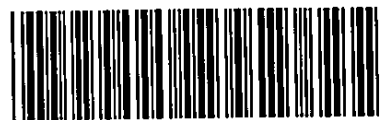


THE MAYFLOWER THEATRE TRUST
(A company limited by guarantee)
AND SUBSIDIARY COMPANY

**THE REPORT OF THE DIRECTOR TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 3 APRIL 2010**

Company Registered number: 2026445
Charity Registered number: 294745

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THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY

THE REPORT OF THE DIRECTOR TRUSTEES AND
CONSOLIDATED FINANCIAL STATEMENTS
for the period ended 3 April 2010

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THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY

REPORT OF THE DIRECTOR TRUSTEES
3 April 2010

The Director Trustees present their report and consolidated financial statements for the period 1 April 2009 to 3 April 2010

Reference and administrative details

President/Member:

Lord Montagu of Beaulieu

Directors / Trustees / Members:

Mrs I A S Gatward (Chairman)
Mr T I Goddard
Mr M H Le Bas
Mr C E Lewis
Mr R Primmer
Mr A W Rice, TD (Hampshire County Council nominee)
Mr M D Smith
Mr D P Chisnall
Mr J Hannides (Southampton City Council nominee)

Members:

Hampshire County Council
Southampton City Council
Denis Bunday
Parvin Damani
Gordon Murray-Fisher
Mike Gordon
John Hammond
Norman Kemish
John Lyon
Bob Niddrie
Stephen Pilling
Tim Prentki
Sir David Price

Secretary:

Mr W D Musuku

Chief Executive:

Mr D L J Hall

Auditors:

RSM Tenon Audit Limited
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY

REPORT OF THE DIRECTOR TRUSTEES (continued)
3 April 2010

Reference and administrative details (continued)

Bankers:

National Westminster Bank Plc
PO Box 352
43-49 London Road
Southampton
Hampshire
SO15 2BL

Solicitors:

Pans Smith LLP
1 London Road
Southampton
Hampshire
SO15 2AE

Accountants:

RSM Tenon Limited
Accountants and Business Advisers
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Business and Registered office:

The Mayflower Theatre
Commercial Road
Southampton
Hampshire
SO15 1GE

Sponsors:

Carlsberg Tetley
Pans Smith LLP
Beechdean

Members' of the board of Director Trustees

The Board of Director Trustees throughout the period and up to the date of this report are as follows -

Mrs I A S Gatward (Chairman)
Mr T I Goddard
Mr M H Le Bas
Mr C E Lewis
Mr R Primmer
Mr A W Rice, TD (Hampshire County Council nominee)
Mr M D Smith
Mr D P Chisnall
Mr J Hannides (Southampton City Council nominee)

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY

REPORT OF THE DIRECTOR TRUSTEES (continued)
3 April 2010

Structure, governance and management

Governing Document

The Trust incorporated in England and Wales as a private company limited by guarantee and registered as a charity with the Charity Commissioners under number 294745, governed by its Memorandum and Articles of Association dated 9 June 1986 as amended up to and including 8 June 1993. The financial statements are prepared in accordance with current statutory requirements, the governing document of the Charity and the Charities SORP 2005. The primary objectives of the Trust as defined by the Memorandum of Association are the encouragement of the arts and promotion of arts education.

Appointment of Director Trustees

The Director Trustees are nominated by various bodies. Southampton City Council and Hampshire County Council both nominate one person each every two years. The board will also review the list of members to ensure all skills are covered if a vacancy arises. The following criteria for all future Board members have, recently, been approved by the Audit Committee and the Board of Trustees.

- Clear business sense
- Interest in theatre
- Time available for Board activities
- Local/regional residence
- Representation in the following skill sets, retail, finance, legal, property, businessman/entrepreneur

Director Trustee Induction and Training

New Director Trustees undergo an orientation session with the Chief Executive to brief them on their legal obligations under Charity and Company Law, the contents of the Memorandum and Articles of Association, the committee and decision making processes, the five year rolling business plan and recent financial performance of the charity. They are also issued with an induction pack.

Organisation

The Trust is organised so that the Director Trustees meet regularly to direct the management of its affairs. A Chief Executive is appointed by the Director Trustees to manage the day to day operations of the charity. To facilitate effective operations, the Chief Executive has delegated authority, within terms of delegation approved by the Director Trustees, for operational matters including finance and administration, sales and marketing, technical service, human resources, and programming activity.

Related Parties

The Trust has a wholly owned subsidiary, Mayflower Enterprises Limited, whose principal activity is that of generating profits from ancillary and agency sales on behalf of the parent. The results of the subsidiary for the period ended 3 April 2010 are shown on page 19.

Risk Management

The Director Trustees have a risk management strategy which comprises

- An annual review of the risks the charity may face;
- The establishment of systems and procedures to mitigate those risks identified in the plan and,
- The implementation of procedures designed to minimise any potential impact on the charity should those risks materialise.

This work has identified 5 key risks this year, including but not limited to insufficient return on investments, declining audiences for Christmas Show, and failure of the new "Ovation Restaurant" to achieve its budget.

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY

REPORT OF THE DIRECTOR TRUSTEES (continued)
3 April 2010

Objectives and activities

The objects of the charity are:

- the encouragement of the arts, the promotion and advancement of education and the cultivation and improvement of public education in drama, mime, opera, singing, music, dance, painting and sculpture, cinema, literature and other arts
- the development of public appreciation of such art by the provision of a theatre and the presentation of public performances, and
- to further the social and cultural welfare of the local community and its neighbourhood and visitors to the city.

The strategies employed to achieve the charity's objectives are

- to present a broad range of artistic work,
- to ensure that the deals with promoter's are favourable to the trust and will ensure the return of a surplus at the end of the financial year, and
- to focus on involving young people in the arts to help encourage a culture in which different age ranges play a complementary part

The major areas of activity are musicals, opera, ballet, drama and comedy

Achievements and performance

We presented a total of 303 performances during the year. This included a broad spectrum of Theatre productions ranging from opera and ballet to one nighters. We presented musicals such as Sound of Music, Chicago, Evita, Never Forget and High School Musical. Both Blood Brothers and High School Musical were aimed in the main at schools and colleges. We also had our annual Christmas Show, this time it was Santa Claus and the Return of Jack Frost. We also had a successful run of the Michael Jackson tribute "Thriller Live".

Learning at The Mayflower

'Learning at The Mayflower' is the name of additional educational sessions offered by the Theatre to complement specific shows. Learning at The Mayflower includes a range of free and charged sessions, such as post/pre-show Q&As, Arts Journalism & Marketing classes, Dance & Drama Workshops, tours and talks. The popularity of these sessions has been demonstrated, focussing of 2 educational groups who have returned with increased numbers.

AimHigher is a Government initiative focussed on helping D grade students gain a C or above by introducing them to industry. After the success of 2009 (Joseph), AimHigher have dropped the other venues linked with the initiative, in favour of The Mayflower hosting all sessions.

- 2009 saw 1 day focussed on Arts Journalism based around Joseph
- 2010 will see 3 days focussed on Whistle Down the Wind

Knights Enham School (Andover), brought one class to the Cinderella panto workshop, and then to watch the show. This year they brought back the whole school to see the show, and are utilising the panto workshop sessions (at an additional cost of £650 - the School subsidised a percentage of this and the parents covered the rest).

THE MAYFLOWER THEATRE TRUST
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REPORT OF THE DIRECTOR TRUSTEES (continued)
3 April 2010

Creative & Media Diploma

The Mayflower has also been closely involved with the new Creative and Media Diploma launched September 2009, and has become a focal point for the different consortium in the region. By arranging post show Q&As (free) and other workshops (charged) in the Theatre, we have secured group bookings from these Diploma students, who otherwise would not have booked.

The development of the Learning offered, will show an increase in group sales from schools and colleges. It is predicted that this will expand and become regular as the Diploma becomes more popular.

Making it easy for teachers to justify a trip to the Theatre is an important part of increasing sales and developing a new younger audience. To make the trip more than a 'one-off' means schools can subsidise part of the experience as well as affirming a positive relationship between teachers, students and The Mayflower. Examples of this are available to the Public on request.

Financial Review

The results for this financial year should be seen in light of the fact that the Theatre was dark for a period of 3 months of the year to facilitate necessary refurbishment. The Trust presented a total of 303 performances generating a gross Box Office income of £8.3 million and a total turnover of £10.2 million. The top shows in financial terms were Sound of Music (attendance 54,222), the Christmas Panto (attendance 39,053), Chicago (attendance 19,079), Evita (attendance 16,673), Scrooge (attendance 12,274), Thriller Live (attendance 12,548) and 2xHigh School Musicals (attendance 21,564), Rocky Horror Show (attendance 10,715) and Never Forget (attendance 10,375). We achieved a full year capacity of 67.1% compared to 68.4% the prior year. This was due mainly to the Christmas Pantomime which achieved only 49% capacity.

We had no financial windfall from our VAT case this year, although we have lodged a claim based on the Compound Interest argument. This is sat behind another case in the Court of Appeal, and we understand that it may be referred to the European Court.

We are very pleased with our results this year, given the dark period. We ended the year with a deficit of only £78k compared to our earlier best estimate of £171k.

We opened our new Restaurant "Ovation" in February 2010, and it has proved a success. Turnover for our Corporate Events was up 6% on prior year with only 9 months trading.

Mayflower Enterprises Limited (a trading arm of the Trust) continues to show good results. During the year turnover was £1.1 million with a gross margin of 66.9%.

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY

REPORT OF THE DIRECTOR TRUSTEES (continued)
3 April 2010

Reserves Policy

- 1 The Board regularly reviews the Company's Reserves Policy in line with the guidance issued by the Charity Commission
- 2 The principal objectives of the Board are
 - 2.1 providing for the development of the Theatre by undertaking major projects to keep up-to-date with production/show business/legal/regulatory developments,
 - 2.2 providing, where appropriate, for investment in new productions,
 - 2.3 maintaining the viability of the Theatre building,
 - 2.4 providing sufficient "financial comfort" during dark periods This is a period when no show is programmed,
 - 2.5 allowing for the cost of all developments in information technology and computerised systems within the Theatre,
 - 2.6 providing sufficient funds within a designated bursary fund for the artistic development of local promising young people in education within the catchment area of the Theatre
- 3 The Board also recognises the business need to cater for a sudden but temporary loss of income and has accordingly agreed to continue the policy whereby free reserves are built to and maintained at a level which will provide sufficient funds to cover management, administration and support costs in order to maintain the long term viability of the Theatre
- 4 The Board also believes that, should it ever become necessary to close down the charity, costs associated with such closure would be covered by the value of the Theatre and its business
- 5 Accordingly, based on this policy and the existing budget and provisions to be made over the next five years, as free reserves are built, the Board will review this accordingly
- 6 Note 16 to the financial statements shows the split of funds The restricted funds amounting to £1,076,815 have been built up from grants received and are used to maintain and develop the listed building The designated building maintenance reserve of £306,669 (originally £400,000) has built up from previous years surpluses and its purpose is to contribute to the significant stage work carried out in the past two years £13,333 has been allocated against the fund this year in respect of this work The Bursary fund of £36,333 is a designated fund and has built up from surpluses in previous years This has been allocated to assist local scholarships to encourage arts education During this year £2.7m of general reserve has been allocated to a designated fund for building work started in the year This work involves major work to improve accessibility to the stage as well as a new office facility The general reserve represents the remaining accumulated surpluses over the years, intended to promote the objects of the charity and be available as opportunities arise.

Financial risk management objectives and policies

The Trust finances its operations through retained surpluses The management's objectives are to retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due whilst maximising returns on surplus funds Hedge accounting is not used by the Trust

During the period the Trust continued with its investment of £1m with Tilney Private Wealth Management (part of Deutsche Bank) This was perceived to be a low risk investment portfolio, with a target minimum return of 6.5% per annum The Trust has seen a gain of £155k during the period The remainder of the Trust's surplus funds are held primarily in short term variable rate deposit accounts with reputable UK Banks The Director Trustees believe that this gives them the flexibility to release cash resources at short notice

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
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REPORT OF THE DIRECTOR TRUSTEES (continued)
3 April 2010

Plans for future periods

As reported last year, the Trust signed a tripartite agreement with Southampton City Council and a Building Society to carry out improvements to the get-in facilities of the Theatre. Work commenced on 1 June 2009, and the scene dock was handed over to the Trust in May 2010, with the rest of the development to be handed over in late summer early Autumn 2010. The total revised cost of the project will be £2.7M. At the period end there was a capital commitment of £897,507.

Statement of Director Trustees' Responsibilities

The Director Trustees are required to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the trust and the group and the incoming resources and application of resources, including the net income or expenditure, of the group for the year. In preparing those financial statements, the director trustees are required to:

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the company will continue in business.

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

In so far as the director trustees, individually, are aware

- there is no relevant audit information of which the group's auditor is unaware; and
- the director trustees have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Members' Interest

The liability of every member is limited to £25 in the event of the Trust being wound up.

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY


REPORT OF THE DIRECTOR TRUSTEES (continued)
3 April 2010

Auditors

Our auditors have changed their name to RSM Tenon Audit Limited and have signed the audit report in their new name

RSM Tenon Audit Limited are deemed to be re-appointed under section 487(2) of the Companies Act 2006

On behalf of the board


Isabel Gatward
Director Trustee

The Mayflower Theatre
Commercial Road
Southampton
Hampshire
SO15 1GE

Date 3 June 2010

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY

AUDITORS' REPORT

**Independent auditors' report to the trustees of
The Mayflower Theatre Trust**

We have audited the financial statements of The Mayflower Theatre Trust for the period ended 3 April 2010 on pages 11 to 24. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the charitable company's members, as a body, in accordance with Sections 495 and 496 of the Companies Act 2006, under Section 43 of the Charities Act 1993 and regulations made under Section 44 of that Act. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) and for being satisfied that the financial statements give a true and fair view are set out in the Statement of Trustees' Responsibilities.

We have been appointed auditors under the Companies Act 2006 and section 43 of the Charities Act 1993 and report to you in accordance with those Acts. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and have been prepared in accordance with the Companies Act 2006 and the Charities Act 1993. We also report to you whether in our opinion the information given in the Trustees' Annual Report is consistent with those financial statements.

In addition we report to you if, in our opinion, the charity has not kept adequate accounting records, if the charity's financial statements are not in agreement with the accounting records and returns, if we have not received all the information and explanations we require for our audit, or if certain disclosures of trustees' remuneration specified by law are not made.

We read the Trustees' Annual Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and the charitable parent company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY

AUDITORS' REPORT

Independent auditors' report to the trustees of
The Mayflower Theatre Trust (continued)

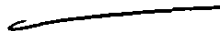
Opinion

In our opinion

- the financial statements give a true and fair view of the state of the group's and the parent company's affairs as at 3 April 2010, and of the group's incoming resources and application of resources, including its income and expenditure, for the year then ended,
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice,
- the financial statements have been prepared in accordance with the Companies Act 2006 and the Charities Act 1993, and
- the information given in the Trustees' Annual Report is consistent with the financial statements

RSM Tenon Audit Ltd.

Joanne King, Senior Statutory Auditor
For and on behalf of



RSM Tenon Audit Limited
Statutory Auditor
Highfield Court
Tollgate
Chandlers Ford
Eastleigh
Hampshire
SO53 3TY

Date 29 June 2010

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY

GROUP STATEMENT OF FINANCIAL ACTIVITIES
(Incorporating the Group Income and Expenditure Account)
for the period ended 3 April 2010

	Note	Unrestricted funds £	Restricted funds £	Total 2010 £	Total 2009 £
INCOMING RESOURCES					
Incoming resources from generated funds					
- voluntary income		19,424	6,606	26,030	25,226
- activities for generating funds		1,104,894	-	1,104,894	1,200,201
- investment income	3	25,364	-	25,364	1,061,636
Incoming resources from charitable activities – Show income	4	9,001,489	-	9,001,489	9,567,162
Other incoming resources	5	-	-	-	535,845
Total incoming resources		10,151,171	6,606	10,157,777	12,390,070
RESOURCES EXPENDED					
Costs of generating funds					
- fundraising trading		380,648	-	380,648	375,918
Charitable activities	6	9,965,963	22,984	9,988,947	10,965,891
Governance costs		21,505	-	21,505	18,288
Total resources expended		10,368,116	22,984	10,391,100	11,360,097
Net (expended)/incoming resources for the period		(216,945)	(16,378)	(233,323)	1,029,973
Other recognised gains/losses					
Unrealised gain/(loss) on investment asset		154,615	-	154,615	(250,533)
Net movement in funds		(62,330)	(16,378)	(78,708)	779,440
TOTAL FUNDS AT 1 APRIL 2009	16	5,355,538	1,093,193	6,448,731	5,669,291
TOTAL FUNDS AT 3 APRIL 2010	16	5,293,208	1,076,815	6,370,023	6,448,731

The group statement of financial activities has been prepared on the basis that all operations are continuing operations

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY

Company Registered Number 2026445
Charity Registered Number 294745

GROUP BALANCE SHEET
at 3 April 2010

		2010 £	2009 £
	Note		
FIXED ASSETS			
Tangible assets	10	5,806,727	3,695,413
Investments	11	904,082	749,467
		<u>6,710,809</u>	<u>4,444,880</u>
CURRENT ASSETS			
Stocks		48,081	43,540
Debtors	12	356,276	634,841
Investments	13	1,008,566	-
Cash at bank and in hand		3,918,599	4,341,126
		<u>5,331,522</u>	<u>5,019,507</u>
CREDITORS: Amounts falling due within one year	14	(5,672,308)	(3,015,656)
NET CURRENT (LIABILITIES)/ASSETS		<u>(340,786)</u>	<u>2,003,851</u>
NET ASSETS	15	<u>6,370,023</u>	<u>6,448,731</u>
ACCUMULATED FUNDS			
Restricted income funds			
Capital grants	16	929,656	952,640
Building maintenance reserve	16	147,159	140,553
Unrestricted income funds			
General reserve	16	2,250,206	4,995,203
Designated gantry development building reserve	16	2,700,000	-
Designated building maintenance reserve	16	306,669	320,002
Designated bursary fund	16	36,333	40,333
TOTAL FUNDS		<u>6,370,023</u>	<u>6,448,731</u>

The financial statements were approved by the board of director trustees on 3 JUNE 2010
and signed on its behalf by:

Isabel Gatward)
)
m h l b s)

Director Trustees

Company Registered Number 2026445
Charity Registered Number 294745

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
AND SUBSIDIARY COMPANY

GROUP CASH FLOW STATEMENT
for the period ended 3 April 2010

	Notes	2010 £	2009 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	19	2,677,330	1,756,847
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		25,364	77,640
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(2,116,655)	(188,276)
		<u>586,039</u>	<u>1,646,211</u>
MANAGEMENT OF LIQUID RESOURCES			
Payments into short-term deposits	20	(1,008,566)	-
NET INCREASE IN CASH	20	<u>(422,527)</u>	<u>1,646,211</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS			
Increase in cash in the year	20	(422,527)	1,646,211
Change in market value of fixed asset investments	20	154,615	(250,533)
Cash outflow from increase in liquid resources	20	1,008,566	-
MOVEMENT IN NET FUNDS FOR THE PERIOD		<u>740,654</u>	<u>1,395,678</u>
Net funds at start of period	20	5,090,593	3,694,915
NET FUNDS AT END OF PERIOD	20	<u>5,831,247</u>	<u>5,090,593</u>

THE MAYFLOWER THEATRE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
at 3 April 2010

1 STATUS

The company is limited by guarantee, the liability of each member being limited to £25. At 3 April 2010 there were 22 members (2009 24 members)

2 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and in accordance with the Statement of Recommended Practice "Accounting and Reporting by Charities" (SORP 2005) issued in March 2005 (revised in May 2008)

Basis of consolidation

The group accounts incorporate the financial statements of the Trust and of its subsidiary undertaking. As a consolidated statement of financial activities is published, a separate statement for the parent company is omitted from the group financial statements by virtue of section 230 of the Companies Act 2006.

The deficit of the parent company, The Mayflower Theatre Trust, was £58,965 (2009 £779,437 surplus)

Incoming resources

Incoming resources primarily represent ticket sales and related fees for performances conducted in the year. Gift vouchers and tickets sold in advance are included in creditors as deferred income.

Donations and legacies are included where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability.

Local council grants

Grants are recognised where there is entitlement, certainty of receipt and the amount can be measured with sufficient reliability. Such income is only deferred when:

- The donor specifies that the grant or donation must only be used in future accounting periods, or
- The donor has imposed conditions that must be met before the charity has unconditional entitlement.

Investment income

Investment income is recognised on a receivable basis.

Resources expended

Costs of generating funds for fundraising trading are those incurred in trading activities that raise funds in the subsidiary company.

Chantable activities include expenditure associated with the staging of shows and include both the direct costs and support costs relating to these activities.

Governance costs include those incurred in the governance of the charity and its assets and are primarily associated with constitutional and statutory requirements.

THE MAYFLOWER THEATRE TRUST
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NOTES TO THE FINANCIAL STATEMENTS
at 3 April 2010

2 ACCOUNTING POLICIES (continued)

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, being purchase price, less accumulated depreciation. Items are capitalised if their individual value exceeds £500 or if they combine to form an asset whose entire value exceeds £500.

Depreciation is provided on all tangible fixed assets, other than long leasehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold buildings	-	over the life of the lease
Plant and machinery	-	over 3 to 5 years
Fixtures and fittings	-	over 3 to 10 years
Leased assets (other than buildings)	-	over the life of the lease
Motor vehicles	-	over 3 years

Investments

Investments are held in the balance sheet at market value. All changes in value in the year are shown in the gains and losses on investment assets section of the Statement of Financial Activities.

Stocks

Stock is valued at the lower of cost, being purchase price, and net realisable value, after making allowance due for obsolete and slow moving items.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against the SOFA on a straight line basis over the period of the lease.

Deferred taxation

Deferred tax is recognised in respect of all material timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Pension costs

The pension costs charged in the financial statements represent the contributions payable by the company during the period, in accordance with FRS 17.

The Trust operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Trust. The annual contributions payable are charged to the statement of financial activities.

Fund accounting

The nature and purpose of each fund is described in note 16 and on page 6 in the reserves policy.

THE MAYFLOWER THEATRE TRUST
(a company limited by guarantee)
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NOTES TO THE FINANCIAL STATEMENTS
at 3 April 2010

3 INVESTMENT INCOME

	2010 £	2009 £
Bank interest receivable	25,364	77,640
Supplementary interest on VAT reclaim (note 5)	-	983,996
	<u>25,364</u>	<u>1,061,636</u>

4 INCOMING RESOURCES FROM CHARITABLE ACTIVITIES

	2010 £	2009 £
Ticket sales and auditorium fees	8,259,621	8,955,058
Recharged commissions	234,207	255,240
Booking fee	442,462	293,559
Miscellaneous income	65,199	63,305
	<u>9,001,489</u>	<u>9,567,162</u>

5 OTHER INCOME

The Trust has been involved in a VAT refund claim with HM Revenue and Customs (HMRC) for a number of years and following developments this year the below should be noted,

- o Included within 'Other Incoming resources' is £nil (2009 £535,845) in respect of a VAT refund received from HMRC
- o Included within 'Investment Income' is £nil (2009 £983,996) relating to interest received on the above amount payable by HMRC

6 ANALYSIS OF RESOURCES EXPENDED – Charitable activities

	2010 £	2009 £
Promoters fees	6,438,345	7,010,369
Direct show costs	16,624	14,342
Commission costs	107,193	111,508
Administration and management	413,440	700,471
Establishment	393,301	454,824
Finance	6,627	6,515
Marketing	284,685	351,637
Human resources/staff costs	1,982,696	1,996,896
Depreciation	340,362	315,693
Loss on disposal of fixed assets	5,674	3,636
	<u>9,988,947</u>	<u>10,965,891</u>

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7 NET MOVEMENT IN FUNDS

This is stated after charging/(crediting)	2010	2009
	£	£
Auditors' remuneration	3,450	3,250
Auditors' non-audit fees	18,055	15,038
Depreciation of owned fixed assets	340,362	315,693
Operating lease rentals - land and buildings	15,000	15,000
Loss on sale of fixed assets	5,674	3,636
	<u> </u>	<u> </u>

8 STAFF COSTS

	2010	2009
	£	£
Wages and salaries	1,703,629	1,660,569
Social security costs	171,184	167,080
Other pension costs	107,883	137,997
	<u> </u>	<u> </u>
	<u>1,982,696</u>	<u>1,965,646</u>

The average number of full time equivalent employees (including casual and part time staff) during the period was as follows

	2010	2009
	Number	Number
Senior staff	7	8
Staff	77	78
	<u> </u>	<u> </u>
	<u>84</u>	<u>86</u>

No remuneration was paid during the period to any of the Directors / Trustees of the company

During the period the Charity did not reimburse any travelling expenses of the Trustees (2009 £nil)

The number of employees whose emoluments as defined for taxation purposes amounted to over £60,000 in the period were as follows -

	2010	2009
	Number	Number
£120,001 - £130,000	2	2
	<u> </u>	<u> </u>
	£	£
Pension contributions to higher paid employees	84,685	84,882
	<u> </u>	<u> </u>
Number of higher paid employees receiving pension contributions	2	2
	<u> </u>	<u> </u>

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9 NET INCOME FROM TRADING ACTIVITIES OF SUBSIDIARY

A summary of the trading results of Mayflower Enterprises Limited, a company registered in England and Wales, is shown below

	2010	2009
	£	£
Turnover	1,104,894	1,200,201
Net operating expenses	(1,124,712)	(1,151,842)
Operating profit	(19,818)	48,359
Payment under gift aid	-	(54,255)
Interest receivable and similar income	75	5,899
Profit/(loss) on ordinary activities after taxation	(19,743)	3
If transactions with The Mayflower Theatre Trust were excluded -		
Amount gifted to The Mayflower Theatre Trust Management and box office fee	744,061	54,255 775,924
Profit brought into consolidated accounts relating to 'external' trading would be	724,318	830,182
Capital and reserves of Mayflower Enterprises Limited	1,193	20,936

10 TANGIBLE FIXED ASSETS
Group and Company

	Long leasehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost:					
At 1 April 2009	3,698,280	790,635	1,576,956	9,856	6,075,727
Additions	2,166,206	97,387	193,757	-	2,457,350
Disposals	(2,481)	(2,119)	(19,042)	-	(23,642)
At 3 April 2010	5,862,005	885,903	1,751,671	9,856	8,509,435
Depreciation:					
At 1 April 2009	837,902	561,911	970,645	9,856	2,380,314
Provided during the year	105,732	95,210	139,420	-	340,362
Disposals	(544)	(1,717)	(15,707)	-	(17,968)
At 3 April 2010	943,090	655,404	1,094,358	9,856	2,702,708
Net book value:					
At 3 April 2010	4,918,915	230,499	657,313	-	5,806,727
At 1 April 2009	2,860,378	228,724	606,311	-	3,695,413

Included in long leasehold land and buildings is land valued at a cost of £606,000 which is not depreciated.

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11 INVESTMENTS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Carrying value as at 1 April 2009	749,467	-	749,469	2
Additions to investments at cost	-	1,000,000	-	1,000,000
Net gain/(loss) on revaluation	154,615	(250,533)	154,615	(250,533)
	<u>904,082</u>	<u>749,467</u>	<u>904,084</u>	<u>749,469</u>

The £2 represents the acquisition of 100% of the ordinary issued share capital of Mayflower Enterprises Limited on 1 July 1997. Mayflower Enterprises Limited was established to generate profits from ancillary and agency sales on behalf of The Mayflower Theatre Trust. Mayflower Enterprises Limited is included in the consolidated accounts.

The remainder of the investments represent a transfer from current asset investments in the prior year as the Board currently has no intention to dispose of these investments. The investments are managed by Tilney Private Wealth Management and are invested as follows:

	Group and Company	
	2010	2009
	£	£
UK equities	500,437	415,989
UK fixed interest bonds and gilts	362,168	225,263
Cash deposits	41,477	108,215
	<u>904,082</u>	<u>749,467</u>

12 DEBTORS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Amounts owed by group undertakings	-	-	270,774	96,693
Trade debtors	28,774	14,234	28,774	14,234
Other debtors	67,153	86,078	51,508	75,714
VAT recoverable	-	178,327	-	178,327
Prepayments and accrued income	260,349	356,202	260,349	356,202
	<u>356,276</u>	<u>634,841</u>	<u>611,405</u>	<u>721,170</u>

Amounts owed by group undertakings represents a trading balance, which was cleared in April 2010.

13 CURRENT ASSET INVESTMENTS

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Cash and cash equivalents	1,008,566	-	1,008,566	-
	<u>1,008,566</u>	<u>-</u>	<u>1,008,566</u>	<u>-</u>

The above investments relate to money held on cash deposits which cannot be withdrawn without prior notice of at least 90 days.

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14 CREDITORS: amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade creditors	461,558	461,964	413,603	407,773
Other taxes and social security costs	97,170	132,882	96,466	132,882
Other creditors	280,756	224,702	33,943	34,752
Accruals and deferred income	4,832,824	2,196,108	4,832,824	2,196,108
	<u>5,672,308</u>	<u>3,015,656</u>	<u>5,376,836</u>	<u>2,771,515</u>

Deferred income represents show tickets sold in advance and will be released within the next twelve months.

15 ANALYSIS OF NET ASSETS BETWEEN FUND

Group	Unrestricted			Total
	General accumulated fund	Designated funds	Restricted Fund	
	£	£	£	£
Fixed assets	2,774,484	3,006,669	929,656	6,710,809
Current assets	5,148,030	36,333	147,159	5,331,522
Current liabilities	(5,672,308)	-	-	(5,672,308)
	<u>2,250,206</u>	<u>3,043,002</u>	<u>1,076,815</u>	<u>6,370,023</u>
Company				
Fixed assets	2,774,486	3,006,669	929,656	6,710,811
Current assets	4,871,365	36,333	147,159	5,034,857
Current liabilities	(5,376,836)	-	-	(5,376,836)
	<u>2,269,015</u>	<u>3,043,002</u>	<u>1,076,815</u>	<u>6,368,832</u>

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16. RECONCILIATION OF FUNDS AND MOVEMENTS ON RESERVES

Group	Restricted	Designated	Unrestricted	Total
	Capital grants	Building Maintenance Reserve	Bursary fund	
At 1 April 2009	£ 952,640	£ 140,553	£ 40,333	£ 6,448,731
Incoming resources	-	6,606	-	10,157,777
Resources expended	(22,984)	-	(4,000)	(10,391,100)
Unrealised gain on investment asset	-	-	-	154,615
Transfer	-	-	2,700,000	-
At 3 April 2010	929,656	147,159	36,333	2,250,206
				6,370,023

Company	Restricted	Designated	Unrestricted	Total
	Capital grants	Building Maintenance Reserve	Bursary fund	
At 1 April 2009	£ 952,640	£ 140,553	£ 40,333	£ 6,427,800
Incoming resources	-	6,606	-	9,052,808
Resources expended	(22,984)	-	(4,000)	(9,266,391)
Unrealised gain on investment asset	-	-	-	154,615
Transfer	-	-	2,700,000	-
At 3 April 2010	929,656	147,159	36,333	2,249,015
				6,368,832

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16 RECONCILIATION OF FUNDS AND MOVEMENTS ON RESERVES (continued)

EXPLANATION OF EACH FUND

Restricted funds

Capital grants

This fund represents grants received from Hampshire County Council, Southampton City Council and The Foundation of Sports and Arts which was primarily given to the Trust to purchase the leasehold of the theatre

Building maintenance reserve

This fund has been created from an appeal fund. All donations received under this appeal are restricted on what the funds can be used for. This is primarily for the maintenance of the Grade II listed building.

Designated Funds

Bursary fund

This represents monies allocated to help support local people study performing arts and theatre studies.

Building maintenance reserve

This money was designated for major refurbishment required to the stage to enable the theatre to hold a wider range of West End productions. This refurbishment was carried out in 2004 and capitalised at that point.

Gantry development building reserve

This fund has been designated in the year for the work to improve the stage accessibility and new office building which is currently under construction. The transfer is based on an estimated cost for the construction of the entire project. Future depreciation on the work will be allocated to this fund.

17 PENSION COMMITMENTS

The trust operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the trust in an independently administered fund.

The charge in the accounts was £101,830 (2009: £102,321) and an amount of £11,503 (2009: £7,457) is included in creditors at the year end.

18 FINANCIAL COMMITMENTS

At the year end, the Group had annual commitments under non cancellable operating leases as follows -

	Land and Buildings	
	2010	2009
	£	£
Expiry date.		
Between two and five years	15,000	15,000
	<u>15,000</u>	<u>15,000</u>

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19 NET CASH INFLOW FROM OPERATING ACTIVITIES

Reconciliation of operating (deficit)/surplus to net cash inflow from operating activities	2010 £	2009 £
Net (expended)/incoming resources	(233,323)	1,029,973
Interest receivable	(25,364)	(77,640)
Depreciation	340,362	315,693
Decrease in debtors	278,565	825,442
Increase/(decrease) in creditors	2,315,957	(341,649)
(Increase)/decrease in stocks	(4,541)	1,392
Loss on sale of fixed assets	5,674	3,636
Net cash inflow from operating activities	<u>2,677,330</u>	<u>1,756,847</u>

20 ANALYSIS OF NET FUNDS

	At 1 April 2009 £	Cashflow £	Non cash movements £	At 3 April 2010 £
Cash in hand and at bank	4,341,126	(422,527)	-	3,918,599
Fixed asset investments	749,467	-	154,615	904,082
Liquid resources	-	1,008,566	-	1,008,566
	<u>5,090,593</u>	<u>586,039</u>	<u>154,615</u>	<u>5,831,247</u>

21 CAPITAL COMMITMENTS

At the year end the company was committed to capital expenditure totalling £897,507 (2009 £Nil)

22 CONTROL

The controlling party is the Board of Director Trustees