REPORT TO THE MEMBERS AND TRUSTEES OF CUMBRIA THEATRE TRUST FOR THE YEAR ENDED 31 MARCH 2020

Opinion

We have audited the financial statements of Cumbria Theatre Trust (the 'parent charitable company') and its subsidiaries (the 'group') for the year ended 31 March 2020 which comprise the Group and parent Charity's Statements of Financial Activities, the Group and parent Charity's Balance Sheets, the Group and parent Charity's Cash Flow Statement and the related notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent charitable company's affairs as at 31 March 2020, and of the group's and parent charitable company's incoming resources and application of resources, including their income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and the Charities Act 2011.

Basis for opinion

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

Material uncertainty related to going concern

We draw attention to Note 1 to the financial statements, and to the commentary on pages 7 to 10 of the Trustees Annual Report which together highlight the financial impact and other ramifications of the coronavirus pandemic. Some of the identified risks are very difficult to mitigate, especially as the charity holds minimal free reserves. Therefore a material uncertainty exists as to whether the charity group will be able to continue as a going concern. Our opinion is not modified in respect of this matter.

Other information

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

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' and directors' annual report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 and the Charities Act 2011 requires us to report to you if, in our opinion:

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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

Geoffrey Horley

Geoffrey Horley MBA BSc FCA DChA – Senior Statutory Auditor

For and on behalf of:
Chittenden Horley Limited
Chartered Accountants and Statutory Auditors
456 Chester Road
Old Trafford
Manchester M16 9HD

Date: November 5 2020



Chittenden Horley Ltd is eligible to act as an auditor in terms of section 1212 of the Companies Act 2006.

Group Statement of Financial Activities
for the year ended 31 March 2020
(incorporating Income & Expenditure Account)

	Notes	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
INCOME					
Donations	2	759,969	19,000	778,969	709,439
Charitable activities	3	1,937,771	73,135	2,010,906	1,853,115
Other trading activities	4	370,262	-	370,262	334,916
Investment income	5	1,018	-	1,018	538
TOTAL INCOME		<u>3,069,020</u>	<u>92,135</u>	<u>3,161,155</u>	<u>2,898,008</u>
EXPENDITURE					
<i>Costs of raising funds</i>					
Costs of generating donations and grants	6	3,257	16	3,273	2,036
Costs of fundraising activities	7	268,874	27	268,901	238,147
<i>Expenditure on charitable activities</i>					
Costs of charitable activities	8	2,803,724	267,957	3,071,681	2,989,463
TOTAL		<u>3,075,855</u>	<u>268,000</u>	<u>3,343,855</u>	<u>3,229,646</u>
Net income / (expenditure) before transfers /		(6,835)	(175,865)	(182,700)	(331,638)
Theatre tax credit claimable	31	139,784	-	139,784	183,232
Net movement in funds (net income after taxation)		132,949	(175,865)	(42,916)	(148,406)
Reconciliation of funds					
Total funds brought forward	20	1,197,845	3,651,456	4,849,301	4,997,707
Total funds carried forward	20	<u>1,330,794</u>	<u>3,475,591</u>	<u>4,806,385</u>	<u>4,849,301</u>

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

All income and expenditure derive from continuing activities.

The notes on pages 19 to 32 form an integral part of these financial statements.

Balance Sheets as at 31 March 2020

	Notes	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Fixed Assets					
Tangible assets	12	4,749,805	4,886,832	4,749,805	4,886,832
Investments	13	-	-	200	200
Total Fixed Assets		<u>4,749,805</u>	<u>4,886,832</u>	<u>4,750,005</u>	<u>4,887,032</u>
Current Assets					
Stocks	15	5,541	7,480	4,221	4,908
Debtors	16	274,320	385,868	276,267	400,957
Cash at bank and in hand		451,410	344,409	438,052	321,967
Total Current Assets		<u>731,271</u>	<u>737,757</u>	<u>718,540</u>	<u>727,832</u>
Creditors					
Amounts falling due within one year	17	<u>(674,691)</u>	<u>(775,288)</u>	<u>(662,161)</u>	<u>(765,563)</u>
Net Current Assets		<u>56,580</u>	<u>(37,531)</u>	<u>56,379</u>	<u>(37,731)</u>
Total Assets Less Current Liabilities		<u>4,806,385</u>	<u>4,849,301</u>	<u>4,806,385</u>	<u>4,849,301</u>
Net Assets		<u><u>4,806,385</u></u>	<u><u>4,849,301</u></u>	<u><u>4,806,385</u></u>	<u><u>4,849,301</u></u>
Represented by:					
Unrestricted Fund	20	1,330,794	1,197,845	1,330,794	1,197,845
Restricted Funds	20	3,475,591	3,651,456	3,475,591	3,651,456
		<u>4,806,385</u>	<u>4,849,301</u>	<u>4,806,385</u>	<u>4,849,301</u>

The financial statements were approved by the Board of Trustees and authorised for issue on 26 September 2020 and signed on their behalf by:

Charles Carter

Charles Carter, Chair

Kate McLaughlin-Flynn

Kate McLaughlin-Flynn, Vice-Chair

Registered Company number: 1874868
Registered Charity number: 516673

The notes on pages 19 to 33 form an integral part of these financial statements.

Cash Flow Statements

Year ended 31 March 2020

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Cash flows from operating activities				
Net cash provided by (used in) operating activities	<u>(27,351)</u>	<u>(162,551)</u>	<u>164,964</u>	<u>(32,394)</u>
Cash flows from tax credits:				
Theatre tax credit received	<u>183,232</u>	<u>147,681</u>	<u>-</u>	<u>-</u>
Cash flows from investing activities:				
Bank Interest	1,018	538	1,018	538
Purchase of property plant and equipment	(49,899)	(7,400)	(49,899)	(7,400)
Proceeds from sale of investments	-	-	-	-
Net cash (used in) investing activities	<u>(48,881)</u>	<u>(6,862)</u>	<u>(48,881)</u>	<u>(6,862)</u>
Change in cash and cash equivalents in the year	107,000	(21,732)	116,083	(39,256)
Cash and cash equivalents at the start of the year	344,409	366,141	321,967	361,223
Cash and cash equivalents at the end of the year	<u>451,409</u>	<u>344,409</u>	<u>438,050</u>	<u>321,967</u>
Reconciliation of net income/(expenditure) to net cashflow from operating activities				
Net (expenditure) per the SoFA	(182,700)	(331,638)	(182,700)	(331,638)
Adjustments for:				
Depreciation charges	186,925	196,005	186,925	196,005
Donation of investments	-	-	-	-
(Gains)/losses on disposal of investments	-	-	-	-
Dividends and interest from investments	(1,018)	(538)	(1,018)	(538)
Investment management charge	-	-	-	-
(Increase)/decrease in stocks	1,939	(856)	687	(618)
(Increase)/decrease in debtors	68,100	(25,524)	264,472	62,578
Increase/(decrease) in creditors	(100,597)	-	(103,402)	41,817
Net cash provided by (used in) operating activities	<u>(27,351)</u>	<u>(162,551)</u>	<u>164,964</u>	<u>(32,394)</u>
Analysis of cash and cash equivalents				
Cash in hand	451,410	344,409	438,052	321,967
Notice deposits (less than 3 months)	-	-	-	-
Total cash and cash equivalents	<u>451,410</u>	<u>344,409</u>	<u>438,052</u>	<u>321,967</u>

Notes to the Financial Statements

1 Accounting Policies

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

a) Basis of preparation of accounts

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

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

Material Uncertainty – Going Concern

The trustees acknowledge that the continuing curtailment of the charity group's activities from March 2020, due to the coronavirus pandemic, represents an existential threat to the Group's ability to continue as a going concern.

The severe negative financial impact of the pandemic is expected to be felt not only in 2020-21 but in subsequent periods. Trustees expect earned income to be reduced and it will therefore be difficult to restore or adapt the hitherto successful business model of the theatre and its associated trading operations.

Accordingly the trustees recognise that there are four prerequisites to future financial stability and viability:

1. Securing the Group's cash flow position

Because of the absence of any significant free reserves (as at March 31 2019), the Board's immediate priority has been to secure the Group's cash flow. As of the date of approving these accounts, there are positive bank balances of about £510,000 and all creditor payments are up-to-date. Customers who have purchased tickets for future events have been offered and received refunds, where these have been requested.

2. Reducing the fixed costs (mainly staffing) of the charity group

Trustees took the difficult decision to make most staff positions redundant with the result that the Group's fixed costs are now fully covered by the annual revenue funding from Arts Council England. Whilst there is no certainty as to how long the Arts Council will be prepared to continue to suspend its grant conditions regarding activity levels, the trustees believe that it is very likely that this funding will continue throughout 2021/22. Therefore without relying on any earned income whatsoever, the Group's cash flow is secure until March 2022.

3. Increasing the proportion of income attributable to public and private funding

There are significant funding applications in the pipeline, notably a major bid to the DCMS Culture Recovery Fund. A decision on this application is expected in early October 2020. Also, fundraising activities are underway which have so far focused only on the conversion of ticket sales to donations.

4. Ensuring future activities are affordable

The Board's next strategic priority is to devise an affordable plan to relaunch live theatre events and other activities. This work is ongoing at the date of signing of this report. It is acknowledged that the existing core funding is insufficient to provide adequate pump-priming resources to allow the charity to commit to future theatre productions of the scale we have become used to.

Because of the uncertainty about future funding, and the timing of the ending of the pandemic, the Board is not yet able to approve any financial budgets for the relaunch of theatre shows. However, the Board and the senior staff who remain in post are actively exploring a range of options and collaborations. The expectation is that any relaunch plans will necessarily have a significant contingent element until the timing of the end of the pandemic is known.

Notes to the Financial Statements (cont)

1 Accounting Policies (cont)

At the date of signing of these accounts, the following positive factors have influenced the Board's assessment of the going concern risk:

a) The charity is in good standing with its principal funder, Arts Council England and has already been awarded an additional £180,000 in 2020-21. Furthermore, there is a reasonable expectation that the charity will be successful in gaining further financial assistance via the Culture Recovery Fund

b) There is confidence that the charity will succeed in proposing a relaunch plan that delivers all four of the prerequisites for future financial stability as noted above. Trustees recognise that this will in all likelihood require a different business model to that of recent years

c) The charity's development and success have been rooted in its ties to the local community. Both audiences and the Friends group have already demonstrated their commitment to the future through fundraising and additional donations

d) As the financial challenges faced by this charity are shared with most other cultural organisations, it is plausible to suggest that the normal expectations of all funders, donors and partners will be adapted to reflect the constraints imposed by the pandemic and its aftermath.

In summary, the Trustees consider that, having secured the Group's cash flow position (subject to continuing Arts Council Revenue funding), and committing to re-engineer the business model for the relaunch, it is wholly appropriate to prepare these accounts on a going concern basis.

b) Group financial statements

These financial statements consolidate the results of the charity and its wholly owned subsidiaries (TBTL Services Limited and Theatre by the Lake Productions Limited) on a line by line basis. A separate Statement of Financial Activities and Income and Expenditure Account for the charity has not been presented because the Trust has taken advantage of the exemption afforded by section 408 of the Companies Act 2006.

c) Fund Accounting

Unrestricted funds are available for use at the discretion of the Trustees in furtherance of the charitable objectives of Cumbria Theatre Trust.

Restricted funds are funds subject to specific restrictive conditions imposed by donors or by the purpose of the grant. The purpose and use of the restricted funds is set out in note 21.

d) Incoming resources

Voluntary income includes donations, legacies and grants that provide core funding or are of a general nature. It is recognised where there is entitlement, certainty of receipt and the amount is quantifiable. Income is only deferred if it relates to future accounting periods or if the donors and grantors impose pre-conditions that have not been met.

Income from both fundraising activities and commercial trading activities is recognised as earned (as the related goods and services are provided).

Investment income is recognised on a receivable basis.

Income from charitable activities is recognised as earned (as the related goods or services are provided). Income is deferred when admission fees or performance related grants are received in advance of the performances or events to which they relate.

e) Volunteers

The value of services provided by volunteers is not included in these financial statements. Further details of the contribution made by volunteers can be found in the Trustees' Annual Report (page 11).

f) Pensions

NOW: Pensions Limited provides a defined contributions pension scheme for trust employees (see note 10).

The company makes contributions to the defined contribution Equity Pension Scheme on behalf of eligible actors and stage managers (see note 10).

Notes to the Financial Statements (cont)

1 Accounting Policies (cont)

g) Resources expended

All expenditure is accounted for on an accruals basis and has been listed under headings that aggregate all the costs related to that activity. Where costs cannot be directly attributed they are allocated to activities on a basis consistent with the use of resources as set out in note 9.

The costs of generating funds include those costs incurred in attracting voluntary income, those incurred in trading activities that raise funds and costs incurred by the commercial trading company (TBTL Services Limited).

The costs of charitable activities include expenditure associated with theatre performances, and education and participation work.

Governance costs include those costs incurred in connection with the management of Cumbria Theatre Trust's assets, organisational administration and compliance with constitutional and statutory requirements.

h) Production costs

Where performances of a production straddle the year-end, payroll, rehearsal and audition costs are recognised in the year in which they arise. Production costs (eg scenery / costumes) and creative team fees are apportioned between the periods on the basis of the number of performances and included in either accruals or prepayments. The following productions were affected in this manner this year:

		2018/19	2019/20	Total Performances
Spring 2019: Creditors / Miss Julie	Studio	8	14	22

Costs relating to productions not yet opened are normally carried forward as prepayments. This year however, due to temporary closure of the theatre and show cancellations, all committed future production costs have been accrued into 2019/20.

i) Irrecoverable VAT

Irrecoverable VAT is charged against the category of resource expended for which it was incurred.

j) Fixed assets and depreciation

Individual fixed assets costing £500 or more are capitalised at cost.

Depreciation is provided on a straight line basis to write off fixed assets over their anticipated useful economic lives as follows:

Long leasehold property	-	Theatre	over 50 years from 1999/2000
Long leasehold property	-	Café site	over 50 years from 2015/2016
Fixtures & fittings	-		10%
Theatre equipment	-	electronic equipment	20%
	-	other theatre equipment	10%
Office equipment & software	-		20%

Long leasehold land, which is held on a 125-year lease, will not be depreciated until the lease has less than 50 years to run. The value of land included in fixed assets is £115,000.

k) Stock

Stock represents bar, catering, merchandise and programme supplies for resale. Other stock comprises administration, production and technical consumable supplies. All stock is valued at the lower of cost or net realisable value.

l) Theatre tax credits

Where the trading subsidiary, Theatre by the Lake Productions Ltd, incurs qualifying losses in respect of theatre productions, the company can surrender these for a cash payment from HMRC under the Theatre Tax Credit regime. Where receipt of these tax credits is virtually certain they are included in the accounts in the year in which they were incurred.

Notes to the Financial Statements (cont)

2 Donations

	2020			2019		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Core grants						
Arts Council England - NPO	604,067	-	604,067	604,067	-	604,067
Arts Council England - other funding	-	-	-	-	-	-
Cumbria County Council	10,000	-	10,000	10,000	-	-
Capital grants						
Arts Council England	-	-	-	-	-	-
Other Capital Grants	-	-	-	-	-	-
Donations						
Friends of Theatre by the Lake	72,169	5,000	77,169	13,250	-	13,250
Other donations (including Gift Aid)	73,733	14,000	87,733	68,122	14,000	82,122
	<u>759,969</u>	<u>19,000</u>	<u>778,969</u>	<u>695,439</u>	<u>14,000</u>	<u>699,439</u>

3 Income from charitable activities

	2020			2019		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
	£	£	£	£	£	£
Theatre Performances	1,922,620	40,650	1,963,270	1,769,152	45,703	1,814,855
Education & Participation	15,151	32,485	47,636	15,994	22,266	38,260
	<u>1,937,771</u>	<u>73,135</u>	<u>2,010,906</u>	<u>1,785,146</u>	<u>67,969</u>	<u>1,853,115</u>

The movement in deferred box office income is shown in note 19.

The above incoming resources comprise grants and donations from the following organisations:

	£ 2020	£ 2019
Performances at Theatre by the Lake		
Contributions from co-producers	25,550	40,703
Individual Donations	11,000	11,000
	<u>11,000</u>	<u>11,000</u>
Education & Participation		
Friends of Theatre by the Lake (income included in note 2)	5,000	-
Cumbria Community Foundation	4,333	3,500
Keswick Town Council	3,500	3,500
Individual Donations	7,798	9,515
Rosehill Arts	-	2,210
The Hadfield Trust	-	3,100
The Co-op Local Community Fund	-	200
	<u>20,631</u>	<u>22,025</u>
	<u>31,631</u>	<u>33,025</u>

Notes to the Financial Statements (cont)

4 Income from other trading activities

	2020			2019		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Fundraising						
Production sponsorships	-	-	-	-	-	-
Business partnerships	11,575	-	11,575	10,000	-	10,000
Equipment & costume hire etc	6,797	-	6,797	8,658	-	8,658
Room hires	11,461	-	11,461	5,908	-	5,908
Total fundraising activities	29,833	-	29,833	24,566	-	24,566
Trading subsidiary						
Turnover (after recharges)	340,429	-	340,429	310,350	-	310,350
Total subsidiary activities	340,429	-	340,429	310,350	-	310,350
Total income from other activities	370,262	-	370,262	334,916	-	334,916

Production sponsors and business partners include: Thomas Armstrong (Construction) Limited and Lloyd Motor Group.

5 Investment income

	2020 £	2019 £
Bank interest received	1,018	538
	<u>1,018</u>	<u>538</u>

Bank interest is receivable on cash balances held in appropriate interest bearing deposits.

6 Analysis of costs of generating donations and grants

	2020			2019		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Direct costs	610	-	610	607	-	607
Support costs	2,616	-	2,616	1,389	-	1,389
Governance costs	47	-	47	40	-	40
Charged to restricted funds	(16)	16	-	(16)	16	-
	<u>3,257</u>	<u>16</u>	<u>3,273</u>	<u>2,020</u>	<u>16</u>	<u>2,036</u>

7 Analysis of expenditure on other activities

	2020			2019		
	Unrestricted £	Restricted £	Total £	Unrestricted £	Restricted £	Total £
Fundraising						
Direct costs	11,653	-	11,653	6,845	-	6,845
Support costs	4,360	-	4,360	2,315	-	2,315
Governance costs	78	-	78	67	-	67
Charged to restricted funds	(27)	27	-	(27)	27	-
	<u>16,064</u>	<u>27</u>	<u>16,091</u>	<u>9,200</u>	<u>27</u>	<u>9,227</u>
Trading subsidiary						
Direct costs	193,092	-	193,092	168,513	-	168,513
Support costs	59,718	-	59,718	60,407	-	60,407
Total subsidiary activities	252,810	-	252,810	228,920	-	228,920
Total expenditure on other activities	268,874	27	268,901	238,120	27	238,147

Notes to the Financial Statements (cont)

8 Analysis of costs of charitable activities

	2020			2019		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
Performances at Theatre by the Lake and on tour						
	£	£	£	£	£	£
In-house productions: actors	344,644	-	344,644	332,598	-	332,598
In-house productions: creatives	327,932	-	327,932	223,651	-	223,651
Other direct production costs	1,272,238	-	1,272,238	1,383,856	-	1,383,856
Incoming work: direct costs	165,719	-	165,719	193,991	-	193,991
Box office and house management	155,886	-	155,886	155,886	-	155,886
Marketing and publicity	211,985	-	211,985	178,099	-	178,099
Support costs	535,482	-	535,482	439,513	-	439,513
Governance costs	9,564	-	9,564	12,672	-	12,672
Charged to restricted funds	(246,026)	246,026	-	(231,746)	231,746	-
	<u>2,777,424</u>	<u>246,026</u>	<u>3,023,450</u>	<u>2,688,520</u>	<u>231,746</u>	<u>2,920,266</u>
Education and participation						
Direct costs	24	21,770	21,794	47,998	7,006	55,004
Support costs	25,973	-	25,973	13,794	-	13,794
Governance costs	464	-	464	398	-	398
Charged to restricted funds	(161)	161	-	(21,159)	21,159	-
	<u>26,300</u>	<u>21,931</u>	<u>48,231</u>	<u>41,031</u>	<u>28,165</u>	<u>69,196</u>
Total expenditure on charitable activities	<u>2,803,724</u>	<u>267,957</u>	<u>3,071,681</u>	<u>2,729,552</u>	<u>259,911</u>	<u>2,989,463</u>

9 Analysis of support and governance costs

	2020			2019		
	General Support	Governance	Total	General Support	Governance	Total
	£	£	£	£	£	£
Salaries and related costs	655,580	6,571	662,151	310,614	2,971	313,585
Direct governance costs	-	1,651	1,651	-	8,661	8,661
Premises	214,206	62	214,268	192,823	63	192,886
General office	120,990	1,232	122,222	92,165	961	93,126
Financial	49,857	500	50,357	36,018	376	36,394
Depreciation	186,789	136	186,925	191,114	145	191,259
	<u>1,227,422</u>	<u>10,152</u>	<u>1,237,574</u>	<u>822,734</u>	<u>13,177</u>	<u>835,911</u>
Apportioned as						
Generating grants and donations	2,616	47	2,663	1,389	40	1,429
Theatre performances	535,482	9,564	545,046	439,513	12,672	452,185
Participation and outreach	25,973	464	26,437	13,794	398	14,192
Fundraising activities	4,360	78	4,438	2,315	67	2,382
Trading subsidiary	59,718	-	59,718	60,407	-	60,407
	<u>628,149</u>	<u>10,153</u>	<u>638,302</u>	<u>517,418</u>	<u>13,177</u>	<u>530,595</u>

Analysis of governance costs

	2020	2019
	£	£
External audit	8,180	7,682
Costs of Trustee meetings, travel, administration etc.	1,651	2,740
Apportionment of staff costs	6,073	2,255
Apportionment of support costs	1,931	1,544
	<u>17,835</u>	<u>14,221</u>

Allocation of support costs

The following bases of allocation are used:

- Premises (utilities, repairs etc): Management review of space usage
- General office (stationery, postage, telephone, IT etc): Management review of staff time
- Financial (bank charges, loss on disposal of assets etc): Management review of staff time
- Depreciation: Management review of staff time

Support costs relating to the trading subsidiary are included in the management charge in note 30.

Notes to the Financial Statements (cont)

10 Trustee and staff information

a) Trustee information

The trustees are all volunteers and were not paid or received any benefits from employment with the Trust or its subsidiary in the year (2019: £nil); neither were they reimbursed expenses during the year (2019: £nil). No charity trustee received payment for professional or other services supplied to the charity (2019: £nil). Directors and Officers liability insurance costing £547 (2019 : £577) was taken out during the year.

b) Staff information

	2020	2019
	£	£
Actors and Freelance Stage Managers		
Fees	335,771	312,557
Pension contributions	7,493	4,990
Employer's NI contributions	-	-
	<u>343,264</u>	<u>317,547</u>

In line with HMRC guidance, most artists engaged under Equity contracts are treated as self-employed earners for both tax and NI purposes. Payments to such people are disclosed above as actors' and stage managers' fees.

In accordance with the collective agreement between Equity and UK Theatre, Cumbria Theatre Trust made pension contributions of 5% of fees paid to actors or stage managers enrolled in the Equity Pension Scheme, provided that the members made a contribution of 3%.

The average monthly number of full-time equivalent artists engaged under Equity contracts during the year was 10 (2019 : 10).

	2020	2019
	£	£
Employees		
Wages and salaries	891,049	887,930
Employer's NI contributions	69,682	71,741
Employer's pension contributions	17,819	12,685
	<u>978,550</u>	<u>972,355</u>

No employee earned more than £60,000 excluding employer's national insurance and pension contributions.

In accordance with current legislation, the company operates a defined contributions pension scheme provided by NOW: Pensions Limited which meets its auto-enrolment obligations. The company contributes the minimum requirement of 3%.

The average monthly headcount was 52 staff (2019: 52). The average number of full-time equivalent employees, actors and stage managers was as follows:

	2020	2019
	Number	Number
Theatre by the Lake activities	35	35
Education / Community	1	1
Fundraising	1	1
Governance	1	1
	<u>38</u>	<u>38</u>

In addition to the Board of Trustees, the Charity considers its Artistic Director, Chief Executive, General Manager, Head of Finance, Head of Productions, Head of Communications and Head of Development to be Key Management Personnel for the purposes of the SORP. Remuneration and benefits (salary and pension contributions) received by these employees amounted to £248,099 in the year (2019: £239,190).

11 Net movement in total funds for the year

	2020	2019
	£	£
This is stated after charging:		
Auditor's remuneration (for parent and subsidiary)	10,377	7,822
Depreciation	186,925	196,005
Payments under operating leases	11,132	11,132

Notes to the Financial Statements (cont)

12 Tangible Fixed Assets

Group	Long Leasehold Land & Buildings	Fixtures & Fittings	Theatre Equipment	Office Equipment & Software	Total
Cost	£	£	£	£	£
As at 1 April 2019	6,778,620	542,994	803,171	170,229	8,295,014
Additions	-	11,508	22,528	15,863	49,899
Disposals	-	-	-	(573)	(573)
As at 31 March 2020	<u>6,778,620</u>	<u>554,502</u>	<u>825,699</u>	<u>185,519</u>	<u>8,344,340</u>
Depreciation					
As at 1 April 2019	2,088,765	418,846	737,184	163,387	3,408,182
Provided	134,581	26,622	17,933	7,790	186,925
Disposals	-	-	-	(573)	(573)
As at 31 March 2020	<u>2,223,346</u>	<u>445,468</u>	<u>755,117</u>	<u>170,604</u>	<u>3,594,535</u>
Net Book Value					
As at 31 March 2020	<u>4,555,274</u>	<u>109,034</u>	<u>70,582</u>	<u>14,915</u>	<u>4,749,805</u>
As at 1 April 2019	<u>4,689,855</u>	<u>124,148</u>	<u>65,987</u>	<u>6,842</u>	<u>4,886,832</u>

Charity	Long Leasehold Land & Buildings	Fixtures & Fittings	Theatre Equipment	Office Equipment & Software	Total
Cost	£	£	£	£	£
As at 1 April 2019	6,778,620	542,994	803,171	170,229	8,295,014
Additions	-	11,508	22,528	15,863	49,899
Disposals	-	-	-	(573)	(573)
As at 31 March 2020	<u>6,778,620</u>	<u>554,502</u>	<u>825,699</u>	<u>185,519</u>	<u>8,344,340</u>
Depreciation					
As at 1 April 2019	2,088,765	418,846	737,184	163,387	3,408,182
Provided	134,581	26,622	17,933	7,790	186,925
Disposals	-	-	-	(573)	(573)
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As at 1 April 2019	<u>4,689,855</u>	<u>124,148</u>	<u>65,987</u>	<u>6,842</u>	<u>4,886,832</u>

13 Fixed asset investments

	Group	Group	Charity	Charity
	2020	2019	2020	2019
	£	£	£	£
Investment assets	-	-	-	-
Shares in subsidiary undertakings	-	-	200	200
	<u>-</u>	<u>-</u>	<u>200</u>	<u>200</u>

TBTL Services Limited (registered company number 06946177) is wholly owned by the charity and operates certain trading activities. Theatre by the Lake Productions Limited (registered company number 09259767) is wholly owned by the charity and produces, runs and closes productions on behalf of the charity. The accounts of both subsidiaries are consolidated in these financial statements (see also notes 30 and 31). Both subsidiary companies are incorporated in England and Wales.

Notes to the Financial Statements (cont)

14 Analysis of movement of investments

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Carrying value at beginning of year				
Shares in subsidiary undertakings	-	-	200	200
Listed investments	-	-	-	-
Total	-	-	200	200
Add: additions at cost				
Shares in subsidiary undertakings	-	-	-	-
Listed investments	-	-	-	-
Total	-	-	-	-
Deduct: disposals / transfers				
Shares in subsidiary undertakings	-	-	-	-
Sales of listed investments	-	-	-	-
Total	-	-	-	-
Add/deduct: Net gain/(loss) on revaluation				
Shares in subsidiary undertaking	-	-	-	-
Listed investments	-	-	-	-
Total	-	-	-	-
Carrying value at end of year				
Shares in subsidiary undertaking	-	-	200	200
Listed investments	-	-	-	-
Total	-	-	200	200

15 Stocks

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Goods for resale	1,320	2,572	-	-
Consumable items	4,221	4,908	4,221	4,908
	5,541	7,480	4,221	4,908

16 Debtors

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade debtors	68,955	58,865	12,071	1,952
Taxation and social security	2,351	-	2,342	-
Other debtors	175,832	185,572	36,048	2,340
Inter-company balances	-	-	211,536	282,092
Prepayments	27,182	141,431	14,270	114,573
	274,320	385,868	276,267	400,957

17 Creditors: amounts falling due within one year

Notes to the Financial Statements (cont)

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Trade creditors	100,005	95,347	92,507	89,611
Taxation and social security	28,425	28,312	28,425	28,312
Deferred income - advance bookings	212,247	342,921	212,247	342,921
Deferred income - grants and other	93,892	92,418	93,610	92,269
Third party resources	75,181	130,373	75,181	130,373
Other creditors	34,047	12,950	34,047	12,950
Accruals	115,894	57,967	111,144	54,127
Loan - Cumbria County Council	15,000	15,000	15,000	15,000
	<u>674,691</u>	<u>775,288</u>	<u>662,161</u>	<u>765,563</u>

18 Movement in Deferred Income

	Advance Bookings £	Grants & Other £	2020 £	2019 £
Deferred income brought forward	342,921	92,418	435,339	336,298
Released in the year	(342,921)	(92,418)	(435,339)	(336,298)
Deferred in the year	212,247	132,587	344,834	435,339
Deferred income carried forward	<u>212,247</u>	<u>132,587</u>	<u>344,834</u>	<u>435,339</u>

19 Third party resources

	2020 £	2019 £
Balance brought forward	76,093	88,641
Receipts in the year	354,717	354,963
Withheld for theatre hire and other charges	(51,225)	(51,225)
Forwarded to hiring organisations	(304,404)	(316,287)
Balance carried forward	<u>75,181</u>	<u>76,093</u>

Third party resources refers to tickets sold by Cumbria Theatre Trust as agent for organisations which have hired Theatre by the Lake for their own presentations. The charity's charges of £58,263 (2019: £51,225) are included in the financial statements under incoming resources from charitable activities.

Notes to the Financial Statements (cont)

20 Statement of Funds

	2018/19				Balance b/f and c/f 31 Mar 2019 £	2019/20			
	Balance 1 Apr 2017 £	Income £	Expenditure £	Transfer £		Income £	Expenditure £	Transfer £	Balance 31 Mar 2020 £
Unrestricted Funds:									
General fund	1,168,266	2,999,271	(2,969,692)	-	1,197,845	3,208,804	(3,075,855)	-	1,330,794
Designated fund									
	<u>1,168,266</u>	<u>2,999,271</u>	<u>(2,969,692)</u>	-	<u>1,197,845</u>	<u>3,208,804</u>	<u>(3,075,855)</u>	-	<u>1,330,794</u>
Restricted Funds:									
Revenue:									
ACE Catalyst Match Funding	37,840	-	-	-	37,840	-	(37,840)	-	-
ACE Other Funding	9,600	-	(9,600)	-	-	-	-	-	-
Productions	53,250	45,703	(78,953)	-	20,000	36,550	(56,550)	-	-
Education and Participation	24,861	22,266	(33,561)	-	13,566	37,485	(21,770)	-	29,281
Skills Development	2,000	-	(2,000)	-	-	4,100	(2,000)	-	2,100
Other Staffing	-	14,000	(14,000)	-	-	14,000	(14,000)	-	-
Capital:									
Capital grants & donations received	29,000	-	-	-	29,000	-	(14,000)	-	15,000
Capital grants & donations expended	3,672,890	-	(121,840)	-	3,551,050	-	(121,840)	-	3,429,211
	<u>3,829,441</u>	<u>81,969</u>	<u>(259,954)</u>	-	<u>3,651,456</u>	<u>92,135</u>	<u>(268,000)</u>	-	<u>3,475,591</u>
Total Funds	4,997,707	3,081,240	(3,229,646)	-	4,849,301	3,300,939	(3,343,855)	-	4,806,385

ACE Catalyst Match Funding

The ACE Capacity Building Fund detailed below was complemented by a funding scheme to match new fundraising income on a pound for pound basis up to a maximum of £160,000. This is restricted to the development of new artistic activity in future years.

Production Costs

The charity has received donations from Friends of Theatre by the Lake and private individuals towards future production costs.

Education & Participation

The charity has received grants from Keswick Town Council, Cumbria County Council and donations from Friends of Theatre by the Lake and private individuals towards the general aim of encouraging participation of young people and communities in the arts.

Notes to the Financial Statements (cont)

Accessibility

Grants to fund an ongoing programme of initiatives to enable people to participate in our activities who might otherwise be excluded on physical, social or economic grounds with particular emphasis on those living with dementia .

Capital grants received

This represents amounts received to fund the purchase of fixed assets. Items purchased and not capitalised are charged as revenue costs in the year of acquisition, and amounts spent on capitalised assets are transferred to either unrestricted funds or capital grants expended, depending upon whether restrictions remain or not on the assets so acquired.

Capital grants & donations expended

This records the expenditure on capital assets funded by capital grants where there are continuing restrictions on the assets, and provides a fund against which depreciation can be charged in future periods. Depreciation of £121,842 has been charged to this fund this year.

Restrictions relate both to funds given for the construction and fitting out of Theatre by the Lake and its continued use by the Charity as a theatre, and also to the redevelopment of the Café by the Lake.

The trust plans to utilise all remaining restricted revenue reserves within the next financial year. Funds are transferred to 'capital grants & donations expended' if used to purchase capital equipment.

21 Analysis of net assets between funds

	Tangible Fixed Assets £	Investment Assets £	Net Current Assets £	Total £
2020				
Unrestricted Fund	1,320,595	-	10,199	1,330,794
Restricted Fund	3,429,211	-	46,381	3,475,591
	<u>4,749,805</u>	<u>-</u>	<u>56,580</u>	<u>4,806,385</u>
<i>2019</i>				
<i>Unrestricted Fund</i>	<i>1,335,781</i>	<i>-</i>	<i>(137,937)</i>	<i>1,197,844</i>
<i>Restricted Fund</i>	<i>3,551,050</i>	<i>-</i>	<i>100,406</i>	<i>3,651,457</i>
	<u><i>4,886,832</i></u>	<u><i>-</i></u>	<u><i>(37,531)</i></u>	<u><i>4,849,301</i></u>

22 Financial Instruments

The carrying amounts for each category of financial instrument is as follows:

	Group 2020 £	Group 2019 £	Charity 2020 £	Charity 2019 £
Financial assets				
that are measured at fair value through the SoFA	-	-	-	-
that are debt instruments measured at amortised cost	<u>725,730</u>	<u>730,277</u>	<u>714,319</u>	<u>722,924</u>
Financial liabilities				
measured at amortised cost	<u>674,691</u>	<u>775,288</u>	<u>662,161</u>	<u>765,563</u>

Financial assets measured at fair value consist of traded investments. The investments in subsidiary companies are not included as there is no market for the shares, the value cannot be reliably ascertained and the charity has no plans to dispose of the investments.

With the exception of traded investments, the company has only basic financial instruments:

- Financial assets measured at amortised cost comprise cash at bank and in hand, notice deposits and all debtors.
- Financial liabilities measured at amortised cost comprise all creditors.

23 Constitution

The company is limited by guarantee and does not have a share capital. In the event of winding up, the members are liable to contribute £1 each. The number of members at 31 March 2020 was 9 (2019: 12).

The company is controlled by its members in general meeting. No individual member or group of members has overall control of the company.

Notes to the Financial Statements (cont)

24 Taxation

The company is a registered charity and is entitled to claim annual exemption from UK Corporation Tax.

25 Capital commitments

At the year end, the company had no capital commitments.

26 Contingent liability - capital grant

The Arts Council of England lottery award (£4,685,704) is repayable in the event of the company being wound up. The written consent of the grantor is required before the theatre can be disposed of.

Similar conditions apply to past capital grants from Cumbria County Council (£282,500), European Regional Development Fund (£200,000) and Northern Rock Foundation (£200,000).

Should the company face an insolvent winding up, ACE is entitled to the title of the building.

These liabilities are not expected to crystallise.

27 Related party transactions

Friends of Theatre by the Lake is an independent charity which has the right to nominate one member to the Board of Cumbria Theatre Trust as detailed in the Trustees' Report (page 10). Donations totalling £77,169 were received from Friends of Theatre by the Lake during the year. We received donations totalling £45,500 in the 2018 calendar year, of which £32,250 was received in the year to 31 March 2018 and £13,250 was received in the year to 31 March 2019.

Keswick Town Council is also entitled to nominate one member to the Board. A grant of £3,500 was received from Keswick Town Council towards our education and participation work in Keswick and the surrounding area. (2019: £3,500)

Allerdale Borough Council is also entitled to nominate one member to the Board. No income was received from Allerdale Borough Council during the year (2019: £50,000 grant towards infrastructure improvement works).

During the year to 31 March 2019, the Trust hired a room for its annual board away day from Brathay Services Ltd, a wholly owned subsidiary of Brathay Trust, a registered charity. Mr G. Owen is CEO of Brathay Trust but took no part in the decision to hire this room. No amounts were owed to Brathay Services Ltd at the beginning or end of either year.

Donations totalling £14,000 were received in aggregate from trustees during the year (2019: £14,000).

There were no other outstanding balances with related parties at the end of the year (2019: Nil) and no other transactions with charity trustees during the year.

28 Operating lease commitments

At 31 March 2020 the company had the following commitments under non-cancellable operating leases:

	2020	2020	2019	2019
	Property	Others	Property	Others
	£	£	£	£
Minimum amounts payable:				
within one year	8,000	2,018	8,000	4,843
within two to five years	25,846		32,000	2,018
later than five years	-	-	1,846	-
Total	<u>33,846</u>	<u>2,018</u>	<u>41,846</u>	<u>6,861</u>

Notes to the Financial Statements (cont)

29 Parent charity - Statement of Financial Activities

	Unrestricted Funds £	Restricted Funds £	Total 2020 £	Total 2019 £
Total incoming resources	4,379,049	92,135	4,471,184	4,373,385
Total resources expended	<u>4,247,824</u>	<u>268,000</u>	4,515,824	4,521,791
Net income / (expenditure) for the year before transfers	<u>131,225</u>	<u>(175,865)</u>	<u>(44,640)</u>	<u>(148,406)</u>

30 Subsidiary undertaking - commercial and trading activities

A summary of the results and closing balances of the subsidiary, TBTL Services Ltd, is shown below.

	2020 £	2019 £
Turnover	340,429	310,350
Intercompany adjustments	<u>-</u>	<u>-</u>
Activities for generating funds: trading operations	340,429	310,350
Cost of sales	72,210	52,763
Administration & premises expenses	85,600	84,790
Management charge	95,000	91,367
Cost of trading operations	<u>252,810</u>	<u>228,920</u>
Net profit/(loss) reported in consolidated accounts	87,619	81,430
Add back intercompany adjustments	<u>-</u>	<u>-</u>
Net profit for the year reported by TBTL Services Ltd	87,619	81,430
Gift Aid	(87,619)	(81,430)
Retained in the subsidiary	<u>-</u>	<u>-</u>
As at the balance sheet date, the assets and liabilities of the subsidiary were:		
Current assets	84,474	82,788
Creditors: amounts due within one year	(84,374)	(82,688)
	<u>100</u>	<u>100</u>
Represented by:		
Aggregate share capital and reserves	<u>100</u>	<u>100</u>

Notes to the Financial Statements (cont)

31 Subsidiary undertaking - production activities

A summary of the results and closing balances of the subsidiary, Theatre by the Lake Productions Ltd, is shown below.

	2020	2019
	£	£
Turnover	1,327,594	1,474,572
Intercompany adjustments	(1,466,350)	(1,404,028)
Activities for generating funds: trading operations	(138,756)	70,544
Cost of sales	1,466,350	1,611,960
Intercompany adjustments	(1,466,350)	(1,404,028)
Administration & premises expenses	1,031	1,300
Cost of trading operations	1,031	209,232
Net loss reported in consolidated accounts	(139,787)	(138,688)
Add back intercompany adjustments	-	-
Net loss for the year reported by Theatre by the Lake Productions Ltd	(139,787)	(138,688)
Tax Claim	139,787	183,232
Retained in the subsidiary	-	44,544
As at the balance sheet date, the assets and liabilities of the subsidiary were:		
Current assets	139,787	209,232
Creditors: amounts due within one year	(139,687)	(209,132)
	100	100
Represented by:		
Aggregate share capital and reserves	100	100