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ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 week period ended 30 March 2008

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ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 Weeks ended 30 March 2008

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ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 Weeks ended 30 March 2008

Company Information

Report and Financial Statements for the 52 weeks ended 30 March 2008

Company registration number: 1247285

Directors. Karen Jones
Justin Manson
Geoffrey Matthews
Caragh Merrick
Edward Walker-Arnott (Chairman)
Lisa Burger
Sarah Hunt
John Langley
Robyn Lines
Nick Starr
André Ptaszynski

Company Secretary: Lisa Burger (resigned 23 July 2007)
Kay Hunter-Johnston (appointed 23 July 2007)

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 30 March 2008

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 30 March 2008

PRINCIPAL ACTIVITIES

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

RESULTS AND DISTRIBUTIONS

The company's profit on ordinary activities for the period was £1,272,000 (2007 £1,012,000) of which £1,272,000 (2007 £1,012,000) will be paid to the National Theatre under a gift aid arrangement. The accumulated deficit at 30 March 2008 was £5,000 (2007 £5,000)

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Profit for the period has increased by 26% since last year, largely due to a 7% increase in turnover and an improvement in gross profit margin from 24% to 26%, reflecting good cost control within the catering areas. The observed increase in turnover was predominantly due to an external contract for the provision of costume-manufacturing services, which contributed £230,000 of sales revenue in the current year.

There is a strong relationship between audience numbers at the National Theatre and revenue generated by the front-of-house trading operations. There were a similar number of performances to the prior year, however a higher proportion of those had no interval. This, in conjunction with a one-week closure of the Lyttelton Theatre, has mitigated the underlying growth in front-of-house trading sales.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to a range of risks – strategic, operational and compliance. As its parent company, the National Theatre reviews and assesses these risks. A risk register identifies risks and assigns specific actions and responsibilities for mitigating them. Actions required to mitigate risks and address uncertainties are incorporated into the National's Business Plan. The Directors consider the following risk to be of significance to the company:

Audience numbers – there is a correlation between audience numbers at the National Theatre and income from the company's front-of-house trading operations. As such, the company's profitability is, to an extent, dependent on the ongoing ability of the National to attract audiences. Further details of how the National manages this risk, including information about the selection of repertoire, can be found in the *structure, governance and management* section of the National Theatre's group financial statements. Other risks as they relate to the group as a whole are discussed in detail in these financial statements.

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 period are:

Karen Jones
Justin Manson
Geoffrey Matthews
Caragh Merrick
Edward Walker-Arnott (Chairman)
Lisa Burger
John Langley

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 Weeks ended 30 March 2008

DIRECTORS AND THEIR INTERESTS (continued)

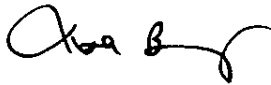
Robyn Lines
Nick Starr
Sarah Hunt
Charlotte Weston (resigned June 2008)

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



Lisa Burger
Director
28 August 2008

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 Weeks ended 30 March 2008

Statement of Directors' Responsibilities

Company law requires the directors to prepare the financial statements for each financial period which give a true and fair view 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
- 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 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 are also responsible for safeguarding the assets for 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

Report and Financial Statements for the 52 Weeks ended 30 March 2008

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 period ended 30 March 2008 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 30 March 2008 and of its profit for the period then ended, and
- have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

4th Sept 2008

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED**Report and Financial Statements for the 52 Weeks ended 30 March 2008**

Profit and Loss Account for the 52 weeks ended 30 March 2008

| | Notes | 2008 £'000 | 52 weeks ended 1 April 2007 £'000 |
|-----------------------------------------------|--------|-----------------------------|--------------------------------------------|
| TURNOVER | 1(b)/2 | 7,063 | 6,610 |
| Cost of Sales | | 5,192 | 5,012 |
| GROSS PROFIT | | <u>1,871</u> | <u>1,598</u> |
| Administrative Expenses | | 639 | 607 |
| OPERATING PROFIT | 3 | <u>1,232</u> | <u>991</u> |
| Interest receivable and similar income | | 40 | 21 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | <u>1,272</u> | <u>1,012</u> |
| Taxation | 4 | 0 | 0 |
| Profit transferred by Gift Aid | | 1,272 | 1,012 |
| RETAINED PROFIT/(LOSS) FOR THE PERIOD | | <u>0</u> | <u>0</u> |

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

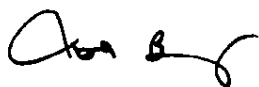
The notes on pages 10 to 12 form part of these financial statements

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED**Report and Financial Statements for the 52 Weeks ended 30 March 2008**

Balance Sheet at 30 March 2008

| | Notes | 2008 £'000 | 1 April 2007 £'000 |
|-------------------------------------------|-------|---------------|--------------------------|
| CURRENT ASSETS | | | |
| Stock | 6 | 224 | 227 |
| Debtors | 7 | 181 | 168 |
| Cash at bank and in hand | | 5 | 85 |
| Short-term deposits | | 886 | 800 |
| | | <u>1,296</u> | <u>1,280</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 8 | (1,301) | (1,285) |
| NET CURRENT LIABILITIES | | <u>(5)</u> | <u>(5)</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 9 | 0 | 0 |
| Profit and loss account (retained losses) | | (5) | (5) |
| SHAREHOLDERS' FUNDS | 10 | <u>(5)</u> | <u>(5)</u> |

The financial statements were approved by the Directors on 28 August 2008 signed on its behalf by



Lisa Burger
Director

The notes on pages 10 to 12 form part of these financial statements

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 Weeks ended 30 March 2008

Notes to the Financial Statements for the 52 weeks ended 30 March 2008

1. ACCOUNTING POLICIES AND BASIS OF PREPARATION

(a) Basis of Preparation

The accounts have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards and the Companies Act 1985

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

(b) Convention

The financial statements are presented in Sterling rounded to the nearest thousand

(c) Turnover

Turnover represents the value of goods and services provided to customers excluding VAT and net of volume related discounts

(d) Fixed assets

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

(e) Stocks

The majority of stocks are goods held for resale in the catering, bookshop and publications operations. All stock is valued at the lower of cost and net realisable value. Cost is based on the latest purchase price.

(f) 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 and staff numbers, and will be reviewed by the NT during the year ended 29th March 2009.

2. TURNOVER

| | 2008 £'000 | 2007 £'000 |
|---------------------------------------------|---------------|---------------|
| Catering, Ice Creams and Chocolates | 4,050 | 3,884 |
| Sales of Books, Programmes and Publications | 1,493 | 1,545 |
| Costume/Prop Hire | 577 | 520 |
| Car Park | 648 | 607 |
| Backstage Tours | 65 | 54 |
| Costume Manufacturing | 230 | - |
| | <u>7,063</u> | <u>6,610</u> |

All turnover is related to activity in the United Kingdom

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED**Report and Financial Statements for the 52 Weeks ended 30 March 2008**

3 OPERATING PROFIT

| | 2008 | 2007 |
|-------------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Operating profit is stated after charging | | |
| Audit fee | 6 | 6 |
| Tax and other fees | <u>2</u> | <u>2</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. Six of the directors are also employees of the parent company and receive salaries from the National Theatre in this capacity.

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

6 STOCKS

| | 2008 | 2007 |
|------------------|--------------|--------------|
| | £'000 | £'000 |
| Goods for resale | <u>224</u> | <u>227</u> |
| | <u>224</u> | <u>227</u> |

7 DEBTORS

| | 2008 | 2007 |
|------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Trade debtors | 72 | 123 |
| Prepayments & accrued income | <u>109</u> | <u>45</u> |
| | <u>181</u> | <u>168</u> |

8 CREDITORS

| | 2008 | 2007 |
|-----------------------------------------------|--------------|--------------|
| | £'000 | £'000 |
| Amounts owed to parent undertaking | 840 | 1,114 |
| Trade creditors | 349 | 60 |
| Other creditors, accruals and deferred income | <u>112</u> | <u>111</u> |
| | <u>1,301</u> | <u>1,285</u> |

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 Weeks ended 30 March 2008

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

| | 2008 £'000 | 2007 £'000 |
|-------------------------------|---------------|---------------|
| Profit for the financial year | 0 | 0 |
| Balance at beginning of year | (5) | (5) |
| Balance at end of year | <u>(5)</u> | <u>(5)</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, Upper Ground, London SE1 9PX