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ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 week period ended 2 April 2006



ROYAL NATIONAL THEATRE ENTERPRISES LIMITED
Report and Financial Statements for the 53 Weeks ended 3 April 2005

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ROYAL NATIONAL THEATRE ENTERPRISES LIMITED
Report and Financial Statements for the 52 Weeks ended 2 April 2006

Company Information

Report and Financial Statements for the 52 weeks ended 2 April 2006.

Company registration number: 1247285

Directors: Karen Jones
Justin Manson
Geoffrey Matthews
Caragh Merrick
Edward Walker-Arnott (Chairman)
Lisa Burger (Appointed October 2005)
Chris Harper (Appointed October 2005)
John Langley (Appointed October 2005)
Robyn Lines (Appointed October 2005)
Nick Starr (Appointed October 2005)
Charlotte Weston (Appointed May 2006)
Maggie Whitlum (Appointed October 2005)

Company Secretary: Menna McGregor

Registered Office: Upper Ground
South Bank
London
SE 1 9PX

Auditors: PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers: Coutts & Co
440 The Strand
London
WC2R 0QS

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 Weeks ended 2 April 2006

Directors' Report

The Directors are pleased to submit their report and the audited accounts of Royal National Theatre Enterprises Limited for the 52 week period ended 2 April 2006.

PRINCIPAL ACTIVITIES

During the year, the company continued its main activity, which is as the trading subsidiary of The Royal National Theatre (the National). Its business comprises catering, the sale of ice creams and chocolates, the sale of books, publications and merchandise through the National's bookshop, the provision of public tours of the National's building, the hiring out of costumes and props, and the car park at the National Theatre.

RESULTS AND DISTRIBUTIONS

The company's profit on ordinary activities for the period was £768,230 of which £766,432 will be paid to the National under gift aid. The profit for the previous period (2004/05) was £1,259,447. £1,798 profit has been retained to reduce the deficit. The accumulated deficit at 2 April 2006 was £5,000 (2004/05: £7,000).

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

The business performed satisfactorily during the year, with sales volumes in line with parent company box office takings.

The deficit will continue to be eliminated in the forthcoming years through the retention of an element of profit.

FINANCIAL RISK MANAGEMENT

Identified forms of financial risk are managed by the parent company The Royal National Theatre and are regularly reviewed by the Directors of the Company.

DIRECTORS AND THEIR INTERESTS

The directors who hold office at the date of this report and financial statements are listed under Company Information on page 3. All Directors who held office during the financial year are:

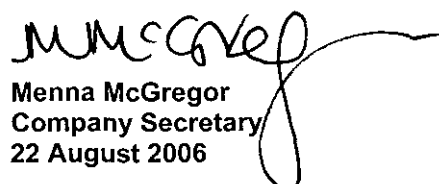
Karen Jones
Justin Manson
Geoffrey Matthews
Caragh Merrick
Edward Walker-Arnott (Chairman)
Lisa Burger (Appointed October 2005)
Chris Harper (Appointed October 2005)
John Langley (Appointed October 2005)
Robyn Lines (Appointed October 2005)
Nick Starr (Appointed October 2005)
Sir David Hancock KCB (resigned May 2005)
Greg Hutchings (resigned May 2005)
Peter Wiegand (resigned October 2005)

The directors had no interest in the shares of the company at any time during the period.

AUDITORS

A resolution proposing the re-appointment of PricewaterhouseCoopers LLP as auditors of the Company will be submitted at the Annual General Meeting.

By order of the Board


Menna McGregor
Company Secretary
22 August 2006

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Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

The directors are responsible for preparing financial statements for each financial year which give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement on Disclosure of Information to the Auditors

So far as each director is aware, there is no relevant audit information of which the company's auditors are unaware.

Each director has taken all the steps (such as making enquiries of other directors and the auditors and any other steps required by the director's duty to exercise due care, skill and diligence) that he ought to have taken in his duty as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

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Independent auditors' report to the members of Royal National Theatre Enterprises Limited

We have audited the financial statements of the Royal National Theatre Enterprises Limited for the year ended 2 April 2006 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body 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 into whose hands it may come save where expressly agreed by our prior consent in writing.

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 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 2 April 2006 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London
24 August 2006

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Profit and Loss Account for the 52 weeks ended 2 April 2006

	Notes	2006 £'000	2005 £'000
TURNOVER	1(b)/2	6,145	7,132
Cost of Sales		4,840	5,256
GROSS PROFIT		<u>1,305</u>	<u>1,876</u>
Administrative Expenses		560	643
OPERATING PROFIT	3	<u>745</u>	<u>1,233</u>
Interest receivable and similar income		23	26
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>768</u>	<u>1,259</u>
Taxation	4	0	0
Profit transferred by Gift Aid		766	1,254
RETAINED PROFIT FOR THE PERIOD		<u><u>2</u></u>	<u><u>5</u></u>

All activities are continuing.

The company has not recognised gains or losses other than the result for the period and therefore no separate statement of total recognised gains and losses has been prepared.

The notes on pages 9 to 11 form part of these financial statements.

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Balance Sheet at 2 April 2006

	Notes	2006 £'000	2005 £'000
CURRENT ASSETS			
Stock	6	220	325
Debtors	7	165	184
Cash at bank and in hand		830	1,020
		<u>1,215</u>	<u>1,529</u>
CREDITORS			
Amounts falling due within one year	8	(1,220)	(1,536)
NET CURRENT LIABILITIES		<u>(5)</u>	<u>(7)</u>
CAPITAL AND RESERVES			
Called up share capital	9	0	0
Profit and loss account (retained losses)		(5)	(7)
SHAREHOLDERS' FUNDS	10	<u>(5)</u>	<u>(7)</u>

The financial statements were approved by the Directors on 22 August 2006 and signed on its behalf by:



Edward Walker-Arnott
Chairman

The notes on pages 9 to 11 form part of these financial statements.

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Notes to the Financial Statements for the 52 weeks ended 2 April 2006

1. ACCOUNTING POLICIES AND BASES

(a) Accounting Basis

The accounts have been prepared under the historical cost convention in accordance with United Kingdom applicable accounting standards (SSAPs and FRSs). The company is exempt from the requirement to prepare a cashflow statement as it is a wholly owned subsidiary undertaking of the Royal National Theatre, a company incorporated in Great Britain.

With effect from 28 September 1998, the company took over the operation of certain activities of the National including the provision of catering services, the sale of ice creams and chocolates, the sale of books and publications, the hiring out of costumes/props and studio facilities, and the receipt of car park revenues. Until then, the company had been dormant. From 29 March 2004, the company took over the operation of building tours from the National, and relinquished procurement of corporate sponsorship.

(b) Turnover

Turnover represents the gross sales value of goods sold to customers excluding value added taxes and net of volume related discounts.

(c) Fixed Assets

The company did not own any fixed assets at the balance sheet date, nor at any time during the year.

(d) Stocks

The majority of stocks are goods for resale in the catering, bookshop, and publications operations. All stock is valued at the lower of cost and net realisable value. The valuation basis is latest price for Catering and Bookshop, and average cost for Publication stock.

(e) Overhead Allocation

An overhead allocation is made by the National to the Company based on turnover. The method is calculated with reference to space occupied, staff numbers, and will be reviewed in April 2007.

2 TURNOVER

	2006	2,005
	£'000	£'000
Catering, Ice Creams and chocolates	3,543	3,969
Sales of Books, Programmes and Publications	1,444	1,781
Costume/Prop Hire	520	665
Car Park	592	665
Backstage Tours	46	52
	<u>6,145</u>	<u>7,132</u>

Included in 2004/05 Costume Hire turnover is £129,384 generated from the sale of costumes to the Pennsylvania Ballet Association, United States of America. All other turnover is related to activity in the United Kingdom.

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3 OPERATING PROFIT

	2006	2005
	£'000	£'000
Operating profit is stated after charging:		
Audit Fee	<u>5</u>	<u>5</u>

4 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

Profits on which tax would be payable are paid to the National by gift aid and, consequently, there is no corporation tax payable.

5 REMUNERATION OF DIRECTORS AND EMPLOYMENT COSTS

The directors did not receive any remuneration in respect of their services as directors of the company.

The company had no employees during the year. Administrative services are provided by the parent company and recharged to Royal National Theatre Enterprises Limited.

6 STOCKS

	2006	2005
	£'000	£'000
Goods for resale	<u>220</u>	<u>325</u>
	<u>220</u>	<u>325</u>

7 DEBTORS

	2006	2005
	£'000	£'000
Trade debtors	94	116
Prepayments & other debtors	<u>71</u>	<u>68</u>
	<u>165</u>	<u>184</u>

8 CREDITORS

	2006	2005
	£'000	£'000
Amounts owed to parent undertaking	996	1,211
Trade creditors	140	120
Other creditors, accruals and deferred income	<u>84</u>	<u>205</u>
	<u>1,220</u>	<u>1,536</u>

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9 CALLED UP SHARE CAPITAL

Authorised: 100 ordinary shares of £1 each

Allotted, issued and fully paid: 2 ordinary shares of £1 each, both held by The Royal National Theatre Limited.

10 EQUITY SHAREHOLDERS' FUNDS

	2006	2005
	£'000	£'000
Profit for the financial year	2	5
Balance at 3 April 2005	(7)	(12)
Balance at 2 April 2006	<u>(5)</u>	<u>(7)</u>

11 RELATED PARTY TRANSACTIONS

As a wholly owned subsidiary, Royal National Theatre Enterprises Limited has taken advantage of the exemption, allowed by Financial Reporting Standard 8, from disclosing details of transactions with its parent company, The Royal National Theatre because group accounts are prepared.

12 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling part of Royal National Theatre Enterprises Limited is The Royal National Theatre, a company registered in England. Group accounts are available from the Company Secretary, National Theatre, South Bank, London SE1 9PX.