

Charity Registration No. 1014891

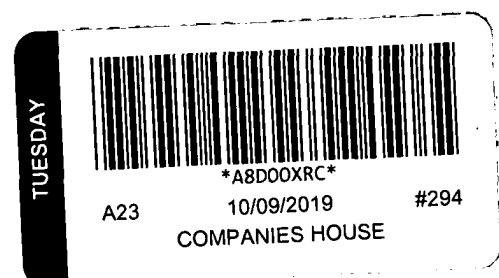
Company Registration No. 02759117 (England and Wales)

THE CRITERION THEATRE TRUST

(A COMPANY LIMITED BY GUARANTEE)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2018



THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
LEGAL AND ADMINISTRATIVE INFORMATION

Trustees	R Bourne A Banes J Hytner S Fry S Greene P Puwanarajah
Secretary	A L Banes
Managing Director	F Callaghan
Charity number	1014891
Company number	02759117
Principal address	2 Jermyn Street London SW1 4XA
Registered office	Edelman House 1238 High Road London N20 0LH
Independent Auditor	Gerald Edelman 73 Cornhill London EC3V 3QQ
Bankers	The Royal Bank of Scotland Plc London Piccadilly Circus Branch 48 Haymarket London SW1Y 4SE
Solicitors	Howard Kennedy LLP No.1 London Bridge London SE1 9BG

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
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THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2018

The Trustees present their annual report and financial statements for the year ended 31 December 2018.

The financial statements have been prepared in accordance with the accounting policies set out in note 1 to the financial statements and comply with the Charities Act 2011, the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)" (as amended for accounting periods commencing from 1 January 2016).

Objectives and activities

The charity's objectives are to promote, maintain, improve and advance education by the encouragement of the arts, including the arts of drama, mime, dance, music, ballet, opera, puppetry, painting and sculpture, photography, cinema literature and poetry and to formulate, prepare and establish schemes to meet these objectives.

To achieve these aims the Trust:

- Maintains and operates the Criterion Theatre;
- Presents and promotes theatre productions;
- Enables and supports the development of theatrical productions and the developmental process including readings and workshops;
- Runs an education programme, initiating schools workshops relevant to the current production; and
- Makes the theatre available, outside of the times of public performances, for schools, colleges, drama groups, theatre and television production companies for showcases, auditions, rehearsals, conferences and events.

Our key educational focus is to promote and advance the involvement of young people in the arts primarily by making this historic venue available to them both as performers and engaged theatre goers.

In setting the objectives and planning its activities the Trustees have considered the Charity Commission guidance on public benefit, including the guidance on public benefit and fee charging. The theatre relies on donations and income from fees and charges to cover its operating costs. In setting the level of fees the trustees give careful consideration to the accessibility of the theatre.

Criterion New Writing is a ground breaking education program offered by the Trust. It involves a series of script writing and development workshops taking place on stage. It is free to apply and take part.

Achievements and performance

The Comedy About A Bank Robbery' continued its successful run throughout 2018 – reaching 1,138 performances in the run to the end of the year. We welcomed 163,955 audience members to these performances in 2018 alone, in addition to those attending our other events and showcases.

Consequently, the theatre experienced no closed periods, generating both rent and contra charges for the full year. This consistent weekly income continued to enable the Trust to maintain the fabric of the theatre building as well as maximising the number of visitors experiencing access to this historic venue.

Alongside the main production, we continued to strengthen our relationship with the performing arts community nationwide and support the development of theatrical productions. Part of this process involved making the theatre available to aspiring actors, directors and writers who wished to showcase their work in a professional context. The Trust also donated the theatre space for informal private readings and development sessions by writers, performers and directors free of charge. We continued our relationship with theatre schools by making the theatre available at a subsidised rate for graduation shows although this has been more limited than with previous productions due to the complex set design of the current production.

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2018

In July we again made the theatre available to Eastside Educational for the finals of their Poetry Slam project with KS2 teams from London schools. Teams performed their poems on stage, judged by a panel, with the results announced that afternoon before a packed theatre. 2018 also saw our fifth consecutive year staging Film In Education's Silent Film Awards Ceremony. The awards ceremony recognised the achievements of young people who worked with Film in Education's schools engagement: writing, acting, directing and producing short silent films which were screened to the audience during the event before the awards were announced. The Trust will continue to offer its facilities free of charge for similar future projects.

The Trust continued to run the Criterion New Writing programme now in its fourth year. Each free, twelve-week course consists of a series of script development sessions held on the stage. As in previous years, the CNW programme culminated with three well attended showcases each consisting of performances of three writers' work who had previously attended the courses. The Script Development courses, begun in 2016 continued, allowing time and support for more in depth project development for Criterion New Writing graduates.

The Trust invested in the theatre to maintain the Grade II listed building, continuing its work to ensure its suitability and accessibility for the increasing numbers who are visiting this historic building. Work continued through the year on the extensive programme of restoration and improvements including the replacement and upgrade of all electrical distribution boards and our rolling programme moving to more environmentally friendly systems for both our electrical and plumbing facilities.

Financial review

The statement of financial activities shows net income for the year of £220,972 (2017: £452,488).

The Trust has again benefitted from a full year of programming, and revenue was generated by the combination of rent received, merchandising and catering income, and private property seat income, supplemented where possible with other additional day hires for the building. This income has allowed the Trust to continue to maintain and upgrade the facilities and fabric of this historic theatre.

Programming is a high priority and new productions will be found to ensure that dark periods are kept to a minimum, allowing the Trust to operate without a deficit.

Reserves policy

The total unrestricted funds held by the Trust at 31 December 2018 were £1,918,964 (2017: £1,691,199). Of these, the funds not committed or invested in fixed assets ("the free reserves") were £1,909,109 (2017: £1,627,789).

It is the policy of the company that its free reserves should be maintained at a level equivalent to a minimum of six month's expenditure excluding the salary costs associated with the theatre being programmed with a production, which equates to approximately £850,000. The Trustees consider that reserves at this level will ensure that, in the event of the theatre going dark, they will be able to continue the current activities of the charity including the employment of fulltime staff while consideration is given to ways in which additional funds may be raised. As the theatre is situated in an extensive office and retail development the Trust has larger charges than ordinarily applicable for similar theatre operations. These costs are not reduced if the Trust is unable to trade. Consequently, the holding of these reserves ensure the Trust would have some immediate funds available for any emergency that should arise.

It has now been 26 years since the theatre re-opened, consequently extensive maintenance works are required to maintain the building and keep up with changes in legislation and the technological expectations of visiting productions, this has been budgeted and held as a reserve of £250,000. This level of reserves has been maintained throughout the year.

All performance tickets sold at The Criterion Theatre include a £1 restoration levy, this is marked clearly on the ticket and is included within the overall cost. The levy is paid directly to the theatre and covers the costs of essential maintenance and upkeep to the fabrication of the Grade 2 listed building.

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2018

Plans for the future

'The Comedy About A Bank Robbery' continues its open-ended run through 2019 providing the stability of a regular income and allowing the Trust to schedule its charitable aims and activities around a regular performance schedule.

It is essential that the theatre is programmed continuously to ensure a source of income to meet its financial commitments and that the reserves are maintained and available.

The theatre will temporarily close for two weeks in March 2019 to carry out essential maintenance and improvement works including replacement of the Upper Circle stage lighting bar and associated infrastructure, restoration of the chandeliers, installation of a permanent stage management desk in the auditorium, a complete upgrade to the front of house toilet facilities and upgrade of the house lights system. In addition to the maintenance and upgrade aspects, the works have been planned with a view to the Trust's environmental impact incorporating more energy, waste and resource efficient systems. The maintenance reserves and Restoration Levy accrued fund will finance the works and the break in income during this two-week dark period.

As part of the Trust's education work, we are exploring further the expansion into general theatre workshops and opportunities to make the theatre available to young people in a variety of ways including subsidy of theatre tickets. The Criterion New Writing programme will continue through 2019 with the expansion of stage access time for the writers, more in depth support for work further along the development path, and the launch of Criterion New Writing Partnerships working with venues outside of London developing and showcasing new work.

Structure, governance and management

The Criterion Theatre Trust is a company limited by guarantee and a registered charity, governed by its Memorandum and Articles of Association dated 21 October 1992.

Trustees

The Trustees, who are also the directors for the purpose of company law, and who served during the year were:

R Bourne

A Banes

J Hytner

P Clayton

(Deceased 18 June 2018)

S Fry

S Greene

P Puwanarajah

None of the Trustees has any beneficial interest in the company. All of the Trustees are members of the company and guarantee to contribute £1 in the event of a winding up.

The board has the power to appoint additional trustees at their discretion.

Organisation

The Trust is governed by a Board of Trustees which must have a minimum of three members and a maximum of fifteen. The Trustees meet regularly to manage its affairs. The day-to-day responsibilities for the charity are delegated to the Managing Director, Fiona Callaghan.

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
TRUSTEES' REPORT (CONTINUED)(INCLUDING DIRECTORS' REPORT)
FOR THE YEAR ENDED 31 DECEMBER 2018

Risk management

The 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.

Particular attention has focused on non-financial risks arising from fire, health and safety of artists and audience, management of performing rights and hygiene. A key element in the management of financial risk is the setting of a reserves policy and its regular review by Trustees.

Trustee induction and training

New Trustees undergo an orientation day to brief them on their legal obligations under charity and company law, the content of the Memorandum and Articles of Association, the committee and decision making processes, the business plan and recent financial performance of the charity. During the induction day they meet key employees and other Trustees. Trustees are encouraged to attend appropriate external events where these will facilitate the understanding of their role.

Investment powers

Under the Memorandum and Articles of Association, the charity has the power to make any investment, which they determine is in the best interests of the charity at their absolute discretion.

Related parties

A summary of transactions with related parties is set out in note 19 of the financial statements. Details of the subsidiaries of the charity are detailed in note 20.

Going concern

Having reviewed the company's financial forecasts and expected future cash flows, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis has been adopted in preparing the financial statements for the year ended 31 December 2018.

Auditor

The auditor, Gerald Edelman, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

Disclosure of information to auditor

Each of the trustees has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditor is unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditor is aware of such information.

The Trustees' report was approved by the Board of Trustees and signed on their behalf by:



S Greene

Trustee

Dated: 26 July 2019

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF TRUSTEES' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2018

The trustees, who are also the directors of The Criterion Theatre Trust for the purpose of company law, are responsible for preparing the Trustees' Report and the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company Law requires the trustees to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the incoming resources and application of resources, including the income and expenditure, of the charitable company for that year.

In preparing these accounts, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in operation.

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

The trustees are responsible for the maintenance and integrity of the charity information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF THE CRITERION THEATRE TRUST

Opinion

We have audited the financial statements of The Criterion Theatre Trust (the 'company') for the year ended 31 December 2018 which comprise the statement of financial activities, the balance sheet, the statement of cash flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the charitable company's affairs as at 31 December 2018 and of its incoming resources and application of resources, for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Trustees' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF THE CRITERION THEATRE TRUST**

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit:

- the information given in the Trustees' Report, which includes the directors' report prepared for the purposes of company law, for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the Trustees' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report included within the Trustees' report.

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

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

Responsibilities of trustees

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

**THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF THE CRITERION THEATRE TRUST**

Use of our report

This report is made solely to the charitable company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the charitable company's members those matters we are required to state to them in an 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 and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.



**Engin Zekia FCA (Senior Statutory Auditor)
for and on behalf of Gerald Edelman**

26 July 2019

**Chartered Accountants
Statutory Auditor**

73 Cornhill
London
EC3V 3QQ

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF FINANCIAL ACTIVITIES
INCLUDING INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	Unrestricted funds £	Restricted funds £	Total 2018 £	Total 2017 £
<u>Income from:</u>					
Income from charitable activities	3	2,896,827	133,342	3,030,169	3,005,922
Investment income	4	4,469	-	4,469	398
Total income		2,901,296	133,342	3,034,638	3,006,320
<u>Expenditure on:</u>					
Charitable activities	5	2,673,531	140,135	2,813,666	2,553,832
Net income/(expenditure) for the year		227,765	(6,793)	220,972	452,488
Net movement in funds		227,765	(6,793)	220,972	452,488
Fund balances at 1 January 2018		1,691,199	228,905	1,920,104	1,467,616
Fund balances at 31 December 2018		1,918,964	222,112	2,141,076	1,920,104

The statement of financial activities also complies with the requirements for an income and expenditure account under the Companies Act 2006.

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
BALANCE SHEET

AS AT 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Fixed assets					
Tangible assets	9	230,306		290,653	
Investments	10	1,662		1,662	
		<u>231,968</u>		<u>292,315</u>	
Current assets					
Stocks	12	14,718		14,322	
Debtors	13	368,572		323,133	
Cash at bank and in hand		2,632,997		2,478,769	
		<u>3,016,287</u>		<u>2,816,224</u>	
Creditors: amounts falling due within one year	14	<u>(1,107,179)</u>		<u>(1,188,435)</u>	
Net current assets		1,909,108		1,627,789	
Total assets less current liabilities		<u>2,141,076</u>		<u>1,920,104</u>	
Income funds					
Restricted funds	16	222,112		228,905	
Unrestricted funds		1,918,964		1,691,199	
		<u>2,141,076</u>		<u>1,920,104</u>	

The trustees acknowledge their responsibilities for ensuring that the charity keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its incoming resources and application of resources, including its income and expenditure, for the financial year in accordance with the requirements of sections 394 and 395 and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the Board of Trustees and authorised for issue on 26 July 2019 and signed on their behalf by:

S Greene
Trustee

Company Registration No. 02759117

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2018

	Notes	2018 £	£	2017 £	£
Cash flows from operating activities					
Cash generated from operations	21		153,612		353,926
Investing activities					
Purchase of tangible fixed assets		(3,853)		(34,472)	
Interest received		4,469		398	
Net cash generated from/(used in) investing activities			616		(34,074)
Net cash used in financing activities			-		-
Net increase in cash and cash equivalents			154,228		319,852
Cash and cash equivalents at beginning of year			2,478,769		2,158,917
Cash and cash equivalents at end of year			<u>2,632,997</u>		<u>2,478,769</u>

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

Company information

The Criterion Theatre Trust is a private company limited by guarantee incorporated in England and Wales. The registered office is Edelman House, 1238 High Road, London, N20 0LH.

1.1 Accounting convention

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Companies Act 2006 and "Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS 102)". The company is a Public Benefit Entity as defined by FRS 102.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The accounts have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

Group Financial Statements

Group financial statements have not been prepared as the subsidiary undertakings are dormant and would be immaterial after consolidation adjustments.

1.2 Going concern

At the time of approving the financial statements, the trustees have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the Trustees' continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Charitable funds

Unrestricted funds are available for use at the discretion of the trustees in furtherance of their charitable objectives.

Restricted funds relate to the restoration levies collected on each ticket sold. The funds will be available for future expenditure on the restoration of the theatre.

1.4 Incoming resources

Income is recognised when the company is legally entitled to it after any performance conditions have been met, the amounts can be measured reliably, and it is probable that income will be received.

Income from charitable activities is accounted for on an accruals basis net of VAT. No permanent endowments or voluntary income and donations have been received in the year, but these are dealt with through the Statement of Financial Activities when received. Income is only deferred when it specifically relates to future accounting periods.

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

1.5 Resources expended

Liabilities are recognised as soon as there is a legal or constructive obligation committing the charity to the expenditure.

Resources expended are included in the Statement of Financial Activities on an accruals basis.

Charitable expenditure includes theatre running costs which are directly attributable to theatre activities. These include costs incurred for the governance of the charity and are primarily associated with constitutional and statutory requirements.

1.6 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold improvements	Over period of the lease
Plant and machinery	25% on cost
Fixtures, fittings & equipment	10% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in net income/(expenditure) for the year.

1.7 Fixed asset investments

Fixed asset investments are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in net income/(expenditure) for the year.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.8 Impairment of fixed assets

At each reporting end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

THE CRITERION THEATRE TRUST
(A COMPANY LIMITED BY GUARANTEE)
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2018

1 Accounting policies

(Continued)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in income/ (expenditure for the year, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately, unless the relevant asset is carried in at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.9 Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is computed on a first in first out basis and comprises of food and drink and merchandise available for consumption at the theatre.

Net realisable value is the estimated selling price less costs to be incurred in marketing, selling and distribution.

1.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.11 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally 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.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

THE CRITERION THEATRE TRUST
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1 Accounting policies

(Continued)

Basic financial liabilities

Basic financial liabilities, including creditors and bank loans are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of operations from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.12 Taxation

The charity is exempt from corporation tax on its charitable activities.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged as an expense on a straight line basis over the term of the relevant lease.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the trustees are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

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3 Income from charitable activities

	2018 £	2017 £
Private property seats income	134,158	132,155
Merchandising and catering	562,553	581,604
Producers contra charges	1,717,533	1,656,787
Hire of theatre	29,610	10,918
Booking fees and commission receivable	452,973	479,196
Restoration levies	133,342	145,262
	<u>3,030,169</u>	<u>3,005,922</u>
Analysis by fund		
Unrestricted funds - general	2,896,827	2,860,660
Restricted funds	133,342	145,262
	<u>3,030,169</u>	<u>3,005,922</u>

All of the above income relates to the theatre company operations.

The entire income arose within the UK (2017: 100%). The entire net assets and resources relate to the theatre operations (2017: 100%).

4 Investment income

	Unrestricted funds general 2018 £	Total 2017 £
Interest receivable	4,469	398
	<u>4,469</u>	<u>398</u>

THE CRITERION THEATRE TRUST
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5 Charitable activities

	2018 £	2017 £
Theatre costs		
Staff costs	1,230,920	1,137,851
Depreciation and impairment	64,200	62,782
Operation of theatre	1,482,807	1,325,770
Hires/conferences	19,739	10,429
	<u>2,797,666</u>	<u>2,536,832</u>
 Support costs (including governance)	 16,000	 17,000
	<u>2,813,666</u>	<u>2,553,832</u>

6 Net movement in funds

	2018 £	2017 £
Net movement in funds is stated after charging/(crediting)		
Fees payable to the company's auditor for the audit of the company's financial statements	15,500	15,500
Depreciation of owned tangible fixed assets	64,200	62,782
Operating leases - rent	187,793	170,000
Operating leases - equipment	-	6,165
	<u>267,493</u>	<u>354,347</u>

7 Trustees

None of the trustees (or any persons connected with them) received any remuneration or benefits from the charity during the year.

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8 Employees

Number of employees

	2018	2017
The average monthly number employees during the year was:		
Admin	8	8
Box office	4	4
Stage	5	4
Electronics	3	4
Front of House	22	19
	<u>42</u>	<u>39</u>

Employment costs

	2018	2017
	£	£
Wages and salaries	1,106,067	1,029,410
Social security costs	104,443	90,396
Other pension costs	20,410	18,045
	<u>1,230,920</u>	<u>1,137,851</u>

	2018	2017
	Number	Number
Number of employees whose annual remuneration was £60,000 or more:	<u>1</u>	<u>1</u>

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FOR THE YEAR ENDED 31 DECEMBER 2018

9 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 January 2018	156,358	55,149	792,700	1,004,207
Additions	-	-	3,853	3,853
At 31 December 2018	156,358	55,149	796,553	1,008,060
Depreciation and impairment				
At 1 January 2018	156,358	55,149	502,047	713,554
Depreciation charged in the year	-	-	64,200	64,200
At 31 December 2018	156,358	55,149	566,247	777,754
Carrying amount				
At 31 December 2018	-	-	230,306	230,306
At 31 December 2017	-	-	290,653	290,653

10 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	20	3	3
Unlisted investments		1,659	1,659
		1,662	1,662

The unlisted investment is in respect of shares in Greene Light Stage plc.

Movements in fixed asset investments

	Shares £
Cost	
At 1 January 2018 & 31 December 2018	1,662
Carrying amount	
At 31 December 2018	1,662
At 31 December 2017	1,662

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11	Financial instruments	2018	2017
		£	£
	Carrying amount of financial assets		
	Debt instruments measured at amortised cost	198,646	200,453
	Equity instruments measured at cost less impairment	1,659	1,659
		<u></u>	<u></u>
	Carrying amount of financial liabilities		
	Measured at amortised cost	932,985	1,006,379
		<u></u>	<u></u>
12	Stocks	2018	2017
		£	£
	Finished goods and goods for resale	14,718	14,322
		<u></u>	<u></u>
13	Debtors	2018	2017
		£	£
	Amounts falling due within one year:		
	Trade debtors	137,250	152,427
	Other debtors	61,396	48,026
	Prepayments and accrued income	169,926	122,680
		<u></u>	<u></u>
		368,572	323,133
		<u></u>	<u></u>
14	Creditors: amounts falling due within one year	2018	2017
		£	£
	Other taxation and social security	111,654	108,780
	Trade creditors	877,373	939,132
	Other creditors	55,612	67,247
	Accruals and deferred income	62,540	73,276
		<u></u>	<u></u>
		1,107,179	1,188,435
		<u></u>	<u></u>
15	Share capital		
	The company has no share capital being a company limited by guarantee. The liability of the members is limited to £1 upon winding up.		

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FOR THE YEAR ENDED 31 DECEMBER 2018

16 Restricted funds

The income funds of the charity include restricted funds comprising restoration levies collected via ticket sales at £1/ticket sold. The movement in the year was as follows:

	Balance at 1 January 2018 £	Movement in funds		Balance at 31 December 2018 £
		Income	Expenditure	
		£	£	
Restoration levies	228,905	133,342	(140,135)	222,112

17 Analysis of net assets between funds

	Unrestricted 2018 £	Restricted 2018 £	Total 2018 £	Total 2017 £
Fund balances at 31 December 2018 are represented by:				
Tangible assets	230,306	-	230,306	290,653
Investments	1,662	-	1,662	1,662
Current assets/(liabilities)	1,686,996	222,112	1,909,108	1,627,789
	1,918,964	222,112	2,141,076	1,920,104

18 Operating lease commitments

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018 £	2017 £
Within one year	210,000	210,000
Between two and five years	840,000	840,000
In over five years	4,112,500	4,322,500
	5,162,500	5,372,500

THE CRITERION THEATRE TRUST
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19 Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is as follows.

	2018 £	2017 £
Aggregate compensation	86,431	83,164

Transactions with related parties

During the year the company entered into the following transactions with related parties:

The Trustee R A Bourne, provided a personal guarantee for the charity's bank overdraft facility up to an aggregate of £200,000 (2017: £200,000).

20 Subsidiaries

Details of the company's subsidiaries at 31 December 2018 are as follows:

Name of undertaking and country of incorporation or residency	Nature of business	Class of shareholding	% Held
CRI Piccadilly Limited England	Dormant	Ordinary	100.00
Criterion Theatre Piccadilly Limited England	Dormant	Ordinary	100.00

Criterion Theatre Piccadilly Limited and CRI Piccadilly Limited have been dormant throughout the current and previous year. The aggregate share capital and reserves of Criterion Theatre Piccadilly Limited amounted to a deficit of £21,464, which was represented by an amount due to The Criterion Theatre Trust. The aggregate value of the share capital and reserves of CRI Piccadilly Ltd was £1.

21 Cash generated from operations

	2018 £	2017 £
Surplus for the year	220,972	452,488
Adjustments for:		
Investment income recognised in statement of financial activities	(4,469)	(398)
Depreciation and impairment of tangible fixed assets	64,200	62,782
Movements in working capital:		
(Increase) in stocks	(396)	(2,950)
(Increase) in debtors	(45,439)	(87,905)
(Decrease) in creditors	(81,256)	(70,091)
Cash generated from operations	153,612	353,926