

# **The International Shakespeare Globe Centre Limited**

**Directors' report and financial statements**

**31 March 1996**

Registered number 997433



# The International Shakespeare Globe Centre Limited

## Directors' report and financial statements

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# The International Shakespeare Globe Centre Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

### Principal activities

The principal activities of the company have been the pursuit of the educational and charitable objectives of The Shakespeare Globe Trust Limited and the development of a site on Bankside, Southwark for the Shakespeare Globe Project with a view to profit.

### Business review

The company continued during the year to pursue the re-construction of Shakespeare's Globe Theatre and to participate in a variety of educational and charitable activities.

In January 1995 an application was made to the National Lottery Fund administered by the Arts Council of England for £12.4 million which, with the Centre's own contribution, would be sufficient to complete all the theatrical and ancillary facilities above ground of the Shakespeare Globe Project. In October 1995, it was announced that the application had been successful. The grant is made by reimbursing capital expenditure after it has been made or incurred by the Centre. The management contract with Lovell Construction Limited, which had been suspended, was revived. The building programme is progressing satisfactorily and will be completed in time for the opening Festival of Firsts in June 1997.

The completion of the project requires the completion of the undercroft of the Globe site and the design and construction of the final Exhibition. A further funding of approximately £8 million is needed to finance this.

On 15 September 1995 the company came to an agreement with its banks that the £2,000,000 loan arranged through NM Rothschild & Sons Limited acting as agent for a syndicate of banks, should be treated as repaid together with unpaid interest accrued up to April 1995. Under the agreement the company issued 3,310,420 redeemable preference shares of £1 each. The preference shares issued are not entitled to any profits available for distribution. The company has agreed to redeem these preference shares at par, subject to the Companies Act 1985, from the year 2000 onwards. In this year, and each year thereafter, amounts representing 5% of trading surpluses will be used for redemption.

The company received donations from The Shakespeare Globe Trust Limited to fund its activities.

# The International Shakespeare Globe Centre Limited

## Directors' report

### Directors and directors' interests

The directors who held office during the year were as follows:

K Baxter  
Lord Birkett of Ulverston  
RB Brooke  
AP Butland  
BL Day  
Dr DM Delvin  
RF Erith  
Prof. AJ Gurr  
JM Hignett  
AG Jackson  
RC Jackson  
PH Kent  
R Parry  
SLA Perry  
BMH Shaw  
P Tucker  
Prof. SW Wells

No director held any interest in the share capital of the company during the financial year.

### Fixed assets

Changes in fixed assets of the company are detailed in note 9.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



**BMH Shaw**  
*Secretary*

Bear Gardens  
London  
SE1 9ED

25<sup>th</sup> November 1996

# The International Shakespeare Globe Centre Limited

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit on its income and expenditure account for that period. In preparing the financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695  
8 Salisbury Square  
London  
EC4Y 8BB

## Report of the auditors to the members of The International Shakespeare Globe Centre Limited

We have audited the financial statements on pages 5 to 15.

### *Respective responsibilities of directors and auditors*

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *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.

### *Opinion*

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31 March 1996 and of the result of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
Chartered Accountants  
Registered Auditors

25 November 1996

# The International Shakespeare Globe Centre Limited

## Income and expenditure account for the year ended 31 March 1996

	Note	1996		1995	
		£	£	£	£
<b>Income</b>					
Donations from holding company			45,059		369,726
Education, exhibition and theatre receipts	2		893,725		294,128
			<u>938,784</u>		<u>663,854</u>
<b>Expenditure</b>					
Administrative expenses		71,536		69,142	
Education, exhibition and theatre expenses	6	833,134		370,018	
			<u>(904,670)</u>		<u>(439,160)</u>
Operating income less expenditure	8		34,114		224,694
Other interest receivable and similar income	3		9,568		7,306
Interest payable and similar charges	7		(43,682)		(232,000)
<b>Income less expenditure</b>			<u>-</u>		<u>-</u>

There have been no acquisitions or discontinued operations in the period.

There have been no material gains or losses other than those disclosed in the income and expenditure account.

There is no difference between the result on a historic cost basis and that shown in the income and expenditure account.

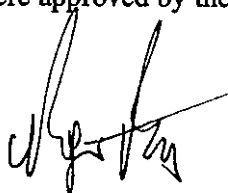
# The International Shakespeare Globe Centre Limited

## Balance sheet at 31 March 1996

	Note	1996	1995
		£	£
<b>Fixed assets</b>			
Tangible assets	9	9,741,813	7,235,772
<b>Current assets</b>			
Stocks	10	57,706	13,259
Debtors	11	600,560	77,180
Cash at bank and in hand		69,647	116,237
		<u>727,913</u>	<u>206,676</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(5,824,035)</u>	<u>(3,863,162)</u>
<b>Net current liabilities</b>		<u>(5,096,122)</u>	<u>(3,656,486)</u>
<b>Total assets less current liabilities</b>		<u>4,645,691</u>	<u>3,579,286</u>
<b>Creditors: amounts falling due after more than one year</b>	14	-	(3,579,236)
<b>Deferred income: The Arts Council of England National Lottery Fund Grant</b>	13	<u>(1,335,221)</u>	<u>-</u>
		<u>3,310,470</u>	<u>50</u>
<b>Capital and reserves</b>			
Called up share capital	15	<u>3,310,470</u>	<u>50</u>
Shareholders' funds	18	<u>3,310,470</u>	<u>50</u>
Equity funds		50	50
Non-equity funds		<u>3,310,420</u>	<u>-</u>
		<u>3,310,470</u>	<u>50</u>

These financial statements were approved by the board of directors on 25/Nov 1996 and were signed on its behalf by:

Director  
  
RB Brooke  
Director



The notes on pages 8 to 15 form part of these financial statements.



# The International Shakespeare Globe Centre Limited

## Cash flow statement

for the year ended 31 March 1996

	Note	1996	1995
		£	£
<b>Net cash inflow from operating activities</b>	<b>19</b>	<b>2,457,964</b>	<b>1,496,333</b>
<b>Return on investments and servicing of finance</b>			
Interest received		9,568	7,306
<b>Net cash inflow from returns on investments and servicing of finance</b>		<b>9,568</b>	<b>7,306</b>
<b>Investing activities</b>			
Purchase of tangible fixed assets		(2,514,122)	(1,598,848)
<b>Net cash outflow from investing activities</b>		<b>(2,514,122)</b>	<b>(1,598,848)</b>
<b>Net cash outflow before and after financing</b>		<b>(46,590)</b>	<b>(95,209)</b>
<b>Decrease in cash and cash equivalents</b>	<b>20</b>	<b>(46,590)</b>	<b>(95,209)</b>

The notes on pages 8 to 15 form part of these financial statements.

# The International Shakespeare Globe Centre Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value.

#### *Tangible fixed assets*

Assets in the course of construction comprise construction and pre-construction costs transferred from intangible fixed assets on commencement of the building work. On completion of the project depreciation will be charged so as to write off the cost over the expected life of the project. Interest costs incurred on capital expenditure are expensed when incurred.

Depreciation on fixtures, fittings, tools and equipment is provided at the following annual rates, on a straight line basis, to write off the cost of tangible fixed assets over their estimated useful lives:

Computer equipment (hardware and software)	-	25% per annum
Fixtures and fittings	-	25% per annum
Office equipment	-	25% per annum
Leasehold improvements	-	Over the period of occupation of Bear Gardens, (until September 1997)

#### *Pension costs*

The company does not operate a pension scheme but pays defined contributions into individual pension schemes. The amounts charged in the income and expenditure account represents the contributions payable to these schemes in respect of the accounting period.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

#### *The Arts Council of England National Lottery Fund Grant*

Grants receivable from the Arts Council of England for the purpose of constructing tangible fixed assets of the company are included within deferred income in the balance sheet and are credited to the income and expenditure account over the estimated useful economic lives of the assets to which they relate.

# The International Shakespeare Globe Centre Limited

## Notes *(continued)*

### 1 Accounting policies *(continued)*

#### *Leases*

All leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

### 2 Education, exhibition and theatre receipts

	1996 £	1995 £
Education programme	160,148	45,682
Exhibition	668,000	236,593
Globe Theatre Workshop Season	63,598	-
Miscellaneous income	1,979	11,853
	<u>893,725</u>	<u>294,128</u>

### 3 Other interest receivable and similar income

	1996 £	1995 £
Interest receivable	<u>9,568</u>	<u>7,306</u>

### 4 Directors' emoluments

No directors received emoluments in respect of services provided during the year (1995: £nil).

# The International Shakespeare Globe Centre Limited

## Notes (continued)

### 5 Staff numbers and costs

The average number of employees employed by the company (excluding directors) during the year was 27 (1995: 18).

	1996 £	1995 £
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	333,343	227,193
Social security costs	29,435	21,164
Other pension costs	4,009	2,687
	<u>366,787</u>	<u>251,044</u>
Less recharge to The Shakespeare Globe Trust Limited	<u>(28,685)</u>	<u>(38,098)</u>
	<u>338,102</u>	<u>212,946</u>

A proportion of the company's expenses are recharged to the holding company, resulting in a reduced charge to the company's income and expenditure account.

### 6 Education, exhibition and theatre expenses

	1996 £	1995 £
Education programme	187,187	113,579
Exhibition	480,168	256,439
Press and publicity	43,214	-
Globe Theatre Workshop Season	122,565	-
	<u>833,134</u>	<u>370,018</u>

The allocation of expenses in the 1995 figures for administration and education, exhibitions and theatre expenses have been changed to show an allocation in line with the company's present activities. The amounts in total have not changed.

### 7 Interest payable

	Note	1996 £	1995 £
Interest payable on syndicated loan	14	20,951	213,218
Interest payable on other loans		<u>22,731</u>	<u>18,782</u>
		<u>43,682</u>	<u>232,000</u>

# The International Shakespeare Globe Centre Limited

## Notes (continued)

### 8 Operating income less expenditure

	1996 £	1995 £
<i>This is stated after charging:</i>		
Hire of plant and machinery - rentals payable under operating leases	6,194	4,388
Depreciation	8,081	1,007

### 9 Tangible fixed assets

	Assets in the course of construction £	Leasehold improvements £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>				
At beginning of year	7,225,833	-	10,946	7,236,779
Additions	2,473,164	32,416	8,542	2,514,122
At end of year	9,698,997	32,416	19,488	9,750,901
<i>Depreciation</i>				
At beginning of year	-	-	(1,007)	(1,007)
Charge for the year	-	(3,602)	(4,479)	(8,081)
At end of year	-	(3,602)	(5,486)	(9,088)
<i>Net book value</i>				
At 31 March 1996	9,698,997	28,814	14,002	9,741,813
At 31 March 1995	7,225,833	-	9,939	7,235,772

### 10 Stocks

	1996 £	1995 £
Goods for resale	57,706	13,259

# The International Shakespeare Globe Centre Limited

## Notes (continued)

### 11 Debtors: amounts falling due within one year

	1996 £	1995 £
Other debtors	577,793	59,033
Prepayments	22,767	18,147
	<u>600,560</u>	<u>77,180</u>

Included within other debtors at the end of the year was £467,048 receivable from The Arts Council of England National Lottery Fund (1995: £nil).

### 12 Creditors: amounts falling due within one year

	1996 £	1996 £	1995 £	1995 £
Amounts owed to parent undertaking		4,842,542		3,451,152
Other creditors including taxation and social security:				
Other taxes and social security	9,862		6,890	
Other creditors	565,778		352,227	
		<u>575,640</u>		<u>359,117</u>
Accruals and deferred income		405,853		52,893
		<u>5,824,035</u>		<u>3,863,162</u>

Included within the accruals at the year end was £338,889 relating to accrued invoices due to Lovell Construction Limited for the month of March 1996. In the previous year £83,300 was included within other creditors.

### 13 The Arts Council of England National Lottery Fund Grant

£1,335,221 was received or receivable during the year (1995: £nil). The grant represents contributions towards the cost of construction of the company's tangible fixed assets and will be credited to the income and expenditure account over the estimated useful economic lives of the assets to which they relate. No such credits to the income and expenditure account have occurred during the year as the assets are still in the course of construction (1995: £nil).

# The International Shakespeare Globe Centre Limited

## Notes (continued)

### 14 Creditors: amounts falling due after more than one year

	1996	1995
	£	£
Syndicated bank loan	-	2,000,000
Accrued interest on bank loan	-	1,289,469
Other creditors	-	289,767
	<hr/>	<hr/>
	-	3,579,236
	<hr/>	<hr/>

The £2,000,000 syndicated loan and unpaid interest accrued up to 30 April 1995 were treated as repaid. Under the agreement, the company issued 3,310,420 redeemable preference shares of £1. These preference shares issued are not entitled to receive any interest. The company has agreed to redeem these preference shares at par, subject to the Companies Act 1985, from the year 2000 onwards. In this year and each year after, amounts representing 5% of trading surpluses will be used for redemption.

### 15 Share capital

	1996	1995
	£	£
<i>Authorised</i>		
1,000 ordinary shares of 5p each	50	50
49,950 ordinary shares of £1 each	49,950	49,950
3,500,000 preference shares of £1 each	3,500,000	-
	<hr/>	<hr/>
	3,550,000	50,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
1,000 ordinary shares of 5p each	50	50
3,310,420 preference shares of £1 each	3,310,420	-
	<hr/>	<hr/>
	3,310,470	50
	<hr/>	<hr/>

The increase in share capital is explained in the directors' report and note 14.

### 16 Taxation

No corporation tax liability is considered to have arisen in respect of the year ended 31 March 1996.

# The International Shakespeare Globe Centre Limited

## Notes (continued)

### 17 Commitments

(i) Capital commitments at the end of the financial year for which no provision has been made are £10,772,595.

(ii) Annual commitments under non-cancellable operating leases are as follows:

	1996 £000	1995 £000
Operating leases which expire:		
In the second to		
fifth years inclusive	<u>6,194</u>	<u>6,194</u>

### 18 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Opening shareholders' funds	50	50
Preference shares issued during the year	3,310,420	-
(Loss)/profit for the financial year	-	-
	<u>3,310,470</u>	<u>50</u>
Closing shareholders' funds		

### 19 Reconciliation of operating surplus to net cash inflow from operating activities

	1996 £	1995 £
Operating surplus	34,114	224,694
Depreciation	8,081	1,007
Increase in stocks	(44,447)	(5,163)
Increase in debtors	(523,380)	(23,999)
Increase in creditors	<u>2,983,596</u>	<u>1,299,794</u>
Net cash inflow from operating activities	<u>2,457,964</u>	<u>1,496,333</u>

Included within the £2,983,596 increase in creditors, is £1,335,221 relating to the Arts Council of England National Lottery Fund Grant included on the balance sheet within deferred income.



# The International Shakespeare Globe Centre Limited

## Notes (continued)

### 20 Analysis of the balances of cash and cash equivalents

	1996 £	1995 £	Change in year £
Cash at bank and in hand	<u>69,647</u>	<u>116,237</u>	<u>(46,590)</u>

### 21 Analysis of changes in financing during the year

	Redeemable preference shares of £1 each £	Syndicated bank loan and accumulated interest £
Financing at 1 April 1995	-	3,289,469
Accrued interest during the year	-	20,951
Loan and interest treated as repaid	-	(3,310,420)
Issue of preference shares	<u>3,310,420</u>	<u>-</u>
<b>Financing at 31 March 1996</b>	<b><u>3,310,420</u></b>	<b><u>-</u></b>

### 22 Ultimate holding company

The holding company is The Shakespeare Globe Trust Limited, a company limited by guarantee in the United Kingdom and registered as a charity.

The only group in which the results of the company are consolidated is that headed by The Shakespeare Globe Trust Limited, incorporated in England.

The consolidated accounts of the group are available to the public and may be obtained from 1 Bear Gardens, London SE1 9ED.