

# **The English Stage Company Limited**

## **Annual Report**

**for the year ended 31 March 2002**

Registered No: 539332

Registered Charity No: 231242



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**The English Stage Company Limited**  
**Annual report**  
**for the year ended 31 March 2002**

|  | <b>Pages</b> |
|--|--------------|
| <b>Trustees and advisers</b>             | 3            |
| <b>Report of the Council</b>             | 4 - 9        |
| <b>Independent Auditors' Report</b>      | 10           |
| <b>Statement of financial activities</b> | 11           |
| <b>Balance sheet</b>                     | 12           |
| <b>Cash flow statement</b>               | 13           |
| <b>Notes to the financial statements</b> | 14 - 28      |

# **The English Stage Company Limited**

## **Trustees and advisers**

### **Principal address**

Royal Court Theatre, Sloane Square, London, SW1W 8AS

### **Trustees**

Sir John Mortimer CBE, QC Chairman (Resigned 10/10/2001)  
Stuart Burge CBE (Resigned 10/09/2001)  
Anthony Burton  
Elisabeth Calder (Appointed and Chairwoman from 10/10/2001)  
Martin Crimp  
Judy Daish  
Graham Devlin (Appointed 25/03/02)  
Stephen Evans  
Tamara Ingram (Appointed 14/05/2001)  
Phyllida Lloyd  
Sonia Melchett (Resigned 10/09/2001)  
James Midgley  
Ed Miliband (Appointed 14/05/2001)  
Richard Pulford (Resigned 22/10/2001)  
Hugh Quarshie (Resigned 10/09/2001)  
Nicholas Wright  
Alan Yentob

The Trustees, who are also the directors of the Company for the purpose of the Companies Act, form the Council of the English Stage Company.

### **Principal officers**

**Until 28/09/2001**

#### **Joint Chief Executives**

Ian Rickson ~ (Artistic Director)  
Vikki Heywood ~ (Executive Director, Resigned 28/09/2001)

**Since 01/10/2001**

**Chief Executive** Ian Rickson ~ (Artistic Director)

**Executive Director and Company Secretary** Barbara Matthews ~ (Appointed 01/10/2001)

The ESC operated with a joint executive during the redevelopment of the building. With the redevelopment having reached near completion and with the appointment of a new Executive Director, the decision was taken by the Council to reinstate the Artistic Director as the sole Chief Executive.

### **Auditors**

PricewaterhouseCoopers, 1 Embankment Place, London, WC2N 6RH

### **Principal Bankers**

Barclays Bank, Knightsbridge Business Centre, PO Box 32014, London, NW1 2ZG

### **Solicitors**

Simons Muirhead & Burton, 50 Broadwick Street, Soho, London, W1V 1FF

### **Insurance brokers**

Walton & Parkinson Ltd, 20. St Dunstan's Hill, London, EC3R 8PP

# **The English Stage Company Limited**

## **Report of the Council**

### **for the year ended 31 March 2002**

#### **Status and Administration**

The Company is a Registered Charity governed by its memorandum and articles of association. It is incorporated under the Companies Act 1985 and is limited by guarantee.

As at 31 March 2002 there were 9 guarantors whose liability in the event of a winding up is limited to £10 each.

Charity number: 231242. Company Number: 539332

#### **Governance of the Charity**

There is a Council of between 5 and 20 members. There are sub-committees covering finance and development. A Chief Executive (known as the Artistic Director) and an Executive Director are appointed to manage the programming, operations and staff of the Company.

During the financial period under review the directors meet every six weeks. A panel comprising of existing directors selects the Trustees and members of the Council. The Finance Sub-Committee and the Development Committee are made up of directors and other professionals. Both committees operate under specific terms of reference with certain functions delegated by the Council. Each committee has its decisions ratified by the full Council.

#### **Related parties**

All transactions are conducted at arms' length and on the same terms as available to the general public. A summary of transactions with those parties is set out in note 30 to the financial statements.

# **The English Stage Company Limited**

## **Report of the Council**

### **for the year ended 31 March 2002**

#### **Objects of the Charity**

The Royal Court is a leading force in world theatre, finding, developing and producing new plays that are original, contemporary and challenging. It is an artistically led theatre that creates the conditions for writers, nationally and internationally, to flourish. It aims to promote understanding and appreciation of the arts in the theatre and to produce and present theatrical works. To this end, The English Stage Company Limited will employ writers, actors, managers, producers and technicians. The Company will acquire assets that it thinks necessary or convenient for the promotion of its objects and will construct and action any buildings necessary or convenient for the work of the Company.

#### **Review of the year**

During the year the English Stage Company made great progress in containing the costs of running the re-built Royal Court Theatre. Whilst the financial results show a deficit overall, the second half of the year marked a turn round with successive critical and box office successes. *Boy Gets Girl* by Rebecca Gilman, *The York Realist* by Peter Gill and *The Night Heron* by Jez Butterworth all exceeded their financial targets and full houses were once more a regular feature of the Jerwood Theatre Upstairs.

A new marketing focus on increasing sales of top price tickets and the average ticket yield began to show encouraging results.

Outreach work was conducted in prisons and at schools within Kensington and Chelsea as well as in association with the Notting Hill Carnival and Graeae Theatre Company. A project from the Young Writers Programme was staged in the Jerwood Theatre Upstairs in autumn 2001 and an International festival with a focus on human rights was held in the spring of 2002. Additionally workshops for writers were held in Brazil, Palestine, India and Russia.

The International Residency for writers was repeated at the Royal Court in June.

Awards were won by Roy Williams (Charles Wintour Award for most promising playwright), Lindsay Duncan and Lindsey Marshall (Critics' Circle Awards) and Grae Cleugh and Ralph Little (Laurence Olivier Awards).

Sir John Mortimer stepped down after 11 years as Chairman of the Council and was replaced by Liz Calder. Vikki Heywood ceased to be Executive Director on September 30th 2001 and was replaced by Barbara Matthews. Ian Rickson's contract expired on March 31st 2001 and was renewed by the Council for an additional 3 years with a possible fourth year.

The London Arts Board conducted an appraisal of the English Stage Company during September 2001, the final report of which was still outstanding at the year-end.

#### **Commentary on transactions and financial position**

The English Stage Company Limited has fixed assets with a balance sheet value of £18,958,959 (2001: £20,915,123). These assets are held for the purpose of carrying out the day to day operations of the business.

The Company made a deficit of £10,671 (2001: Deficit £380,233) which, when combined with the deficit brought forward, gives a deficit of £389,497 to be carried forward.

**The English Stage Company Limited**  
**Report of the Council**  
**for the year ended 31 March 2002**

**Charitable activities**

The following plays were presented in the Royal Court Theatre during the year ended 31 March 2002: -

| <b>Play</b>                       | <b>Author</b>  | <b>Weeks run</b> | <b>Note</b> |
|-----------------------------------|----------------|------------------|-------------|
| <b>Jerwood Theatre Downstairs</b> |                |                  |             |
| Blasted                           | Sarah Kane     | 4                | (a)         |
| Phaedra's Love                    | Sarah Kane     | 1                |             |
| Cleansed                          | Sarah Kane     | 1                |             |
| Crave                             | Sarah Kane     | 5                |             |
| 4.48 Psychosis                    | Sarah Kane     | 5                |             |
| Pinter Season                     | Harold Pinter  | 3                |             |
| Redundant                         | Leo Butler     | 4                |             |
| Boy Gets Girl                     | Rebecca Gilman | 6                |             |
| The York Realist (1)              | Peter Gill     | 4                |             |
| Nightsongs                        | Jon Fosse      | 4                |             |
| Face to the Wall                  | Martin Crimp   | 2                |             |

**Jerwood Theatre Upstairs**

|                          |                        |   |     |
|--------------------------|------------------------|---|-----|
| Spirit (2)               | Improbable Theatre     | 1 | (b) |
| Presence                 | David Harrower         | 3 |     |
| Hérons                   | Simon Stephens         | 3 |     |
| Clubland                 | Roy Williams           | 4 |     |
| Sliding with Suzanne (3) | Judy Upton             | 3 |     |
| Nightingale and Chase    | Zinnie Harris          | 4 |     |
| F***ing Games            | Grae Cleugh            | 4 |     |
| Bedbound (4)             | Edna Walsh             | 3 |     |
| Push Up                  | Roland Schimmelpfennig | 3 |     |
| Plasticine               | Vasily Sigarev         | 2 |     |
| International Festival   | Various                | 4 | (c) |

**The English Stage Company Limited**  
**Report of the Council**  
**for the year ended 31 March 2002**

| <b>Play</b> | <b>Author</b> | <b>Weeks run</b> | <b>Note</b> |
|-------------|---------------|------------------|-------------|
|-------------|---------------|------------------|-------------|

**Other Events**

|                   |                 |    |     |
|-------------------|-----------------|----|-----|
| The Weir Tour (5) | Conor McPherson | 11 | (d) |
| Pinters Tour (6)  | Harold Pinter   | 1  | (e) |

Unless otherwise indicated the plays were presented at the Royal Court Theatre, Sloane Square.

- (a) First performance 29 March 2001
- (b) First performance 13 March 2001
- (c) First performance 15 March 2002
- (d) 67 performances
- (e) 4 performances

**Notes**

- (1) An English Touring Theatre production
- (2) Co-production with Improbable Theatre Company
- (3) Co-production with Out of Joint
- (4) A Dublin Theatre Festival production
- (5) UK Tour
- (6) Lincoln Centre, New York

# **The English Stage Company Limited**

## **Report of the Council**

### **for the year ended 31 March 2002**

#### **Future Developments**

The London Arts Board Appraisal Report was positive. Most recommendations had already been implemented and others are under review by the Council. Ian Rickson's contract was renewed for another 3 years as from 1 April 2002, with an option for a 4th year.

Jon Fosse's *Nightsongs* performed in Toronto during April 2002 and plays by Sarah Kane were taken to Sitges and Bonn in June 2002. Negotiations with Digby Trout Restaurants were completed extending their contract by two years on slightly revised terms.

Following the European tribunal decision concerning the Zoological Society of London the Trustees have identified VAT legislation issues that might possibly affect the charity and other equivalent organisations. See note 31 for further reference on this issue.

#### **Redevelopment**

The Company was initially awarded a total grant of £18.8 million from the Arts Council towards the costs of redeveloping the theatre in Sloane Square and associated costs. A 17-month extension to the original programme caused professional estimates to value the total cost of the project at £28.8 million, most of which has been capitalised. The Company was awarded a total of £2.3 million in supplementary grants from the Arts Council of England to assist in funding this increase in costs. The Royal Court will have raised £7.7 million in partnership funding by the end of the project maintaining a matching funding ratio of 26.6% of the total redevelopment project cost. As at the year end, all £28.8 million had been spent or accrued for: - £24.1 million on building costs and £4.7 million on costs relating to the closure of the theatre for the period of the redevelopment.

#### **Review of Subsidiary's Activities during the Year**

The principal activity of Royal Court Theatre Productions Ltd during the year was producing and managing *Mouth to Mouth* by Kevin Elyot at The Albery Theatre which it produced in association with The Ambassadors Theatre Group Ltd and Bill Kenwright Ltd. The productions first performance was on 17<sup>th</sup> May and it continued to run until 28<sup>th</sup> July.

In addition RCTP managed the transfer of *The York Realist* by Peter Gill at The Strand Theatre on behalf of English Touring Theatre Company and Theatre Royal Haymarket Productions Ltd. The productions first performance was on 9<sup>th</sup> March and it continued to run until 20<sup>th</sup> April 2002



# **The English Stage Company Limited**

## **Report of the Council**

### **for the year ended 31 March 2002**

#### **Charity's Policy on Reserves**

The Company unrestricted funds are currently in deficit as a result of unexpected expenditure on the new building and poor performance at the box office.

Budgets now reflect the true cost of the redeveloped building and box office revenues have returned to their normal level.

The Company intends to retain reserves currently held for Dilapidations, Capital Replacement and Theatre Writing and is budgeting to reduce to zero the deficit by the end of 2006/07.

#### **Statement of Risk Management**

The Executive Director and Finance Director report the major risks to which the Company is exposed to the Trustees. These are reviewed in the Council meetings during the year and actions are taken to mitigate the risks.

#### **Changes in fixed assets**

The movements in fixed assets during the year are set out in notes 13 to the financial statements.

#### **Auditors**

A resolution to tender for auditors for the company will be proposed at the next Council meeting.

#### **Council Members' responsibilities**

The Council Members are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the surplus or deficit of the company for that period. The Council Members are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The Council Members confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 2002. The Council Members also confirm that applicable accounting standards have been followed.

The Council Members are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Council is pleased to present the financial statements for the year ended 31 March 2002.

**Signed on behalf of the Council by**



9<sup>th</sup> December 2002

# **The English Stage Company Limited**

## **Independent auditors' report to the members of**

# **The English Stage Company Limited**

We have audited the financial statements on pages 14 to 28.

### **Respective responsibilities of Council Members and auditors**

The Council Members are responsible for preparing the Annual Report. As described on page 8, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This opinion has been prepared for and only for the company's members in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or in to whose hands it may come save where expressly agreed by our prior written consent.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the United Kingdom Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of opinion**

We conducted our audit in accordance with Auditing Standards 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 directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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.

### **Fundamental uncertainty - Going concern**

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 and 31 of the financial statements concerning going concern basis of accounting and the uncertainty as to the outcome of the final resolution of the VAT legislation. The financial statements do not include any adjustments in regards to the possible VAT liability. In view of the significance of this fundamental uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

### **Opinion continued**

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 2002 and of its deficit and cash flow the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**PricewaterhouseCoopers**

Chartered Accountants and Registered Auditors, London  
London, 9<sup>th</sup> December 2002

# The English Stage Company Limited

## Statement of financial activities for the year ended 31 March 2002

|   | Notes  | Designated and<br>unrestricted<br>funds | Restricted<br>funds | Total<br>funds<br>2002 | Total<br>funds<br>2001 |
|---|--------|---|---------------------|------------------------|------------------------|
| <b>Income and expenditure</b>   |        |   |                     |                        |                        |
| <b>Incoming resources</b>   |        |   |                     |                        |                        |
| Sponsorship and donations   | 3 & 22 | 976,781                                 | 54,889              | 1,031,670              | 752,267                |
| Public sector funding   | 4 & 22 | 1,711,677                               | 1,008,411           | 2,720,088              | 2,945,630              |
| Activities in furtherance of the charity's objects:                           |        |   |                     |                        |                        |
| Box office and associated income  | 5      | 1,012,254                               | -                   | 1,012,254              | 1,287,352              |
| Activities for generating funds:  |        |   |                     |                        |                        |
| Trading income  | 10     | 164,014                                 | -                   | 164,014                | 168,932                |
| Fundraising income  |        |   |                     |                        |                        |
| Other incoming resources  |        | 62,916                                  | 2,193               | 65,109                 | 22,143                 |
| <b>Total incoming resources</b>   |        | <b>3,927,642</b>                        | <b>1,065,493</b>    | <b>4,993,135</b>       | <b>5,176,324</b>       |
| <b>Resources expended</b>   |        |   |                     |                        |                        |
| Costs of generating funds   |        |   |                     |                        |                        |
| Trading costs   | 10     | 68,446                                  | -                   | 68,446                 | 99,420                 |
| Fundraising costs   |        | 30,010                                  | -                   | 30,010                 | 65,005                 |
| Marketing and publicity   |        | 59,754                                  | -                   | 59,754                 | 94,562                 |
|   |        | 158,210                                 | -                   | 158,210                | 258,987                |
| Costs of activities in furtherance of the Company's objects:                  |        |   |                     |                        |                        |
| Productions costs   |        | 1,935,910                               | -                   | 1,935,910              | 2,144,561              |
| Support costs   |        | 1,850,500                               | -                   | 1,850,500              | 1,815,837              |
| Management and administration   |        | 10,411                                  | -                   | 10,411                 | 16,500                 |
|   |        | 3,796,821                               | -                   | 3,796,821              | 3,976,898              |
| <b>Total resources expended</b>   | 6      | <b>3,955,031</b>                        | <b>-</b>            | <b>3,955,031</b>       | <b>4,235,885</b>       |
| <b>Net income/(expenditure) for the year</b>                                  |        | <b>( 27,389)</b>                        | <b>1,065,493</b>    | <b>1,038,104</b>       | <b>940,439</b>         |
| Transfers between funds   | 11     | 2,099,149                               | ( 2,099,149)        | -                      | -                      |
| <b>Net incoming/(outgoing) resources<br/>before redevelopment expenditure</b> |        | <b>2,071,760</b>                        | <b>( 1,033,656)</b> | <b>1,038,104</b>       | <b>940,439</b>         |
| Redevelopment expenditure   |        | ( 2,089,149)                            | -                   | ( 2,089,149)           | ( 1,985,410)           |
| <b>Net movement in funds</b>  | 7      | <b>( 17,389)</b>                        | <b>( 1,033,656)</b> | <b>( 1,051,045)</b>    | <b>( 1,044,971)</b>    |
| Balances brought forward at 1 April 2001                                      |        | ( 136,862)                              | 19,673,453          | 19,536,591             | 20,581,562             |
| <b>Balances carried forward at 31 March 2002</b>                              |        | <b>£ ( 154,251)</b>                     | <b>£ 18,639,797</b> | <b>£ 18,485,546</b>    | <b>£ 19,536,591</b>    |

The income and expenditure detailed above all arises from continuing operations. There were no discontinued operations in the year.

The Company has no recognised gains and losses other than those above and therefore no separate statement of total recognised gains and losses has been presented.

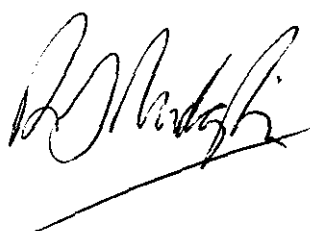
There is no difference between the net movement in funds for the year stated above and its historical cost equivalent.

# The English Stage Company Limited

## Balance sheet as at 31 March 2002

|   | Notes | 2002<br>£           | 2001<br>£           |
|---|-------|---------------------|---------------------|
| <b>Fixed assets</b>                             |       |                     |                     |
| Tangible assets                                 | 13    | 133,698             | 144,557             |
| Tangible assets - redevelopment                 | 13    | 18,825,261          | 20,770,566          |
| Investments                                     | 14    | 100                 | 100                 |
|   |       | <u>18,959,059</u>   | <u>20,915,223</u>   |
| <b>Current assets</b>                           |       |                     |                     |
| Stock   | 15    | 23,074              | 19,383              |
| Debtors : amounts falling due within one year   | 16    | 1,354,885           | 1,817,591           |
| Advance expenditure on productions              |       | 17,351              | 64,318              |
| Cash at bank and in hand                        |       | 391,351             | 50,532              |
|   |       | <u>1,786,661</u>    | <u>1,951,824</u>    |
| <b>Current liabilities</b>                      |       |                     |                     |
| Creditors : amounts falling due within one year | 17    | ( 2,147,073)        | ( 3,182,514)        |
| Deferred income                                 | 18    | ( 83,101)           | ( 117,942)          |
|   |       | <u>( 2,230,174)</u> | <u>( 3,300,456)</u> |
| <b>Net current liabilities</b>                  |       | <u>( 443,513)</u>   | <u>( 1,348,632)</u> |
| <b>Total assets less current liabilities</b>    |       | <u>18,515,546</u>   | <u>19,566,591</u>   |
| <b>Creditors due after more than one year</b>   |       |                     |                     |
| Provisions for liabilities and charges          | 19    | ( 30,000)           | ( 30,000)           |
| <b>Net assets</b>                               |       | <u>£ 18,485,546</u> | <u>£ 19,536,591</u> |
| <b>Capital and reserves</b>                     |       |                     |                     |
| Designated funds                                | 20    | 235,246             | 241,964             |
| Unrestricted funds                              | 21    | ( 389,497)          | ( 378,826)          |
|   |       | <u>( 154,251)</u>   | <u>( 136,862)</u>   |
| Restricted funds                                | 22    | 34,471              | 33,992              |
| Restricted funds - redevelopment                | 22    | 18,605,326          | 19,639,461          |
| <b>Total funds</b>                              |       | <u>£ 18,485,546</u> | <u>£ 19,536,591</u> |

The financial statements on pages 14 to 28 were approved by the Council on  
and were signed on its behalf by :



# The English Stage Company Limited

## Cashflow statement

for the year ended 31 March 2002

|  | Notes | 2002<br>£        | 2001<br>£           |
|--|-------|------------------|---------------------|
| <b>Net cash outflow from operating activities</b>            | 25    | ( 323,536)       | ( 25,738)           |
| <b>Returns on investments and servicing of finance</b>       |       |                  |                     |
| Interest received  |       | 7,425            | 11,304              |
| Interest paid  |       | ( 67,843)        | ( 61,106)           |
| <b>Total returns on investments and servicing of finance</b> |       | <u>( 60,418)</u> | <u>( 49,802)</u>    |
| <b>Capital expenditure and financial investment</b>          |       |                  |                     |
| Purchase of tangible fixed assets                            |       | ( 578,920)       | ( 2,113,155)        |
| Closure expenditure  |       | -                | ( 42,854)           |
| Redevelopment grant received                                 |       | 1,400,896        | 550,000             |
| Other redevelopment income received                          |       | 85,584           | 127,277             |
| <b>Total capital expenditure and financial investment</b>    |       | <u>907,560</u>   | <u>( 1,478,732)</u> |
| <b>Net cash inflow/(outflow) before financing</b>            |       | 523,606          | ( 1,554,272)        |
| <b>Financing</b>   |       |                  |                     |
| Bank loan received   |       | -                | 1,050,000           |
| <b>Total financing</b>                                       |       | <u>-</u>         | <u>1,050,000</u>    |
| <b>Increase/(decrease) in cash for the year</b>              | 26    | <u>£ 523,606</u> | <u>£ ( 504,272)</u> |

# **The English Stage Company Limited**

## **Notes to the financial statements**

### **for the year ended 31 March 2002**

#### **1 Going concern and redevelopment**

##### **(a) Going concern**

The financial statements are drawn up on the going concern basis, which assumes the Company will continue in operational existence for the foreseeable future. The charity substantially relies on funding by grants from London Arts for its current and future commitments, and operates on the basis that, taking one year with another, its revenue will match its expenditure.

If the Company was unable to continue trading, adjustments would have to be made to revise the value of assets to their recoverable amounts and to provide for further liabilities and contingent liabilities that might arise, including contract termination costs, and reclassifying fixed assets as current assets.

##### **(b) Redevelopment**

The redevelopment of the Royal Court Theatre building in Sloane Square commenced in October 1996 and was effectively completed when the charity moved back to Sloane Square in February 2000.

The Company was initially awarded a total grant of £18.8 million from the Arts Council towards the costs of redeveloping the theatre in Sloane Square and associated costs. A 17-month extension to the original programme caused professional estimates to value the total cost of the project at £28.8 million, most of which has been capitalised. The Company was awarded a supplementary grant of £2.3 million from the Arts Council of England to assist in funding this increase in costs. The Royal Court will have raised £7.7 million in partnership funding by the end of the project maintaining a matching funding ratio of 26.6% of the total redevelopment project cost.

#### **2 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom including the Statement of Recommended Practice (SORP) – Accounting and Reporting by Charities published in October 2000 and the Companies Act 1985. A summary of the principal accounting policies, which have been applied consistently, are set out below.

##### **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

##### **Adoption of new charity SORP**

The comparative figures shown for 2001 have been restated, where necessary, in line with the revised presentation to accord with the provisions of SORP 2000. There have been no changes to the accounting policies as a result of the adoption of SORP 2000.

##### **Sponsorship and donations**

Sponsorship and donations are credited to the statement of financial activities in the year in which they are receivable or alternatively if sponsorship or donations are given for a specific play or project then they are credited in the year in which that play or project takes place.

# **The English Stage Company Limited**

## **Notes to the financial statements**

### **for the year ended 31 March 2002**

#### **Public sector funding**

Public sector grants are either credited to the statement of financial activities if relating to revenue or to the Royal Court Redevelopment ACE Fund if relating to the redevelopment of the theatre in the year in which they are receivable.

#### **Box office and associated income and expenditure**

For productions occurring wholly within one financial year revenue is recognised as ticket sales are made and costs are recognised as incurred. Typically costs are incurred in advance of revenue being generated. Where productions span the year-end and the production is profitable costs may be deferred against future revenue on a proportional basis. If a production spanning the year-end is expected to be loss making the expected loss is recognised in full in the period in which the costs are incurred.

#### **Trading income**

Trading income is stated exclusive of value added tax.

#### **Resources expended**

All expenditure is accounted for on an accruals basis and has been classified under the headings that aggregate all costs related to the category.

#### **Support costs**

Support costs comprise the direct costs, including staff costs, attributable to the charitable activities.

#### **Management and administration**

Management and administration costs include expenditure on the administration of the Company and its compliance with constitutional and statutory requirements.

#### **Consolidation**

The group qualified as a medium reporting group under section 247 of the Companies Act 1985. It has taken advantage of the legal dispensation under section 248 of the Companies Act 1985 not to prepare group financial statements. These financial statements present information about The English Stage Company Limited, and not of the group.

#### **Tangible Fixed Assets**

All assets are included at their purchase price together with any incidental costs of acquisition.

Assets with a value below £750 are not capitalised.

Depreciation and amortisation of tangible fixed assets is carried out using the straight line method over the following periods:

|                                 |                       |
|---------------------------------|-----------------------|
| Freehold buildings              | 50 years              |
| Leasehold premises/improvements | Lifetime of the lease |
| Stage and electrical equipment  | Lifetime of the lease |
| Office equipment                | 5 years               |

# **The English Stage Company Limited**

## **Notes to the financial statements**

### **for the year ended 31 March 2002**

#### **Assets acquired with lottery and matching funds**

Assets acquired with lottery and matching funds are valued on an historic cost basis.

All costs associated with acquiring the assets are capitalised, and the assets are depreciated over their useful life: -

|  |                       |
|--|-----------------------|
| Leasehold premises                         | Lifetime of the lease |
| Stage and Lighting Equipment               | 10 years              |
| Plant and machinery, Fixtures and Fittings | 5 years               |
| Computer equipment                         | 3 years               |

#### **Stock**

Stock represents books, playtexts and programmes held for resale and is valued at the lower of cost and net realisable value.

#### **Advance expenditure on productions**

These consist of expenditure incurred in respect of productions in the future period.

#### **Recognition of liabilities**

Liabilities are recognised when an obligation arises to transfer economic benefits as a result of past transactions or events.

#### **Deferred income**

Income received in the year is deferred to future periods where the event that the income is in respect of is happening in a future period. This is to ensure matching of related income and expenditure.

#### **Foreign currency**

Items within the statement of financial activities, which are denominated in a foreign currency, are translated at the rate prevailing at the date of the transaction. Balance sheet items are translated at the rate prevailing at year-end. All differences are taken to the statement of financial activities.

#### **Operating leases**

Rentals applicable to operating leases are charged to the statement of financial activities on a straight-line basis over the lease terms.

#### **Fund accounting**

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

Designated funds comprise unrestricted funds that have been set aside by the council members for particular purposes. The aim and use of each designated fund is set out in the notes to the financial statements.

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 cost 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.



# The English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

|   | 2002<br>£        | 2001<br>£        |
|---|------------------|------------------|
| <b>3 Sponsorship and donations</b>                |                  |                  |
| Audrey Skirball Kenis Theatre                     | 94,736           | 104,760          |
| The Jerwood Foundation                            | 116,000          | 48,000           |
| BSkyB (Young Writers Festival)                    | -                | 75,000           |
| Stage Hands and Friends                           | 33,406           | 45,526           |
| Business membership                               | 30,243           | 38,432           |
| Bloomberg Publishing                              | 50,000           | 50,000           |
| Lever Bros  | 13,158           | 5,800            |
| Kallaways   | -                | 2,796            |
| Gaiety Theatre                                    | -                | 7,214            |
| Genesis Foundation (Ugandans)                     | -                | 7,931            |
| Goethe Institute (International Play Development) | 6,000            | 300              |
| Goldsmiths Company                                | 1,500            | -                |
| British Council (International Play Development)  | -                | 5,142            |
| Garfield Trust                                    | -                | 25,000           |
| Credit Suisse (Young Writers Programme)           | -                | 6,880            |
| Trusthouse  | -                | 5,000            |
| Amerada Hess                                      | 40,000           | -                |
| Channel 4   | 38,401           | -                |
| Carlton   | 4,500            | -                |
| Paisner Trust                                     | 75,000           | -                |
| Eranda Trust                                      | 5,000            | -                |
| Sobell Trust                                      | 5,000            | -                |
| Quercus Trust                                     | 10,000           | -                |
| John Lyons (Young Writers Programme)              | 24,866           | -                |
| John Lyons (Young Writers Festival)               | 4,902            | -                |
| Schaub (International Play Development)           | 13,394           | -                |
| Genesis Foundation (International Festival)       | 109,019          | -                |
| Rausings (International Festival)                 | 42,482           | -                |
| BBC (Young Writers Festival)                      | 4,169            | -                |
| BBC (Young Writers Programme)                     | 7,300            | -                |
| Andre Deutsch legacy                              | 22,000           | -                |
| Development / Events income                       | 195,296          | 142,000          |
| Royal Court Theatre Productions                   | 25,712           | -                |
| Miscellaneous                                     | 4,697            | 70,983           |
|   | <u>£ 976,781</u> | <u>£ 640,764</u> |
| Site Redevelopment Fund                           |                  |                  |
| Quercis Foundation and A Cohen                    | <u>£ -</u>       | <u>£ 25,214</u>  |
| <b>Total</b>                                      | <u>£ 976,781</u> | <u>£ 665,978</u> |

# The English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

|  | 2002<br>£          | 2001<br>£          |
|--|--------------------|--------------------|
| <b>4 Public sector funding</b>                       |                    |                    |
| Arts Council of England                              |                    |                    |
| Revenue grant  | 1,476,130          | 1,414,356          |
| Resident dramatist award                             | -                  | 6,400              |
| Regional challenge funding                           | 690                | -                  |
| Royal Borough of Kensington and Chelsea              |                    |                    |
| Revenue (contribution to YWP running costs/salaries) | 74,610             | 72,300             |
| London Borough Grants Scheme                         |                    |                    |
| Revenue (contribution to running costs/salaries)     | 35,544             | 35,544             |
| Other public funding                                 |                    |                    |
| British Council (International Festival)             | 18,030             | -                  |
| British Council (International Play Development)     | 10,147             | 102                |
| British Council (International Residency 2000)       | -                  | 4,000              |
| British Council (International Residency 2001)       | 44,100             | -                  |
| British Council (Young Writers Programme)            | 3,095              | 1,000              |
| British Council (Ugandans)                           | 5,000              | 5,000              |
| British Council (Russians)                           | 5,000              | -                  |
| International Residency 2000                         | -                  | 63,167             |
| International Residency 2001                         | 21,078             | -                  |
| Education grants                                     | 9,735              | 14,000             |
| Foreign and Commonwealth                             | 4,543              | 5,000              |
| Unesco (Palestinians)                                | 3,441              | -                  |
| Other  | 534                | -                  |
|  | <u>£ 1,711,677</u> | <u>£ 1,620,869</u> |

|   | 2002<br>£          | 2001<br>£          |
|---|--------------------|--------------------|
| <b>5 Box office and associated income</b> |                    |                    |
| Box office income                         | 603,711            | 753,485            |
| Touring fees                              | 267,601            | 237,486            |
| Royalties / fees                          | 45,525             | 103,154            |
| Outside contributions to productions      | 95,417             | 193,227            |
|   | <u>£ 1,012,254</u> | <u>£ 1,287,352</u> |
| By geographical segment :                 |                    |                    |
| United Kingdom                            | 949,666            | 1,287,352          |
| North America                             | 58,857             | -                  |
| Europe                                    | 3,731              | -                  |
|   | <u>£ 1,012,254</u> | <u>£ 1,287,352</u> |

# The English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

### 6 Resources expended

|                               | Staff<br>Costs    | Other<br>Costs     | Depreciation    | 2002<br>£          | 2001<br>£          |
|-------------------------------|-------------------|--------------------|-----------------|--------------------|--------------------|
| Trading costs                 | 17,768            | 50,678             | -               | 68,446             | 99,420             |
| Fundraising costs             | -                 | 30,010             | -               | 30,010             | 65,005             |
| Marketing and publicity       | -                 | 59,754             | -               | 59,754             | 94,562             |
| Productions costs             | 599,535           | 1,336,375          | -               | 1,935,910          | 2,144,561          |
| Support costs                 | 1,306,595         | 532,546            | 11,359          | 1,850,500          | 1,815,837          |
| Management and administration | -                 | 10,411             | -               | 10,411             | 16,500             |
|                               | <u>£1,923,898</u> | <u>£ 2,019,774</u> | <u>£ 11,359</u> | <u>£ 3,955,031</u> | <u>£ 4,235,885</u> |

### 7 Net outgoing resources

Net outgoing resources is stated after crediting:

|  | 2002<br>£ | 2001<br>£ |
|--|-----------|-----------|
| Interest receivable                          | 7,425     | 11,304    |
| And after charging                           |           |           |
| Depreciation                                 | 11,359    | 11,297    |
| Depreciation - redevelopment                 | 1,945,305 | 1,985,410 |
| Operating lease rentals - land and buildings | 48,000    | 48,000    |
| Auditor's remuneration                       | 10,000    | 10,500    |

No indemnity insurance for council members' liability has been purchased by the Company.

### 8 Financing costs

Interest payable and similar charges

On bank loans, overdrafts and other loans :

|   | 2002<br>£       | 2001<br>£       |
|---|-----------------|-----------------|
| Repayable within 5 years not by instalments | -               | 5,024           |
| Repayable in 10 years by instalments        | 67,843          | 56,082          |
| Other interest                              | -               | 13,539          |
|   | <u>£ 67,843</u> | <u>£ 74,645</u> |

Interest payable amounting to £ nil (2001 : £18,563) is included within 'Other expenditure' on the face of the statement of financial activities.

Interest totalling £67,843 (2001 : £56,082) paid on the bridging loan is included in redevelopment expenditure totalling £123,925. The interest of £56,082 was deferred last year and has now been included in the redevelopment expenditure to be matched against the redevelopment income from the Redevelopment ACE Fund and the Matching Fund.

# The English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

### 9 Employee information

The average weekly number of persons employed during the year was :

|  | Full time |           | Part time |           |
|--|-----------|-----------|-----------|-----------|
|  | 2002      | 2001      | 2002      | 2001      |
| Actors                                 | 6         | 19        | -         | -         |
| Stage management                       | 2         | 7         | -         | -         |
| Administration/artistic/front of house | 39        | 42        | 43        | 31        |
| Stage and technical                    | 13        | 15        | 3         | 6         |
|  | <u>60</u> | <u>83</u> | <u>46</u> | <u>37</u> |

Of the above the following were financed by redevelopment funding :

|  | 2002     | 2001     |
|--|----------|----------|
| Administration/artistic/front of house full time | -        | -        |
| Administration/artistic/front of house part time | <u>1</u> | <u>1</u> |

|                                   | 2002<br>£          | 2001<br>£          |
|-----------------------------------|--------------------|--------------------|
| Staff costs for the above persons |                    |                    |
| Wages and salaries                | 1,562,561          | 1,648,998          |
| Social security costs             | 134,922            | 132,488            |
| Other external charges            | 226,415            | 131,343            |
|                                   | <u>£ 1,923,898</u> | <u>£ 1,912,829</u> |

Other external charges consist of payments made to the self employed and agents for providing their services to the charity. These individuals have been included in the employee information table above.

No employee received emoluments over £50,000 during the current or previous period.

None of the council members received emoluments in that capacity during the current or previous period.

The Company has not re-imbursed expenses incurred by any council member.

# The English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

|   | 2002<br>£       | 2001<br>£       |
|---|-----------------|-----------------|
| <b>10 Net income from trading activities</b>      |                 |                 |
| Catering receipts                                 | 75,430          | 68,691          |
| Less catering purchases                           | (2,067)         | (2,815)         |
| <b>Gross catering surplus</b>                     | <b>73,363</b>   | <b>65,876</b>   |
| Bookshop income                                   | 40,777          | 31,133          |
| Less bookshop purchases                           | (20,124)        | (13,274)        |
| <b>Gross bookshop surplus</b>                     | <b>20,653</b>   | <b>17,859</b>   |
| Playtext receipts                                 | 44,357          | 67,425          |
| Playtext advertising receipts                     | 3,450           | 1,683           |
| Less playtext purchases                           | (28,487)        | (63,803)        |
| <b>Gross playtext surplus</b>                     | <b>19,320</b>   | <b>5,305</b>    |
| <b>Gross contribution from trading activities</b> | <b>113,336</b>  | <b>89,040</b>   |
| <b>Summary</b>                                    |                 |                 |
| Trading and catering sales                        | 164,014         | 168,932         |
| Less trading and catering purchases               | (50,678)        | (79,892)        |
| bookshop staffing                                 | (17,768)        | (19,528)        |
|   | <b>£ 95,568</b> | <b>£ 69,512</b> |

## 11 Transfers between funds

|  | Unrestricted funds |                    | Restricted funds     |
|--|--------------------|--------------------|----------------------|
|  | Designated         | Other              |                      |
|  | £                  | £                  | £                    |
| Transfer from Gerald Chapman Fund to General Income and Expenditure Fund                     | -                  | 10,000             | (10,000)             |
| Transfer from Royal Court Redevelopment Matching Fund to General Income and Expenditure Fund | -                  | 508,267            | (508,267)            |
| Transfer from Royal Court Redevelopment ACE Fund to General Income and Expenditure Fund      | -                  | 1,580,882          | (1,580,882)          |
|  | <b>£ -</b>         | <b>£ 2,099,149</b> | <b>£ (2,099,149)</b> |

## 12 Taxation

The Company is a registered charity, and as such is entitled to certain tax exemptions on any surpluses on trading activities carried on in furtherance of the charity's primary objectives if these surpluses are applied solely for charitable purposes.

# English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

### 13 Tangible fixed assets

|                                   | Freehold<br>land and<br>buildings<br>£ | Leasehold<br>premises &<br>improvement<br>£ | Stage and<br>lighting<br>equipment<br>£ | Office<br>equipment<br>fixtures and<br>fittings<br>£ | Total<br>£       |
|-----------------------------------|--|---|---|--|------------------|
| <b>Cost</b>                       |  |   |   |  |                  |
| At 1 April 2001                   | 129,408                                | 956,191                                     | 86,447                                  | 82,700   | 1,254,746        |
| Additions                         | -                                      | -   | -                                       | 500  | 500              |
| <b>At 31 March 2002</b>           | <b>129,408</b>                         | <b>956,191</b>                              | <b>86,447</b>                           | <b>83,200</b>  | <b>1,255,246</b> |
| <b>Depreciation</b>               |  |   |   |  |                  |
| At 1 April 2001                   | 29,835                                 | 933,778                                     | 80,674                                  | 65,902   | 1,110,189        |
| Charge for the period             | 1,989                                  | 1,400                                       | 362                                     | 7,608  | 11,359           |
| <b>At 31 March 2002</b>           | <b>31,824</b>                          | <b>935,178</b>                              | <b>81,036</b>                           | <b>73,510</b>  | <b>1,121,548</b> |
| <b>Net book value</b>             |  |   |   |  |                  |
| <b>At 31 March 2002</b>           | <b>£ 97,584</b>                        | <b>£ 21,013</b>                             | <b>£ 5,411</b>                          | <b>£ 9,690</b>                                       | <b>£ 133,698</b> |
| Net book value<br>At 1 April 2001 | £ 99,573                               | £ 22,413                                    | £ 5,773                                 | £ 16,798   | £ 144,557        |

### 13 Tangible fixed assets - redevelopment

|                                   | Leasehold<br>premises<br>£ | Stage and<br>lighting<br>equipment<br>£ | Plant and<br>machinery,<br>fixtures and<br>fittings<br>£ | Office and<br>computer<br>equipment<br>£ | Total<br>£          |
|-----------------------------------|----------------------------|---|--|--|---------------------|
| <b>Cost</b>                       |                            |   |  |  |                     |
| At 1 April 2001                   | 18,349,196                 | 548,167                                 | 3,076,234  | 1,195,291                                | 23,168,888          |
| Additions                         | -                          | -                                       | -  | -  | -                   |
| <b>At 31 March 2002</b>           | <b>18,349,196</b>          | <b>548,167</b>                          | <b>3,076,234</b>   | <b>1,195,291</b>                         | <b>23,168,888</b>   |
| <b>Depreciation</b>               |                            |   |  |  |                     |
| At 1 April 2001                   | 1,075,390                  | 63,954                                  | 717,788  | 541,190                                  | 2,398,322           |
| Charge for the period             | 917,460                    | 54,817                                  | 615,247  | 357,781                                  | 1,945,305           |
| <b>At 31 March 2002</b>           | <b>1,992,850</b>           | <b>118,771</b>                          | <b>1,333,035</b>   | <b>898,971</b>                           | <b>4,343,627</b>    |
| <b>Net book value</b>             |                            |   |  |  |                     |
| <b>At 31 March 2002</b>           | <b>£ 16,356,346</b>        | <b>£ 429,396</b>                        | <b>£ 1,743,199</b>                                       | <b>£ 296,320</b>                         | <b>£ 18,825,261</b> |
| Net book value<br>At 1 April 2001 | £ 17,273,806               | £ 484,213                               | £ 2,358,446  | £ 654,101                                | £ 20,770,566        |

# The English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

|                                   | 2002<br>£    | 2001<br>£    |
|-----------------------------------|--------------|--------------|
| <b>14 Fixed asset investments</b> |              |              |
| Interests in group undertakings   |              |              |
| Cost                              | <u>£ 100</u> | <u>£ 100</u> |
| Net book value                    | <u>£ 100</u> | <u>£ 100</u> |

| Name of undertaking and country of incorporation and registration | Description of shares held        | Proportion of nominal value of issued share capital |
|---|-----------------------------------|---|
| Royal Court Theatre UK<br>Productions Limited                     | 100 ordinary<br>shares of £1 each | 100%  |

The normal activity of Royal Court Theatre Productions Limited is the commercial exploitation of plays produced by the English Stage Company Limited. The benefits from these activities are passed to the English Stage Company Limited by deed of covenant.

The company's principal activity during the year was the production of the play *Mouth to Mouth* by Kevin Elyot in association with Ambassadors Theatre Group Ltd and Bill Kenwright Ltd.

|  | 2002<br>£         | 2001<br>£         |
|--|-------------------|-------------------|
| <b>Royal Court Theatre Productions Limited</b>       |                   |                   |
| <b>Profit and loss account</b>                       |                   |                   |
| Turnover - continuing operations                     | 419,535           | 237,870           |
| Cost of sales - continuing operations                | <u>( 420,101)</u> | <u>( 269,439)</u> |
| Gross loss   | <u>( 566)</u>     | <u>( 31,569)</u>  |
| Other operating expenses - continuing operations     | <u>( 219)</u>     | <u>( 1,029)</u>   |
| Operating profit/(loss) - continuing operations      | <u>( 785)</u>     | <u>( 32,598)</u>  |
| Other income   | -                 | 15,896            |
| Net interest receivable                              | <u>785</u>        | <u>16,702</u>     |
| Profit on ordinary activities for the financial year | -                 | -                 |
| Profit and loss account brought forward              | <u>( 2,967)</u>   | <u>( 2,967)</u>   |
| Profit and loss account carried forward              | <u>£ ( 2,967)</u> | <u>£ ( 2,967)</u> |
| <b>Balance sheet</b>                                 |                   |                   |
| Current assets                                       |                   |                   |
| Debtors and prepayments                              | 106,428           | 74,330            |
| Cash at bank and in hand                             | <u>89,007</u>     | <u>30,010</u>     |
|  | 195,435           | 104,340           |
| Creditors : amounts falling due within one year      | <u>( 198,302)</u> | <u>( 107,207)</u> |
| Net liabilities                                      | <u>£ ( 2,867)</u> | <u>£ ( 2,867)</u> |
| <b>Capital and reserves</b>                          |                   |                   |
| Called up share capital                              | 100               | 100               |
| Profit and loss account                              | <u>( 2,967)</u>   | <u>( 2,967)</u>   |
| Equity shareholders' funds                           | <u>£ ( 2,867)</u> | <u>£ ( 2,867)</u> |

# The English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

|                  | 2002<br>£       | 2001<br>£       |
|------------------|-----------------|-----------------|
| <b>15 Stocks</b> |                 |                 |
| Bookshop stock   | <u>£ 23,074</u> | <u>£ 19,383</u> |

|   | 2002<br>£          | 2001<br>£          |
|---|--------------------|--------------------|
| <b>16 Debtors : amounts falling due within one year</b> |                    |                    |
| Trade debtors   | 154,797            | 172,864            |
| Due from subsidiary undertaking                         | 65,631             | 53,631             |
| Other taxation and social security                      | 48,443             | 33,835             |
| Other debtors   | 992,735            | 1,533,743          |
| Prepayments   | 93,279             | 23,518             |
|   | <u>£ 1,354,885</u> | <u>£ 1,817,591</u> |

|   | 2002<br>£          | 2001<br>£          |
|---|--------------------|--------------------|
| <b>17 Creditors : amounts falling due within one year</b> |                    |                    |
| Bank loan   | 1,060,243          | 1,050,000          |
| Bank overdraft  | 163,955            | 346,742            |
| Trade creditors   | 86,831             | 113,945            |
| Due to subsidiary undertaking                             | 69,825             | 68,361             |
| Other taxation and social security                        | 59,527             | 35,320             |
| Other creditors   | 16,115             | 8,348              |
| Accruals  | 690,577            | 1,559,798          |
|   | <u>£ 2,147,073</u> | <u>£ 3,182,514</u> |

The bank overdraft is repayable within one year and is unsecured.

The bank loan is repayable by instalments over ten years but can be repaid early which is the Company's intention.

Interest is charged at 2% over base rate.

|  | 2002<br>£ | 2001<br>£ |
|--|-----------|-----------|
|--|-----------|-----------|

### 18 Deferred income

The Company received donations and grants totalling £83,101 (2001 : £117,942) relating to sponsorship of productions and operations for the upcoming year. The movement in deferred income is analysed below:

|   |                 |                  |
|---|-----------------|------------------|
| Deferred income at 1 April 2001         | 117,942         | 119,273          |
| Amounts released from previous years    | ( 113,397)      | ( 94,273)        |
| Incoming resources deferred in the year | 78,556          | 92,942           |
| <b>Deferred income at 31 March 2002</b> | <u>£ 83,101</u> | <u>£ 117,942</u> |

|  | 2002<br>£ |
|--|-----------|
|--|-----------|

### 19 Provisions for liabilities and charges

Redevelopment contingency fund (provision for pavement lights)

|   |                 |
|---|-----------------|
| <b>At 1 April 2001 and at 31 March 2002</b> | <u>£ 30,000</u> |
|---|-----------------|



# English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

### 20 Designated funds

|                         | Designated<br>Capital<br>Replacement Fund<br>£ | Designated<br>Theatre<br>Writing Fund<br>£ | Designated<br>Dilapidations<br>Fund<br>£ | Royal Court<br>Theatre<br>Society Fund<br>£ | Site<br>Redevelopment<br>Fund<br>£ | Total<br>£       |
|-------------------------|--|--|--|---|------------------------------------|------------------|
| At 1 April 2001         | 52,935   | 20,644                                     | 140,000                                  | 9,789                                       | 18,596                             | 241,964          |
| Sponsorship & donations | -  | -  | -  | -   | -                                  | -                |
| Expenditure             | -  | -  | -  | -   | ( 6,718)                           | ( 6,718)         |
| Transfer of funds       | -  | -  | -  | -   | -                                  | -                |
| <b>At 31 March 2002</b> | <b>£ 52,935</b>                                | <b>£ 20,644</b>                            | <b>£ 140,000</b>                         | <b>£ 9,789</b>                              | <b>£ 11,878</b>                    | <b>£ 235,246</b> |

Capital Replacement Fund was set up in 1981 and became a designated fund in 1993/94. It is used to purchase capital equipment not funded elsewhere.

Theatre Writing Fund was set up in 1991/92 and became a designated fund in 1993/94. It is used to cover commission payments and expenditure on play development such as readings and workshops and will be released to the Statement of Financial Activities to fund theatre writing and development activity.

Designated Dilapidations Fund was set up in 1999/2000 to maintain the fabric of the redeveloped building on completion of the capital rebuild.

Royal Court Theatre Society Fund was set up in 1993/94 as an initial joining fee for Friends. It will be released to the Statement of Financial Activities for Friends and Development initiatives as required.

Site Redevelopment Fund was set up in 2000/01 for redeveloping the site annex - home of the YWP. It will be released to the Statement of Financial Activities to finance the redevelopment of the site annex.

### 21 Unrestricted funds

|                           | General fund<br>£   |
|---------------------------|---------------------|
| At 1 April 2001           | ( 378,826)          |
| Incoming resources        | 3,927,642           |
| Resources expended        | ( 3,948,313)        |
| Transfer between funds    | 2,099,149           |
| Redevelopment expenditure | ( 2,089,149)        |
| <b>At 31 March 2002</b>   | <b>£ ( 389,497)</b> |

# English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

### 22 Restricted funds

|                                     | Gerald<br>Chapman Fund<br>£ | Neville<br>Blond Fund<br>£ | Royal Court<br>Redevelopment<br>ACE Fund<br>£ | Royal Court<br>Redevelopment<br>Matching<br>Fund<br>£ | Total<br>restricted<br>funds<br>£ |
|-------------------------------------|-----------------------------|----------------------------|---|---|-----------------------------------|
| At 1 April 2001                     | 25,368                      | 8,624                      | 15,857,340                                    | 3,782,121   | 19,673,453                        |
| Grants                              |                             |                            | 1,008,411                                     | -   | 1,008,411                         |
| Donations                           | 10,000                      | -                          | -   | 44,889  | 54,889                            |
| Other income                        | 366                         | 113                        | -   | 1,714   | 2,193                             |
|                                     | <u>35,734</u>               | <u>8,737</u>               | <u>16,865,751</u>                             | <u>3,828,724</u>                                      | <u>20,738,946</u>                 |
| Less transfer to unrestricted funds | ( 10,000)                   | -                          | ( 1,580,882)                                  | ( 508,267)  | ( 2,099,149)                      |
| <b>At 31 March 2002</b>             | <b>£ 25,734</b>             | <b>£ 8,737</b>             | <b>£ 15,284,869</b>                           | <b>£ 3,320,457</b>                                    | <b>£ 18,639,797</b>               |

Gerald Chapman Fund was set up in 1989 to commemorate Gerald Chapman and is used to provide a bursary for young directors to work at the Royal Court Theatre.

Neville Blond Fund was set up in 1987 to commemorate Neville Blond and is used to provide bursaries for young writers.

Royal Court Redevelopment ACE Fund was set up in 1995/96. It represents the Arts Council England's contributions to the capital redevelopment of the theatre at Sloane Square and is released to the Statement of Financial Activities over the life of the assets it has funded.

Royal Court Redevelopment Matching Fund was set up in 1995/96. It represents the charity's partnership funding contribution to the capital redevelopment of the theatre at Sloane Square and is released to the Statement of Financial Activities over the life of the assets it has funded.

### 23 Redevelopment

|                                       |              |              |
|---------------------------------------|--------------|--------------|
|                                       | 2,002<br>£   | 2,001<br>£   |
| Depreciation on redevelopment capital | 1,945,305    | 1,985,410    |
| Interest on redevelopment loan        | 123,925      | -            |
| Audit/accountancy costs               | 19,919       | -            |
| ACE grant transferred from funds      | ( 1,580,882) | ( 1,475,038) |
| Matching grant transferred from funds | ( 508,267)   | ( 510,372)   |
|                                       | <u>£ -</u>   | <u>£ -</u>   |

### 24 Analysis of net assets between funds

|                    | Tangible<br>fixed assets<br>£ | Investments<br>£ | Net current<br>liabilities<br>£ | Long term<br>liabilities<br>£ | 2002<br>Total<br>£  | 2001<br>Total<br>£  |
|--------------------|-------------------------------|------------------|---------------------------------|-------------------------------|---------------------|---------------------|
| Restricted funds   | 18,825,261                    | -                | ( 185,464)                      | -                             | 18,639,797          | 19,673,453          |
| Unrestricted funds | 133,698                       | 100              | ( 258,049)                      | ( 30,000)                     | ( 154,251)          | ( 136,862)          |
|                    | <u>£ 18,958,959</u>           | <u>£ 100</u>     | <u>£ ( 443,513)</u>             | <u>£ ( 30,000)</u>            | <u>£ 18,485,546</u> | <u>£ 19,536,591</u> |

# The English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

|  | 2002<br>£           | 2001<br>£          |
|--|---------------------|--------------------|
| <b>25 Reconciliation of net incoming resources to net cash outflow from operating activities</b> |                     |                    |
| Net movement in funds  | ( 1,051,045)        | ( 1,044,971)       |
| Redevelopment expenditure including interest   | 143,844             | -                  |
| Depreciation on redevelopment  | 1,945,305           | 1,985,410          |
| <b>Net income/(expenditure) for the year</b>   | <b>1,038,104</b>    | <b>940,439</b>     |
| Interest receivable  | ( 7,425)            | ( 11,304)          |
| Other interest payable   | -                   | 74,645             |
| Redevelopment grant receivable   | ( 1,008,411)        | ( 1,324,761)       |
| Other redevelopment income   | ( 54,889)           | ( 86,289)          |
| Audit/accountancy costs of redevelopment   | ( 19,919)           | -                  |
| Depreciation   | 11,359              | 11,297             |
| (Increase)/decrease in stock   | ( 3,691)            | ( 4,226)           |
| (Increase)/decrease in debtors   | ( 182,845)          | 639,922            |
| (Decrease)/increase in creditors   | ( 71,221)           | ( 264,130)         |
| (Decrease)/increase in deferred income   | ( 34,841)           | ( 1,331)           |
| Increase in bank loan  | 10,243              | -                  |
| <b>Net cash outflow from operating activities</b>  | <b>£ ( 323,536)</b> | <b>£ ( 25,738)</b> |

|  | 2002<br>£           | 2001<br>£             |
|--|---------------------|-----------------------|
| <b>26 Reconciliation of net cashflow to movement in net debt</b> |                     |                       |
| Increase/(decrease) in cash in year                              | 523,606             | ( 504,272)            |
| Increase in bank loan  | ( 10,243)           | ( 1,050,000)          |
| <b>Change in net debt</b>  | <b>513,363</b>      | <b>( 1,554,272)</b>   |
| Net debt at 31 March 2001  | ( 1,346,210)        | 208,062               |
| <b>Net debt at 31 March 2002</b>                                 | <b>£ ( 832,847)</b> | <b>£ ( 1,346,210)</b> |

## 27 Analysis of changes in net debt

|                | 1 April 2001<br>£     | Cashflow<br>£    | Other<br>£         | 31 March 2002<br>£  |
|----------------|-----------------------|------------------|--------------------|---------------------|
| Net cash:      |                       |                  |                    |                     |
| Cash at bank   | 50,532                | 340,819          | -                  | 391,351             |
| Bank overdraft | ( 346,742)            | 182,787          | -                  | ( 163,955)          |
|                | ( 296,210)            | 523,606          | -                  | 227,396             |
| Debt:          |                       |                  |                    |                     |
| Bank loan      | ( 1,050,000)          |                  | ( 10,243)          | ( 1,060,243)        |
| <b>Total</b>   | <b>£ ( 1,346,210)</b> | <b>£ 523,606</b> | <b>£ ( 10,243)</b> | <b>£ ( 832,847)</b> |

# The English Stage Company Limited

## Notes to the financial statements for the year ended 31 March 2002

|  | 2002<br>£                     | 2001<br>£                     |
|--|-------------------------------|-------------------------------|
| <b>28 Operating leases</b>                                 |                               |                               |
|  | <b>Land and<br/>buildings</b> | <b>Land and<br/>buildings</b> |
| Annual commitments under operating leases expiring within: |                               |                               |
| Less than one year   | -                             | -                             |
| Between two and five years                                 | -                             | -                             |
| After five years   | 48,000                        | 48,000                        |
|  | <u>£ 48,000</u>               | <u>£ 48,000</u>               |

### 29 Capital

The Company is a company limited by guarantee. Each council member has undertaken to contribute £10 to the assets of the Company to meet its liabilities if called to do so. The total amount guaranteed by council members at 31 March 2002 is £90. (2001 : £90).

### 30 Related party transactions

During the year the Company charged Royal Court Theatre Productions Ltd, a company that is a wholly owned subsidiary of the English Stage Company Limited, fees and expenses of £25,712 (2001 : £25,659 and additionally national insurance plus interest of £67,810 was due to Royal Court Theatre Productions Limited). At the year end the Company was owed £65,631 from RCTP and owed RCTP £69,825 (2001 : £53,631 and £68,361 respectively).

The following transactions took place between the Company and council members during the year:

Anthony Burton is a solicitor whose firm, Simons, Muirhead & Burton, receives fees paid by the Company for ad hoc legal work separate from the work carried out by him in his capacity as council member for which he receives no remuneration. During the year these fees totalled £2,136 (2001 : £3,524).

Stephen Evans is a part owner of First Call, a ticket agency through which tickets for the Company are sold. During the year income from First Call totalled £1,346 of which £283 was outstanding at the year end (2001 : £2,031 and £51 respectively).

Martin Crimp is a playwright who, through his agent, receives royalties and fees for his work from the Company. During the year he received £150 and a further £1,061 was paid to his agent on his behalf. £60 was outstanding at the year end. (2001 : £10,014 was paid to his agent on his behalf).

Phyllida Lloyd is a freelance director who has received fees for work on the residency. During the year these totalled £150 (2001 : £175).

All these transactions have been disclosed net of VAT.

### 31 Contingencies - completeness of liabilities

Following the European tribunal decision concerning the Zoological Society of London the Trustees have identified VAT legislation issues that might possibly affect the Company and other equivalent organisations. The Trustees have performed a review of these risk areas to identify any liabilities and are addressing the overall VAT legislation with the Arts Council. The Trustees do not believe that, on the basis of the current information available to date, there is a risk of material liabilities arising. However, a full resolution to the issues has not yet been announced.

### 32 Post balance sheet events

On the 16 April 2002 the Company sold its freehold interest in 309 Portobello Road, London for £425,000 less costs of sale. The net book value of the property at 31 March 2002 was £97,584.

The bank loan has been reduced from £1,060,243 at 31 March 2002 to £60,000 by 31 October 2002.