

Registered number: 838245  
Charity number: 241433

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**



 **Bishop Fleming**  
Chartered Accountants

**MALVERN THEATRES TRUST LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**CONTENTS**

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	Page
<b>Trustees</b>	<b>1</b>
<b>Reference and administrative details of the charity and advisers</b>	<b>2</b>
<b>Trustees' report</b>	<b>3 - 10</b>
<b>Independent auditors' report</b>	<b>11 - 12</b>
<b>Consolidated statement of financial activities</b>	<b>13</b>
<b>Consolidated balance sheet</b>	<b>14</b>
<b>Charity balance sheet</b>	<b>15</b>
<b>Consolidated statement of cash flows</b>	<b>16</b>
<b>Notes to the financial statements</b>	<b>18 - 36</b>

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**Trustees**

Robert Maskrey OBE (deceased 14 September 2016)  
Professor Judith Elkin  
Trish Haines  
Professor Tamar Thompson OBE, Chair  
Leslie Kinmond  
Simon Marks  
David Chambers (appointed 17 October 2017)

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**REFERENCE AND ADMINISTRATIVE DETAILS OF THE CHARITY AND ADVISERS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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<b>Company registered number</b>	838245
<b>Charity registered number</b>	241433
<b>Registered office</b>	Grange Road Malvern Worcestershire WR14 3HB
<b>Company secretary</b>	Leslie Kinmond
<b>Chief executive officer</b>	Nic Lloyd
<b>Independent auditors</b>	Bishop Fleming LLP Chartered Accountants 16 Queen Square Bristol BS1 4NT
<b>Bankers</b>	National Westminster Bank plc 30 Church Street Malvern WR14 2AY
<b>Solicitors</b>	Harrison Clark Rickerbys LLP 5 Deansway Worcester WR1 2JG

**MALVERN THEATRES TRUST LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT  
FOR THE YEAR ENDED 31 MARCH 2017**

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The Trustees present their annual report together with the audited financial statements of Malvern Theatres Trust Limited for the period 1 April 2016 to 31 March 2017. The Trustees confirm that the Annual Report and financial statements of the company comply with the current statutory requirements, the requirements of the company's governing document and the provisions of the Statement of Recommended Practice (SORP), 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) as amended by Update Bulletin 1 (effective 1 January 2015).

**CHAIRMAN'S REPORT**

Malvern Theatres is one of the country's most successful regional theatres. The theatres' setting amongst the Malvern Hills and its commitment to providing a rich, diverse and high quality product for the community of Malvern and indeed further afield, has given it a unique profile both within the West Midlands and nationally.

During 2016/17 Malvern Theatres received revenue funding of £56,800 from Malvern Hills District Council. Ticket sales are, as ever, vitally important with regard to income and to the theatres' survival; even though funding support has fallen Malvern Theatres has maintained its level of arts provision for the community welcoming more than 266,400 audience members into our three auditoria and delivering classes and workshops in all aspects of the arts.

For many years external revenue funding for Malvern Theatres has been reduced; in light of this we launched our new project Malvern Theatres Tomorrow in March 2014. Malvern Theatres Tomorrow aims to ensure that Malvern Theatres is a sustainable business by mitigating the need to rely on revenue funding from external sources. In the three years since its launch our audience and the community of Malvern have shown generous financial support for the campaign, enabling us to improve internal areas of the building including replacement of the cinema seating. Further investment is planned with funds currently being raised for replacement of the festival seating.

The third year of our campaign has been a successful one and we are firmly on the road to ensuring that the theatres, now and in the future, remain at the heart of Malvern providing a rich, diverse and exciting arts programme that reflects the cultural and creative needs of the Malvern community.

This in turn will create a strong future audience, assisting our long-term business model, as the more we are able to rely on stronger ticket sales the more independent of external funding we can become, thereby achieving our goal of becoming a fully financially sustainable organisation.

**The Festival Theatre**

The Festival Theatre, the 850 seat drama house, maintained its reputation for an eclectic programme of shows, all of the highest quality. These included new productions of theatre classics: **Shadowlands**, **Travels with My Aunt**, **Brideshead Revisted**, **After Miss Julie**, **King Lear**, **Present Laughter**, **Lady Chatterley's Lover** and **Gaslight**. New plays and writing were also well represented: **Lady Anna: All at Sea**, commissioned in 2015 as part of Anthony Trollope's Bicentennial Celebrations; **Dead Sheep** the critically acclaimed political tragi-comedy; the World Premiere of **Frankenstein** and ETT's **Nell Gwynn**, winner of the best new comedy at the Olivier Awards 2016, whilst for the younger members of the audience Metta Theatre's **Jungle Book**, Kipling's tale re-imagined with street dance, circus and spoken word, proved popular.

Over 142,600 people took their seats for 42.5 weeks of professional theatre in the Festival Theatre. To complement and provide contrast to the drama were musical productions that included: **Save the Last Dance for Me**, **The Rocky Horror Show**, **Blood Brothers**, **The Glen Miller Story** **Million Dollar Quartet**, **Rent** and **Sister Act**. There was plenty to entice opera fans too: **Carmen** from Opera up Close; The National Gilbert and Sullivan Opera Company performed **The Yeoman of the Guard**, **The Mikado**, **The Sorcerer** and **The Pirates of Penzance** and Sasha Regan's All Male **H.M.S. Pinafore** added to the Gilbert and Sullivan repertoire. For those who love classical ballet The Russian State Ballet of Siberia entranced audiences with four iconic ballets, **The Nutcracker**, **Coppelia**, **La Fille Mal Gardee** and **Swan Lake**.

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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The leading actors who performed in the Festival Theatre during this period included:

Helen George, Michael Pennington, Lyn Paul, Samuel West, Tommy Steele, Georgia May Foote, Jason Donovan, Robert Powell, Liza Goddard, Gwen Taylor, Daragh O'Malley, Will Featherstone, Steve Nallon, Paul Bradley, Clive Mantle, Jack Shepherd, Shane Ritchie, Laura Whitmore, Kara Tointon, Keith Allen, Rupert Young and Laura Pitt-Pulford.

**Pantomime**

Malvern Theatres' continued its annual traditional Christmas Pantomime with this year's production of **Sleeping Beauty**, which brought to Malvern Theatres the actors Gillian Wright, Chris Pizzey, Amy Thompson, Rebecca Wheatley and Quinn Patrick. Over 25,000 people saw the production over the 39 performances that were staged.

**The Forum Theatre**

This interesting and adaptable second space with its capacity of up to 829 seats presented a comprehensive programme of live art and cinema to suit all tastes and ages. In terms of ticket sales around 45% of the available tickets sold. The broad repertoire included classical, rock, cabaret and orchestral concerts, contemporary dance and arts companies and a continuing season of new comedy and art films, as well as live broadcasts from The Metropolitan Opera, Glyndebourne, The National Theatre, The Royal Opera House, The Royal Shakespeare Company, Opera Australia, Kenneth Branagh Theatre Company, The Vatican Museums and The Bolshoi Ballet.

The national and international companies that have visited the Forum Theatre this year included Cutting the Strings, Sound Affairs, Actors of Dionysus, The Chinese State Circus, Rock N Roll Productions, Malvern Festival of Innovation, Unity Theatre, Up the Road Theatre, Poonamallee Productions, Exeter Northcott Theatre, Metta Theatre, English Touring Opera, Taiko Meantime, Vamos, Banff Mountain Film Festival, Richard Alston, Blunderbus and ACE Dance. The Forum played host to 56,508 people.

Supporting these companies a diverse range of one-night performances has proved very successful and included: Nigel Kennedy, Yolanda Brown, Liza Pulman, The All Star Stand-up Tour, Russell Kane, Roy Hudd, Nights on Broadway, Menopause the Musical, Milos, Nicola Benedetti, Chaplin, Dirty Dancing, Rhythm of the Dance, The Bon Jovi Experience, Tiddler, Ultimate Bowie, The Simon and Garfunkel Story, The Magic of Motown, The Johnny Cash Roadshow, Jimmy Osmond, Sporting Legends, Josh Widdicombe, Elaine Paige, Leo Houlding, Rumours of Fleetwood Mac, Clare Teal, The Sensational 60s Experience, Kate Rusby, Jason Donovan, Seth Lakeman, Beyond the Barricades, The Osmonds, The Sooty Show Jon Richardson, Stewart Lee, Paul Young, Martika, Toyah Wilcox, China Crisis, Sam Bailey, Ben and Holly and Count Arthur Strong.

Classical music has been well represented with visits from The BBC Philharmonic Orchestra, The English Concert, Armonico Consort, Manchester Camerata, The C.B.S.O., The Emerson String Quartet, Chandos Symphony Orchestra, Stile Antico and The Orchestra of the Swan.

Our own Malvern Theatres Young Company, formed of talented performers aged 14 -25, presented the musical show **Seussical the Musical** a worthy successor to their previously acclaimed productions. In addition Malvern Young Company also produced and performed **Our Town**, Thornton Wilder's Pulitzer Prize winning play, this too was very well received.

**The Cinema**

We have once again attracted a reasonable audience to the national general release programme, over 67,000 people saw film showings in the cinema and it operated for 364 days this year. We have continued our daytime use of the cinema space in a variety of ways including special film showings for schools, young people's workshops and use of the space for a breakout area for national conferences. We also screen morning film shows on a weekly basis with one off showings of both new and classic films.

**MALVERN THEATRES TRUST LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2017**

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**PURPOSES AND ACTIVITIES**

The purposes of the Trust are:

- To provide and enhance an artistic experience to the public in all aspects of dramatic art, including drama, mime, opera, ballet, music, singing and dance.
- To provide education in the arts, particularly focused on young persons.
- To further build on the experience of the public by the provision of two theatres and a cinema.
- Generally to further the social and cultural welfare of Great Malvern and its surrounding areas.

Our objectives are set and our activities planned having regard to the Charity Commission's guidance on public benefit, including the guidance on admission charges to programmes and events. The Theatres are however obliged to cover costs in setting overall admission charges with shortfalls in revenues being made up by grants, particularly those from Malvern Hills District Council. Admission charges are kept as low as possible in order to preserve the availability of the Theatres and the cinema to lower income groups and younger theatre-goers.

**STRATEGIES**

The strategies which are used to achieve the Trust's aims and objectives are:

- To present a balanced programme of theatre productions, music and dance productions to give a real breadth of artistic opportunity to residents of Malvern and the surrounding areas.
- To work with local artistic organisations sponsoring local artistic events.
- To focus particularly upon education in the arts, particularly performance based.
- To encourage programming involving artists of different cultural backgrounds.
- Generally to offer opportunities to a broad range of people to participate in arts activity thereby exploring their own creative powers.

Strategies condense into three major areas of activity:

- Educational programmes
- High Profile Cinema Productions
- Concerts and stage performances

Thus we focus on bringing the arts to as wide a range of participants as possible, affecting all members of our community.

**VOLUNTEERS AND COMMUNITY RELATIONS**

The Trust's involvement in the community is demonstrated by the large number of volunteers who assist us with stewarding events and performances. This provides indispensable help in maximising the use of the theatres and provides considerable savings in staff costs, without which the theatres could not survive.

We encourage constructive criticism and input from our audiences and we take careful note of any complaints and seek to rectify them.

**EDUCATIONAL PROGRAMMES**

**Engagement and Creative Learning Programme**

Education is one of the most important activities of the Theatres. A comprehensive Engagement and Creative Learning Programme is provided.

**General Policies in relation to the provision of education are as follows:**

- To inspire a life-long appreciation and understanding of the Performing and Visual Arts for new and existing audiences.
- To integrate the Engagement and Creative Learning Programme into all aspects of Malvern Theatres programming.
- To create a strong social network and identity for the community through access to the Arts.

**MALVERN THEATRES TRUST LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2017**

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- To provide learning opportunities in connection with film screenings, art exhibitions and by utilising in-house expertise.
- To continue to develop and improve the education provision for the Theatres.
- To promote the Arts as a life-long learning vehicle.
- To promote community wide access to the Theatre and its Engagement and Creative Learning Programme.
- To host as many accompanying education activities as possible with all our programmes, for example pre and post show talks and participatory workshop.

**MARKETING AND SALES REVIEW**

Paid social media advertising, outdoor advertising, radio and video continue to be the main growth areas on show marketing campaigns. This is in line with trends across the economy as a whole. Video commissioning saw specific videos created in 2016-17 for our seat appeal and for our 'Take Part' programme. Together these videos have been viewed by more than 10,000 people. For 2017-18, videos have been commissioned to highlight the work of the Malvern Theatres Young Company and also the first year of the Advanced Course. The year will also see the production of a general promotional video for the theatres. Whilst the most powerful distribution channels for video are social media platforms, the installation of two large screens in our foyer areas will ensure promotional videos reach an ever wider audience.

Followers on Twitter are 8198 (up 11% on the year) and Facebook 'likes' are 15,520 (up 16%). Our Instagram account (new in 2016) has nearly 850 followers. The email list stands at 89,000 (up 8.5%) and regular postal mailing list for season brochures at around 60,000 (down 10%). The new website, commissioned last year, went live on May 30th 2017 and the front page increases the profile of Fundraising, Take Part and Cinema. More data is needed to draw definitive conclusions about traffic and behaviour on the new site, although early statistics are encouraging. A clear area of success is the new mobile site which, compared with the previous site, shows strong increases in traffic.

In May 2016, a Management Trainee was appointed with a brief to market education events. This work was formerly delivered by education department personnel. The rationale for such a change remains strong: a building looking to expand its education offer and indeed to carry out a major project with education provision at its heart to have its education marketing at a level comparable with that of staged performances. Where this has been achieved, the results in terms of increased audiences at 'take part' events are clear to see.

Visiting companies remain closely involved with the planning and execution of individual show campaigns. This is welcome, especially where joint scrutiny of planning is matched by a readiness to contribute financially to the plan. In 2016-17, 26% of the overall spend on marketing was re-charged (up very slightly from 25% in 2015-16). Yet this contribution remains, broadly speaking, in inverse proportion to the retained share of ticket income and work needs to be done to increase the percentage re-charge for marketing activity still further.

**Pricing Policy**

There is a case for keeping prices relatively stable in 2017-18 and this would contrast with the recent policy of above-inflation increases. Inflationary pressures across the economy could impact on discretionary spending and we should be cautious about raising prices. Rather, we should explore options for greater dynamism in our pricing. In 2017, Malvern Theatres will review concession policy with this in mind. Specifically, the sort of flexibility which currently exists for one-night shows in the Forum Theatre should extend to weekly runs in the Festival Theatre. It is likely that in the future some concessions will not be available across the board for certain weekly shows and that others may be capped. The corollary may well be an increase in special offer discounting, something which was used only modestly during 2016-17. The January Sale will continue to be an important part of our overall strategy and the new format for the January Sale in 2017 (which saw weekly offers sent by email without the need for prior sign-up) produced a stronger response than had been seen the previous year.



**MALVERN THEATRES TRUST LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2017**

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2017-18 will be the first full year of the £1 restoration fee, which delivered strongly for the theatre in its transition year (2016-17). Booking fees remain at 12% and we will continue the policy of publishing 'booking fee inclusive' prices, in line with CAP guidelines. Exemption from booking fees is one of the things that attracts regular theatre-goers to our membership schemes. In 2016-17, these for the first time accounted for over £300k of gross income (£306,408), an increase of 9.6% on the previous year. In April 2017, the membership schemes were expanded to include interim tiers (Silver Plus and Gold Plus) as well as to introduce a new top tier (Platinum). Notwithstanding any caution over ticket prices generally, the membership schemes are very good value for money and the policy of year-on-year price increases should remain.

**FINANCIAL REVIEW**

The year under review produced a surplus in unrestricted funds before transfers of £217,360 compared with £283,083 last year. There was a surplus/(deficit) in restricted funds before transfers of £182,465 compared with £(49,444) last year.

Across all funds the surplus for the year was £399,825 (2016: £233,639).

The results of the subsidiary, Malvern Theatres Trading Limited, are included in the group's figures. The subsidiary's activities, also being the promotion of theatre and the arts in Malvern, produced a profit of £108,389 (2016: £105,807). This is paid to the charity by way of Gift Aid as in previous years.

There was a movement in cash of £485,679 (2016: -£338,278). Cash at the end of the year was £1,603,671 (2016: £1,117,992).

At the year end net current assets were £390,209 (2016: £573,194).

**GOING CONCERN**

After making appropriate enquiries, the trustees have a reasonable expectation that the charity has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements. Further details regarding the adoption of the going concern basis can be found in the Accounting Policies.

**RESERVES POLICY**

Maintaining a sustainable level of reserves remains a prime consideration for the organisation going forward. The level of grants receivable remains under pressure, leading to more and more of our creative output being generated from our own trading income.

Looking forward, we need to continue to balance the quality of our product with the funds available whilst also seeking to secure other sustainable funding sources.

Having regard to the economic situation, the Trustees believe that an appropriate level of reserves would be approximately three months overhead expenditure which is currently circa £535,000. At 31 March 2017, free reserves amounted to £881,817 after making a surplus on unrestricted funds for the financial year 2016/17 of £217,360. It is planned to use part of these free reserves during the next financial year to fund new productions, youth theatre and education as well as on refurbishment and maintenance of the theatres.

**INVESTMENTS POWERS AND POLICY**

Apart from the need to retain restricted reserves, the Trustees have unrestricted investment powers. Having regard to the liquidity requirements of the theatres, to the need to mitigate investment risk and to the reserves policy the Trustees have operated a policy of keeping funds surplus to immediate requirements in interest bearing deposit accounts and fixed asset investments.

**MALVERN THEATRES TRUST LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2017**

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**STRUCTURE, GOVERNANCE AND MANAGEMENT**

**GOVERNING DOCUMENT**

The Charity is registered as a charitable company limited by guarantee set up by a Memorandum of Association on 19 February 1965. It is registered as a charity with the Charity Commission No. 241433

**APPOINTMENT OF TRUSTEES**

The management of the Charity and the Group is the responsibility of the Trustees who are elected and co-opted under the terms of the Memorandum and Articles of Association. Particular effort is made to recruit Trustees who will benefit the Charity by bringing a balanced set of skills. Efforts are also made to manage future retirements of Trustees, so as to enable the appointment of successors without undue haste.

**TRUSTEE INDUCTION AND TRAINING**

Every Trustee on appointment is provided with a pack of documents setting out key information on the Trust and the Charity. New Trustees are required to confirm that they have studied these documents and raised any queries or obtained any further information which they may need.

Developments in Charity Law and Practice are monitored and important developments are brought to the notice of Trustees.

**ORGANISATION**

The Board of Trustees, which currently has 6 members, administers the charity. The Board meets bi-monthly and there are sub-committees covering fundraising, audit and governance and remuneration. These sub-committees meet on an ad hoc basis whenever necessary. The Chief Executive is appointed by the Trustees to manage the day to day operations of the Charity. To facilitate effective operation, the Chief Executive has delegated authority within terms of reference approved by the Trustees for some operational matters, including finance.

**RELATED PARTIES**

None of the Trustees receive remuneration or any other benefit for their work with the Charity. Any connection between any Trustee and any production company, contracted actor or performer of any sort, must be disclosed to the full Board of Trustees in the same way as any contractual relationship with a related party.

The Charity has a close relationship with Malvern Hills District Council, who provide grant aid. Receipt of these grant monies is crucial for the ongoing operations of the Theatres.

The Charity's wholly owned subsidiary, Malvern Theatres Trading Limited, was established to operate hire, conferences etc. and all other activities ancillary to the main activity of the Group. The profits of the subsidiary are gift aided to the Charity (see Note 5 to the Financial Statements).

**MALVERN THEATRES TRUST LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2017**

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**PLANS FOR FUTURE PERIODS**

The continuing falling level of grants continues to be a concern. The organisation is reliant on continued financial support, including funding from Malvern Hills District Council.

We will continue to strive to provide a balanced and diverse programme of the highest quality in our Festival and Forum Theatre.

Other initiatives are as follows:

- We will pursue new fund raising activities by seeking regular contributions from our more important patrons, local businesses, trusts and foundations
- We will continue to build marketing capabilities so as to maximise the number of bookings taken via the internet
- We will review our pricing structure with a view to fine tuning these but only to the extent of not taking on risk that may reduce audiences

**TRUSTEES**

The Trustees who served during the year were:

Robert Maskrey OBE, Chairman (deceased 14 September 2016)

Professor Judith Elkin

Trish Haines

Professor Tamar Thompson OBE

Leslie Kinmond

Simon Marks

Paul Cumming (resigned 30 May 2017)

**MALVERN THEATRES TRUST LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**TRUSTEES' REPORT (continued)  
FOR THE YEAR ENDED 31 MARCH 2017**

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**TRUSTEES' RESPONSIBILITIES STATEMENT**

The Trustees (who are also directors of Malvern Theatres Trust Limited for the purposes of company law) are responsible for preparing the Trustees' report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the Trustees to prepare financial statements for each financial year. Under company law the Trustees must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable group for that period. In preparing these financial statements, the Trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable group will continue in operation.

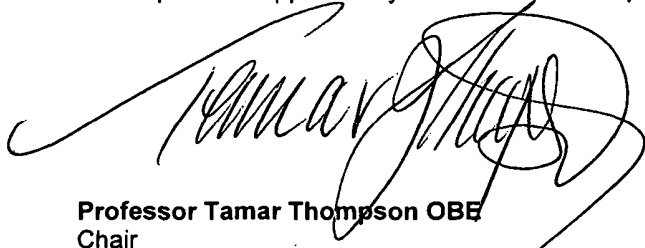
The Trustees are responsible for keeping adequate accounting records that are sufficient to show and explain the charitable company and the group's transactions and disclose with reasonable accuracy at any time the financial position of the charitable group and enable them to ensure that the financial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

**DISCLOSURE OF INFORMATION TO AUDITOR**

Each of the persons who are Trustees at the time when this Trustees' report is approved has confirmed that:

- so far as that Trustee is aware, there is no relevant audit information of which the charitable group's auditors are unaware, and
- that Trustee has taken all the steps that ought to have been taken as a Trustee in order to be aware of any information needed by the charitable group's auditors in connection with preparing their report and to establish that the charitable group's auditors are aware of that information.

This report was approved by the Trustees on 17/10/17 and signed on their behalf by:



**Professor Tamar Thompson OBE**  
Chair

**MALVERN THEATRES TRUST LIMITED  
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**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALVERN THEATRES TRUST LIMITED**

We have audited the Group and Charity financial statements of Malvern Theatres Trust Limited for the year ended 31 March 2017 set out on pages 13 to 36. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

**RESPECTIVE RESPONSIBILITIES OF TRUSTEES AND AUDITORS**

The Trustees (who are also the directors of the company for the purposes of company law) responsibilities for preparing the Trustees' report and the Group and Charity financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), and for being satisfied that the Group and Charity financial statements give a true and fair view, are set out in the Statement of Trustees responsibilities on page 10.

Our responsibility is to audit and express an opinion on the Group and Charity financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE GROUP AND CHARITY FINANCIAL STATEMENTS**

A description of the scope of an audit of Group and Charity financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**OPINION ON GROUP AND CHARITY FINANCIAL STATEMENTS**

In our opinion the Group and Charity financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 March 2017 and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Trustees' report for the financial year for which the Group and Charity financial statements are prepared is consistent with those Group and Charity financial statements and such reports have been prepared in accordance with applicable legal requirements.

**MALVERN THEATRES TRUST LIMITED  
(A COMPANY LIMITED BY GUARANTEE)**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MALVERN THEATRES TRUST LIMITED**

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**MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION**

In the light of our knowledge and understanding of the group and the parent charity and its environment obtained in the course of the audit, we have not identified material misstatements in the Trustee's Report.

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

- the parent charity has not kept adequate accounting records, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent charity Group and Charity financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Joseph Scaife FCA DChA (Senior statutory auditor)

for and on behalf of

**Bishop Fleming LLP**

Chartered Accountants

Statutory Auditors

16 Queen Square

Bristol

BS1 4NT

Date: 2/12/17.

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES INCORPORATING INCOME AND  
EXPENDITURE ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 2017**

	Note	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>INCOME FROM:</b>					
Donations and legacies	4	285,152	180,860	466,012	248,206
Charitable activities	7	-	4,780,645	4,780,645	4,837,269
Other trading activities	5	-	811,623	811,623	813,720
Investments	6	-	35,077	35,077	9,697
Other income	8	-	-	-	63,961
<b>TOTAL INCOME</b>		<b>285,152</b>	<b>5,808,205</b>	<b>6,093,357</b>	<b>5,972,853</b>
<b>EXPENDITURE ON:</b>					
Raising funds	5,9	-	456,738	456,738	470,882
Charitable activities	10,11	102,687	5,151,880	5,254,567	5,268,332
<b>TOTAL EXPENDITURE</b>	13	<b>102,687</b>	<b>5,608,618</b>	<b>5,711,305</b>	<b>5,739,214</b>
<b>NET INCOME BEFORE INVESTMENT GAINS</b>		<b>182,465</b>	<b>199,587</b>	<b>382,052</b>	<b>233,639</b>
Net gains on investments	21	-	17,773	17,773	-
<b>NET INCOME BEFORE TRANSFERS</b>		<b>182,465</b>	<b>217,360</b>	<b>399,825</b>	<b>233,639</b>
Transfers between Funds	25	3,988	(3,988)	-	-
<b>NET INCOME BEFORE OTHER RECOGNISED GAINS AND LOSSES</b>		<b>186,453</b>	<b>213,372</b>	<b>399,825</b>	<b>233,639</b>
<b>NET MOVEMENT IN FUNDS</b>		<b>186,453</b>	<b>213,372</b>	<b>399,825</b>	<b>233,639</b>
<b>RECONCILIATION OF FUNDS:</b>					
Total funds brought forward		2,820,248	668,445	3,488,693	3,255,054
<b>TOTAL FUNDS CARRIED FORWARD</b>		<b>3,006,701</b>	<b>881,817</b>	<b>3,888,518</b>	<b>3,488,693</b>

The notes on pages 18 to 36 form part of these financial statements.

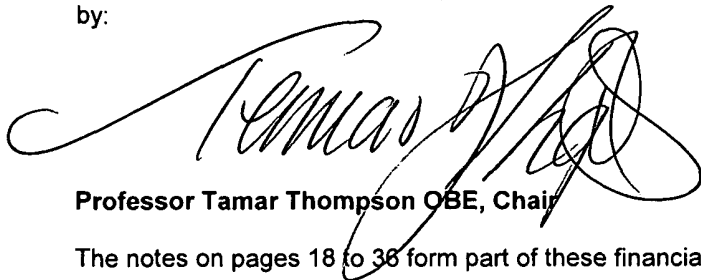
**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 838245**

**CONSOLIDATED BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	20		2,879,530		2,915,499
Investments	21		618,779		-
			<u>3,498,309</u>		<u>2,915,499</u>
<b>CURRENT ASSETS</b>					
Debtors	22	204,152		221,929	
Investments	23	-		500,000	
Cash at bank and in hand		1,603,671		1,117,992	
		<u>1,807,823</u>		<u>1,839,921</u>	
<b>CREDITORS: amounts falling due within one year</b>	24	<u>(1,417,614)</u>		<u>(1,266,727)</u>	
<b>NET CURRENT ASSETS</b>			<u>390,209</u>		<u>573,194</u>
<b>NET ASSETS</b>			<u><u>3,888,518</u></u>		<u><u>3,488,693</u></u>
<b>CHARITY FUNDS</b>					
Restricted funds	25		3,006,701		2,820,248
Unrestricted funds	25		881,817		668,445
<b>TOTAL FUNDS</b>			<u><u>3,888,518</u></u>		<u><u>3,488,693</u></u>

The financial statements were approved and authorised for issue by the Trustees on and signed on their behalf, by:

17/10/17



**Professor Tamar Thompson OBE, Chair**

The notes on pages 18 to 36 form part of these financial statements.



**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**  
**REGISTERED NUMBER: 838245**

**CHARITY BALANCE SHEET**  
**AS AT 31 MARCH 2017**

	Note	£	2017 £	£	2016 £
<b>FIXED ASSETS</b>					
Tangible assets	20		2,879,530		2,915,499
Investments	21		618,781		2
			<u>3,498,311</u>		<u>2,915,501</u>
<b>CURRENT ASSETS</b>					
Debtors	22	221,485		244,227	
Investments	23	-		500,000	
Cash at bank and in hand		1,530,019		1,049,559	
		<u>1,751,504</u>		<u>1,793,786</u>	
<b>CREDITORS:</b> amounts falling due within one year	24	(1,361,297)		(1,220,591)	
<b>NET CURRENT ASSETS</b>			<u>390,207</u>		<u>573,195</u>
<b>NET ASSETS</b>			<u><u>3,888,518</u></u>		<u><u>3,488,696</u></u>
<b>CHARITY FUNDS</b>					
Restricted funds	25		3,006,701		2,820,248
Unrestricted funds	25		881,817		668,448
<b>TOTAL FUNDS</b>			<u><u>3,888,518</u></u>		<u><u>3,488,696</u></u>

The financial statements were approved and authorised for issue by the Trustees on and signed on their behalf, by:

17/10/17



**Professor Tamar Thompson OBE, Chair**

The notes on pages 18 to 36 form part of these financial statements.

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	27	<u>675,115</u>	<u>173,203</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		14,705	-
Purchase of tangible fixed assets		(103,135)	(11,481)
Purchase of investments		<u>(101,006)</u>	<u>(500,000)</u>
<b>Net cash used in investing activities</b>		<u>(189,436)</u>	<u>(511,481)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>485,679</b>	<b>(338,278)</b>
Cash and cash equivalents brought forward		<u>1,117,992</u>	<u>1,456,270</u>
<b>Cash and cash equivalents carried forward</b>	28	<u><u>1,603,671</u></u>	<u><u>1,117,992</u></u>

The notes on pages 18 to 36 form part of these financial statements.

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**CHARITY CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 £	2016 £
<b>Cash flows from operating activities</b>			
Net cash provided by operating activities	27	<u>669,896</u>	<u>244,038</u>
<b>Cash flows from investing activities:</b>			
Dividends, interest and rents from investments		14,705	-
Purchase of tangible fixed assets		(103,135)	(11,481)
Purchase of investments		<u>(101,006)</u>	<u>(500,000)</u>
<b>Net cash used in investing activities</b>		<u>(189,436)</u>	<u>(511,481)</u>
<b>Change in cash and cash equivalents in the year</b>		<b>480,460</b>	<b>(267,443)</b>
Cash and cash equivalents brought forward		<u>1,049,559</u>	<u>1,317,002</u>
<b>Cash and cash equivalents carried forward</b>	28	<u><u>1,530,019</u></u>	<u><u>1,049,559</u></u>

The notes on pages 18 to 36 form part of these financial statements.

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. ACCOUNTING POLICIES**

**1.1 BASIS OF PREPARATION OF FINANCIAL STATEMENTS**

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.

The financial statements have been prepared to give a 'true and fair' view and have departed from the Charities (Accounts and Reports) Regulations 2008 only to the extent required to provide a 'true and fair' view. This departure has involved following the Charities SORP (FRS 102) published on 16 July 2014 rather than the Accounting and Reporting by Charities: Statement of Recommended Practice effective from 1 April 2005 which has since been withdrawn.

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

The Statement of financial activities (SOFA) and Balance sheet consolidate the financial statements of the charity and its subsidiary undertaking. The results of the subsidiary are consolidated on a line by line basis.

No separate SOFA has been presented for the charity alone as permitted by section 408 of the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Charity's accounting policies (see note 3).

The Charity's functional and presentational currency is GBP and have been rounded to the nearest £.

**1.2 RECONCILIATION WITH PREVIOUS GENERALLY ACCEPTED ACCOUNTING PRACTICE**

In preparing these accounts, the Trustees have considered whether in applying the accounting policies required by FRS 102 and the Charities SORP FRS 102 the restatement of comparative items was required.

No restatements were required.

**1.3 COMPANY STATUS**

The charity is a company limited by guarantee. The members of the Charity are the Trustees named on page 1. In the event of the charity being wound up, the liability in respect of the guarantee is limited to £1 per member of the charity.

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.4 FUND ACCOUNTING**

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

Restricted funds are funds which are to be used in accordance with specific restrictions imposed by donors or which have been raised by the charity for particular purposes. The costs of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**1.5 INCOME**

All income is recognised once the charity has entitlement to the income, it is probable that the income will be received and the amount of income receivable can be measured reliably.

**Charitable activities**

Income from theatre admission fees is included in incoming resources in the period in which the relevant show takes place.

**Activities for generating funds**

Activities for generating funds includes income from commercial activities and represents income from cinema admissions and sponsorship activities and is included in the period in which the group is entitled to receipt.

**Grants receivable**

Revenue based grants are credited to the Statement of financial activities in the year in which they are received.

Grants relating to the redevelopment of the theatre complex have been credited to restricted funds in the Statement of financial activities in accordance with the conditions imposed by donors.

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.6 EXPENDITURE**

Expenditure is recognised once there is a legal or constructive obligation to transfer economic benefit to a third party, it is probable that a transfer of economic benefits will be required in settlement and the amount of the obligation can be measured reliably. Expenditure is classified by activity. The costs of each activity are made up of the total of direct costs and shared costs, including support costs involved in undertaking each activity. Direct costs attributable to a single activity are allocated directly to that activity. Shared costs which contribute to more than one activity and support costs which are not attributable to a single activity are apportioned between those activities on a basis consistent with the use of resources. Central staff costs are allocated on the basis of time spent, and depreciation charges allocated on the portion of the asset's use.

Commercial trading operations expenditure relates to costs of operating the cinema.

Costs of generating voluntary income represent costs incurred in seeking voluntary contributions and do not include the costs of disseminating information in support of the charitable activities.

Support costs represent an apportionment of management and administration costs which are directly attributable to the cost of productions.

Governance costs are those incurred in connection with administration of the charity and compliance with constitutional and statutory requirements.

Costs of generating funds are costs incurred in attracting voluntary income, and those incurred in trading activities that raise funds.

Charitable activities and Governance costs are costs incurred on the charity's educational operations, including support costs and costs relating to the governance of the charity apportioned to charitable activities.

**1.7 GOING CONCERN**

The accounts have been drawn up on the going concern basis as the Trustees' are of the opinion that the Charity will continue in operational existence for the foreseeable future.

**1.8 BASIS OF CONSOLIDATION**

The financial statements consolidate the accounts of Malvern Theatres Trust Limited and all of its subsidiary undertakings ('subsidiaries').

The charity has taken advantage of the exemption contained within 408 of the Companies Act 2006 not to present its own Income and expenditure account.

The surplus/(deficit) of income and expenditure account for the year which has been dealt with in the accounts of the charity was £392,140 (2016: £233,639).

**1.9 TURNOVER**

Turnover comprises revenue recognised by the charity in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.10 TANGIBLE FIXED ASSETS AND DEPRECIATION**

All assets acquired costing more than £100 are capitalised.

Tangible fixed assets are carried at cost, net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long-term leasehold property	-	Over the remaining life of the lease
Fixtures and fittings	-	10%-50% straight line

**1.11 INVESTMENTS**

Fixed asset investments are a form of financial instrument and are initially recognised at their transaction cost and subsequently measured at fair value at the Balance sheet date, unless fair value cannot be measured reliably in which case it is measured at cost less impairment. Investment gains and losses, whether realised or unrealised, are combined and shown in the heading 'Gains/(losses) on investments' in the Consolidated statement of financial activities incorporating income and expenditure account.

- (i) **Subsidiary undertakings**  
Investments in subsidiaries are valued at cost less provision for impairment.

**1.12 OPERATING LEASES**

Rentals under operating leases are charged to the Statement of financial activities on a straight line basis over the lease term.

**1.13 INTEREST RECEIVABLE**

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

**1.14 DEFERRED INCOME**

Admission fees paid in advance for future shows are deferred and credited to income in the period in which the show takes place.

**1.15 TAXATION**

In accordance with Section 505 Income and Corporation Taxes Act 1988, the charitable company is exempt from the requirement to pay corporation tax on activities carried out for charitable purposes.

**1.16 DEBTORS**

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

**1.17 CASH AT BANK AND IN HAND**

Cash at bank and in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account.

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**1. ACCOUNTING POLICIES (continued)**

**1.18 CREDITORS AND PROVISIONS**

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

**1.19 FINANCIAL INSTRUMENTS**

The Charity only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivables and payable.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of financial activities.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the Statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**1.20 PENSION COSTS**

The Charity operates a defined contribution pension scheme and the pension charge represents the amounts payable by the charity to the fund in respect of the year.

**2. GENERAL INFORMATION**

Malvern Theatres Trust Limited is a private charitable company limited by guarantee incorporated in England and Wales. The registered office is Grange Road, Malvern, Worcestershire, WR14 3HB.

**3. JUDGEMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

Preparation of the financial statements requires management to make significant judgements and estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. There are no significant items in the financial statements where these judgements and estimates have been made.



**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**4. INCOME FROM DONATIONS AND LEGACIES**

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
The Elmley Foundation	-	5,000	5,000	7,500
Support grant from MHDC	-	56,800	56,800	72,800
Rent grant from MHDC	-	61,000	61,000	61,000
Other grants/donations received	285,152	58,060	343,212	106,906
	<u>285,152</u>	<u>180,860</u>	<u>466,012</u>	<u>248,206</u>
Total donations and legacies	<u>285,152</u>	<u>180,860</u>	<u>466,012</u>	<u>248,206</u>
<i>Total 2016</i>	<u>53,243</u>	<u>194,963</u>	<u>248,206</u>	

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

**5. TRADING ACTIVITIES**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
<b>CHARITY TRADING INCOME</b>			
Trading company income	681,441	681,441	674,502
Income from catering contract	130,182	130,182	139,218
	<u>811,623</u>	<u>811,623</u>	<u>813,720</u>
<b>TRADING EXPENSES</b>			
Trading activity cost of sales	421,154	421,154	442,759
Net income from trading activities	<u>390,469</u>	<u>390,469</u>	<u>370,961</u>

**6. INVESTMENT INCOME**

	Endowment funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Investment income	-	35,077	35,077	9,697
	<u>-</u>	<u>35,077</u>	<u>35,077</u>	<u>9,697</u>
<i>Total 2016</i>	<u>-</u>	<u>9,697</u>	<u>9,697</u>	

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**7. INCOME FROM CHARITABLE ACTIVITIES**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Festival Theatre income	3,078,924	3,078,924	3,004,306
Forum Theatre income	995,175	995,175	1,103,202
Engagement and Creative Learning income	22,499	22,499	14,412
Theatre membership fees and income	269,700	269,700	248,295
Other income	414,347	414,347	467,054
	<u>4,780,645</u>	<u>4,780,645</u>	<u>4,837,269</u>
<i>Total 2016</i>	<u>4,837,269</u>	<u>4,837,269</u>	

**8. OTHER INCOMING RESOURCES**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
VAT Repayment	-	-	63,961
	<u>-</u>	<u>-</u>	<u>63,961</u>
<i>Total 2016</i>	<u>63,961</u>	<u>63,961</u>	

**9. COSTS OF RAISING FUNDS**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Costs of raising voluntary income	3,990	3,990	5,408
Voluntary income staff costs	31,594	31,594	22,715
	<u>35,584</u>	<u>35,584</u>	<u>28,123</u>
<i>Total 2016</i>	<u>28,123</u>	<u>28,123</u>	

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**10. ANALYSIS OF EXPENDITURE ON CHARITABLE ACTIVITIES**

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Production costs	102,687	5,053,100	5,155,787	5,195,967
Engagement and Creative Learning	-	58,644	58,644	50,698
	<u>102,687</u>	<u>5,111,744</u>	<u>5,214,431</u>	<u>5,246,665</u>
<i>Total 2016</i>	<u>102,687</u>	<u>5,143,978</u>	<u>5,246,665</u>	

**11. GOVERNANCE COSTS**

	Unrestricted funds 2017 £	Total funds 2017 £	Total funds 2016 £
Auditors' remuneration	12,200	12,200	12,200
Auditors' non audit costs	1,600	1,600	-
Legal Fees	43	43	5,348
Fundraising and other consultancy	26,293	26,293	4,119
	<u>40,136</u>	<u>40,136</u>	<u>21,667</u>

**12. DIRECT COSTS**

	Shows	Engagement and Creative Learning	Total 2017	Total 2016
Show production costs	3,143,425	12,805	3,156,230	3,267,024
VAT irrecoverable	61,231	-	61,231	49,074
Advertising & marketing	359,136	5,844	364,980	337,938
Equipment and small tool costs	15,714	-	15,714	18,079
Property costs	113,474	-	113,474	138,906
General property costs	97,455	-	97,455	99,712
Other staff costs	23,947	-	23,947	18,593
General expenses	124,042	95	124,137	117,585
Finance costs	41,547	-	41,547	42,288
Operating leases	69,320	-	69,320	71,164
Wages and salaries	872,700	35,200	907,900	855,155
National insurance	63,945	2,588	66,533	66,099
Pension cost	31,134	2,112	33,246	37,280
Depreciation and (profit)/loss on disposal	138,717	-	138,717	127,768
	<u>5,155,787</u>	<u>58,644</u>	<u>5,214,431</u>	<u>5,246,665</u>
<i>Total 2016</i>	<u>5,195,967</u>	<u>50,698</u>	<u>5,246,665</u>	

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**13. ANALYSIS OF EXPENDITURE BY EXPENDITURE TYPE**

	Staff costs 2017 £	Depreciation 2017 £	Other costs 2017 £	Total 2017 £	Total 2016 £
Expenditure on raising voluntary income	31,594	-	3,990	35,584	28,123
Expenditure on trading	62,434	-	358,720	421,154	442,759
<b>COSTS OF GENERATING FUNDS</b>	<b>94,028</b>	<b>-</b>	<b>362,710</b>	<b>456,738</b>	<b>470,882</b>
Shows	967,779	138,717	4,049,291	5,155,787	5,195,967
Engagement and Creative Learning	39,900	-	18,744	58,644	50,698
<b>CHARITABLE ACTIVITIES</b>	<b>1,007,679</b>	<b>138,717</b>	<b>4,068,035</b>	<b>5,214,431</b>	<b>5,246,665</b>
<b>EXPENDITURE ON GOVERNANCE</b>	<b>-</b>	<b>-</b>	<b>40,136</b>	<b>40,136</b>	<b>21,667</b>
	<b>1,101,707</b>	<b>138,717</b>	<b>4,470,881</b>	<b>5,711,305</b>	<b>5,739,214</b>
<i>Total 2016</i>	<i>1,039,879</i>	<i>127,768</i>	<i>4,571,567</i>	<i>5,739,214</i>	

**14. ANALYSIS OF EXPENDITURE BY ACTIVITIES**

	Activities undertaken directly 2017 £	Total 2017 £	Total 2016 £
Show income	5,155,787	5,155,787	5,195,967
Engagement and Creative Learning	58,644	58,644	50,698
<b>Total 2017</b>	<b>5,214,431</b>	<b>5,214,431</b>	<b>5,246,665</b>
<i>Total 2016</i>	<i>5,246,665</i>	<i>5,246,665</i>	

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**15. ALLOCATION OF SUPPORT COSTS**

	Charitable activities £	Governance £	2017 £	2016 £
Finance	41,547	-	41,547	42,288
Management	434,645	-	434,645	416,904
External audit	-	13,800	13,800	12,200
Consultancy	-	26,293	26,293	4,119
Legal	-	43	43	5,348
Total	<u>476,192</u>	<u>40,136</u>	<u>516,328</u>	<u>480,859</u>

Pursuant to legislation, support costs have been allocated to expenditure headings based on management's estimation of the proportion of such support costs attributed to such expenditure headings.

**16. TURNOVER**

All turnover arose within the United Kingdom.

**17. NET INCOME**

This is stated after charging:

	2017 £	2016 £
Depreciation of tangible fixed assets:		
- owned by the charitable group	138,717	127,768
Operating lease rentals	<u>69,320</u>	<u>71,164</u>

During the year, no Trustees received any remuneration (2016: £NIL).

During the year, no Trustees received any benefits in kind (2016: £NIL).

During the year, no Trustees received any reimbursement of expenses (2016: £NIL).

**18. AUDITORS' REMUNERATION**

	2017 £	2016 £
Fees payable to the charity's auditor and its associates for the audit of the charity's annual accounts	12,200	12,200
Fees payable to the charity's auditor and its associates in respect of:		
All other non-audit services not included above	<u>1,600</u>	<u>-</u>

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**19. STAFF COSTS**

Staff costs were as follows:

	2017 £	2016 £
Wages and salaries	999,267	933,721
Social security costs	68,073	67,722
Other pension costs	34,367	38,436
	<u>1,101,707</u>	<u>1,039,879</u>

The average number of persons employed by the charity during the year was as follows:

2017	2016
73	70

The number of higher paid employees was:

	2017	2016
In the band £90,001 - £100,000	1	1

The key management personnel of the Trust, and the group, comprise the Trustees, Chief Executive Officer, Finance Director, Marketing Director and Technical Director. The total employee benefits of the key management personnel of the Trust and group were £247,062 (2016: £226,884).

**20. TANGIBLE FIXED ASSETS**

	Long-term leasehold property £	Fixtures and fittings £	Total £
<b>GROUP AND CHARITY COST</b>			
At 1 April 2016	7,253,205	424,133	7,677,338
Additions	-	103,135	103,135
Disposals	-	(20,936)	(20,936)
At 31 March 2017	<u>7,253,205</u>	<u>506,332</u>	<u>7,759,537</u>
<b>DEPRECIATION</b>			
At 1 April 2016	4,433,836	328,003	4,761,839
Charge for the year	97,220	41,884	139,104
On disposals	-	(20,936)	(20,936)
At 31 March 2017	<u>4,531,056</u>	<u>348,951</u>	<u>4,880,007</u>
<b>NET BOOK VALUE</b>			
At 31 March 2017	<u>2,722,149</u>	<u>157,381</u>	<u>2,879,530</u>
At 31 March 2016	<u>2,819,369</u>	<u>96,130</u>	<u>2,915,499</u>

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**21. INVESTMENTS**

	Listed securities £
<b>GROUP</b>	
<b>MARKET VALUE</b>	
At 1 April 2016	-
Additions	601,006
Revaluations	17,773
	<u>618,779</u>
At 31 March 2017	<u><u>618,779</u></u>

**GROUP INVESTMENTS AT MARKET VALUE COMPRISE:**

	2017 £
Listed investments	<u><u>618,779</u></u>

All the fixed asset investments are held in the UK

	Listed securities	Sub total carried forward
<b>CHARITY</b>		
<b>MARKET VALUE</b>		
At 1 April 2016	-	-
Additions	601,006	601,006
Revaluations	17,773	17,773
	<u>618,779</u>	<u>618,779</u>
At 31 March 2017	<u><u>618,779</u></u>	<u><u>618,779</u></u>

	Sub total brought forward £	Shares in group undertakings £	Total £
<b>CHARITY</b>			
<b>MARKET VALUE</b>			
At 1 April 2016	-	2	2
Additions	601,006	-	601,006
Revaluations	17,773	-	17,773
	<u>618,779</u>	<u>2</u>	<u>618,781</u>
At 31 March 2017	<u><u>618,779</u></u>	<u><u>2</u></u>	<u><u>618,781</u></u>

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**21. INVESTMENTS (continued)**

**CHARITY INVESTMENTS AT MARKET VALUE COMPRISE:**

	2017 £	2016 £
Listed investments	618,779	-
Investment in subsidiaries	2	2
Total	<u>618,781</u>	<u>2</u>

All the fixed asset investments are held in the UK.

The charitable company owns the entire share capital (comprising ordinary shares of £1 each) in the subsidiaries set out in note 32.

**22. DEBTORS**

	<b>GROUP</b>		<b>CHARITY</b>	
	2017 £	2016 £	2017 £	2016 £
Trade debtors	58,314	60,093	48,108	49,452
Amounts owed by group undertakings	-	-	27,539	32,939
Other debtors	1,200	1,200	1,200	1,200
Prepayments and accrued income	144,638	160,636	144,638	160,636
	<u>204,152</u>	<u>221,929</u>	<u>221,485</u>	<u>244,227</u>

**23. CURRENT ASSET INVESTMENTS**

	<b>GROUP</b>		<b>CHARITY</b>	
	2017 £	2016 £	2017 £	2016 £
Unlisted investments	-	500,000	-	500,000

**24. CREDITORS:**  
**AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>CHARITY</b>	
	2017 £	2016 £	2017 £	2016 £
Trade creditors	146,659	289,214	118,296	264,715
Other taxation and social security	41,860	47,300	41,860	47,300
Accruals and deferred income	1,229,095	930,213	1,201,141	908,576
	<u>1,417,614</u>	<u>1,266,727</u>	<u>1,361,297</u>	<u>1,220,591</u>



**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**24. CREDITORS:**  
**AMOUNTS FALLING DUE WITHIN ONE YEAR (continued)**

	<b>GROUP</b>		<b>CHARITY</b>	
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>DEFERRED INCOME</b>				
Deferred income at 1 April 2016	817,494	950,934	812,227	947,025
Resources deferred during the year	940,011	775,203	934,935	769,936
Amounts released from previous years	(770,382)	(908,643)	(765,115)	(904,734)
Deferred income at 31 March 2017	<u>987,123</u>	<u>817,494</u>	<u>982,047</u>	<u>812,227</u>

**25. STATEMENT OF FUNDS**

**STATEMENT OF FUNDS - CURRENT YEAR**

	<b>Balance at 1 April 2016 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Balance at 31 March 2017 £</b>
<b>UNRESTRICTED FUNDS</b>						
General Funds	<u>668,445</u>	<u>5,808,205</u>	<u>(5,608,618)</u>	<u>(3,988)</u>	<u>17,773</u>	<u>881,817</u>
<b>RESTRICTED FUNDS</b>						
Restricted Theatre Refurbishment Fund	2,703,704	-	(97,220)	3,988	-	2,610,472
Restricted Tomorrow Fund	115,735	167,389	(5,467)	-	-	277,657
Restricted Restoration Fund	809	117,763	-	-	-	118,572
	<u>2,820,248</u>	<u>285,152</u>	<u>(102,687)</u>	<u>3,988</u>	<u>-</u>	<u>3,006,701</u>
Total of funds	<u>3,488,693</u>	<u>6,093,357</u>	<u>(5,711,305)</u>	<u>-</u>	<u>17,773</u>	<u>3,888,518</u>

**STATEMENT OF FUNDS - PRIOR YEAR**

	<b>Balance at 1 April 2015 £</b>	<b>Income £</b>	<b>Expenditure £</b>	<b>Transfers in/out £</b>	<b>Gains/ (Losses) £</b>	<b>Balance at 31 March 2016 £</b>
<b>UNRESTRICTED FUNDS</b>						
General Funds	389,350	5,903,204	(5,620,121)	(3,988)	-	668,445
	<u>389,350</u>	<u>5,903,204</u>	<u>(5,620,121)</u>	<u>(3,988)</u>	<u>-</u>	<u>668,445</u>

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

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**25. STATEMENT OF FUNDS (continued)**

**RESTRICTED FUNDS**

Restricted Theatre Refurbishment Fund	2,796,936	-	(97,220)	3,988	-	2,703,704
Restricted Tomorrow Fund	68,768	52,434	(5,467)	-	-	115,735
Restricted Restoration Fund	-	809	-	-	-	809
	<u>2,865,704</u>	<u>53,243</u>	<u>(102,687)</u>	<u>3,988</u>	<u>-</u>	<u>2,820,248</u>
Total of funds	<u>3,255,054</u>	<u>5,956,447</u>	<u>(5,722,808)</u>	<u>-</u>	<u>-</u>	<u>3,488,693</u>

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**25. SUMMARY OF FUNDS**

**SUMMARY OF FUNDS - CURRENT YEAR**

	Balance at 1 April 2016 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2017 £
General funds	668,445	5,808,205	(5,608,618)	(3,988)	17,773	881,817
Restricted funds	2,820,248	285,152	(102,687)	3,988	-	3,006,701
	<u>3,488,693</u>	<u>6,093,357</u>	<u>(5,711,305)</u>	<u>-</u>	<u>17,773</u>	<u>3,888,518</u>

**SUMMARY OF FUNDS - PRIOR YEAR**

	Balance at 1 April 2015 £	Income £	Expenditure £	Transfers in/out £	Gains/ (Losses) £	Balance at 31 March 2016 £
General funds	389,350	5,903,204	(5,620,121)	(3,988)	-	668,445
Restricted funds	2,865,704	53,243	(102,687)	3,988	-	2,820,248
	<u>3,255,054</u>	<u>5,956,447</u>	<u>(5,722,808)</u>	<u>-</u>	<u>-</u>	<u>3,488,693</u>

**Restricted Theatre Refurbishment Funds**

This fund is the result of Lottery Funding Grant matched by contribution from MHDC and other supporters to provide refurbishment of the theatres. The refurbishment costs have been capitalised and will be depreciated over the life of the lease, or life of item whichever is applicable. The balance on this fund as at the year end was £2,610,472 (2016: £2,703,704).

**Restricted Tomorrow Fund**

The fund is the result of contributions from the Theatres' supporters to fund the redevelopment of the theatres, foyer and restaurant, including reseating of the cinema, festival and forum. The balance on this fund as at the year end was £277,657 (2016: £115,735). It is planned to use this fund towards replacement of the festival seating and refurbishment of the festival theatre during the next financial year.

**Restricted Restoration Fund**

This fund is the result of contributions from the Theatres' supporters to fund restoration projects. The balance on this fund as at the year end was £118,572 (2016: £809). It is planned to use this fund towards replacement of the festival seating and refurbishment of the festival theatre during the next financial year.

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**26. ANALYSIS OF NET ASSETS BETWEEN FUNDS**

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - CURRENT YEAR**

	Restricted funds 2017 £	Unrestricted funds 2017 £	Total funds 2017 £
Tangible fixed assets	2,763,609	115,921	2,879,530
Fixed asset investments	-	618,779	618,779
Current assets	243,092	1,564,731	1,807,823
Creditors due within one year	-	(1,417,614)	(1,417,614)
	<u>3,006,701</u>	<u>881,817</u>	<u>3,888,518</u>

**ANALYSIS OF NET ASSETS BETWEEN FUNDS - PRIOR YEAR**

	Restricted funds 2016 £	Unrestricted funds 2016 £	Total funds 2016 £
Tangible fixed assets	2,866,296	49,203	2,915,499
Current assets	-	1,839,921	1,839,921
Creditors due within one year	(46,048)	(1,220,679)	(1,266,727)
	<u>2,820,248</u>	<u>668,445</u>	<u>3,488,693</u>

**27. RECONCILIATION OF NET MOVEMENT IN FUNDS TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	2017 £	group 2016 £	2017 £	charity 2016 £
Net income for the year (as per Statement of Financial Activities)	399,825	233,639	399,825	233,639
<b>Adjustment for:</b>				
Losses on investments	(17,773)	-	(17,773)	-
Dividends, interest and rents from investments	(14,705)	-	(14,705)	-
Depreciation	139,104	128,457	139,104	128,457
(Increase)/decrease in debtors	17,777	(30,756)	22,742	42,357
Increase/(decrease) in creditors	150,887	(158,137)	140,703	(160,415)
<b>Net cash provided by operating activities</b>	<u>675,115</u>	<u>173,203</u>	<u>669,896</u>	<u>244,038</u>

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**28. ANALYSIS OF CASH AND CASH EQUIVALENTS**

	2017 £	group 2016 £	2017 £	charity 2016 £
Cash in hand	1,603,671	1,117,992	1,530,019	1,049,559
Total	1,603,671	1,117,992	1,530,019	1,049,559

**29. PENSION COMMITMENTS**

The charitable company makes contributions, as part of an employee's contract of employment, which are payable to defined contribution schemes chosen by the employer. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £34,367 (2016: £38,436). Contributions totalling £3,071 (2016: £3,427) were payable to the fund at the balance sheet date and are included in creditors.

**30. OPERATING LEASE COMMITMENTS**

At 31 March 2017 the Group had annual commitments under non-cancellable operating leases as follows:

	2017 Land & buildings £	2017 Other £	2016 Land & buildings £	2016 Other £
Within 1 year	67,500	1,516	67,500	1,516
Between 2 and 5 years	244,000	1,516	250,500	3,032
After more than 5 years	122,000	-	183,000	-
	433,500	3,032	501,000	4,548

**31. RELATED PARTY TRANSACTIONS**

The group has taken advantage of the exemption in Section 33 of FRS 102 from the requirement to disclose transactions with other wholly owned group companies.

During the year the charitable company incurred marketing expenditure of £25,100 (2016: £25,200) from Webdesign Associates Limited. Professor T Thompson OBE is a director of the company. At the year end a balance of £Nil (2016: £Nil) was owing to the company.

During the year the charitable company purchased capital items to the value of £Nil (2016: £1,800) from Mr R Maskrey OBE.

**MALVERN THEATRES TRUST LIMITED**  
**(A COMPANY LIMITED BY GUARANTEE)**

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**32. PRINCIPAL SUBSIDIARIES**

**Malvern Theatres Trading Limited**

Subsidiary name	Malvern Theatres Trading Limited
Company registration number	02870411
Basis of control	Parent company
Equity shareholding %	100%
Total assets as at 31 March 2017	£ 83,858
Total liabilities as at 31 March 2017	£ (83,856)
Total equity as at 31 March 2017	£ 2
Turnover for the year ended 31 March 2017	£ 681,441
Expenditure for the year ended 31 March 2017	£ (681,441)
Result for the year ended 31 March 2017	£ -

**33. FINANCIAL INSTRUMENTS**

	2017 £	2016 £
Financial assets measured at fair value through profit and loss	1,652,897	1,117,992
Financial assets measured at amortised cost	191,531	221,929
	<u>1,844,428</u>	<u>1,339,921</u>
Financial liabilities measured at amortised cost	<u>1,375,754</u>	<u>1,219,427</u>

Financial assets measured at fair value through profit and loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, other debtors and accrued income and amounts owed to group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, bank loans and overdrafts, and accruals.