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ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 weeks ended 26 March 2017

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ROYAL NATIONAL THEATRE ENTERPRISES LIMITED
Report and Financial Statements for the 52 weeks ended 26 March 2017

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ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 Weeks ended 26 March 2017

COMPANY INFORMATION

Report and Financial Statements for the 52 weeks ended 26 March 2017

Company registration number: 1247285

Directors: Ros Haigh (Chair) (resigned 31 July 2017)
Sabine Anna Chalmers (appointed 31 July 2017)
Alex Bayley
Lisa Burger
Liz Fosbury
Huw Gott
Karen Jones
John Langley
Farah Ramzan Golant (resigned 28 September 2016)
Robyn Lines
Geoffrey Matthews

Registered Office: Upper Ground
South Bank
London
SE1 9PX

Independent Auditors: PricewaterhouseCoopers LLP
1 Embankment Place
London
WC2N 6RH

Bankers: Coutts & Co
440 Strand
London
WC2R 0QS

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 Weeks ended 26 March 2017

DIRECTORS' REPORT

Company registration number: 1247285

The Directors are pleased to submit their report and the audited financial statements of Royal National Theatre Enterprises Limited ("RNTE") for the 52 week period ended 26 March 2017.

In preparing this report the directors have taken advantage of the small companies exemptions provided within Part 15 of the Companies Act 2006 in relation to the content of the Directors' report and the preparation of the strategic report.

A list of those who were directors of the company during the 52 weeks ended 26 March 2017 and up to the date of signing the financial statements can be found in the Company Information section on page 2.

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 and functions business, the sale of ice creams and chocolates, the sale of books, publications and merchandise, 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. In addition to these activities Royal National Theatre Enterprises Limited receives commercial promotion (sponsorship) income.

RESULTS AND DISTRIBUTIONS

The company's profit on ordinary activities before gift aid for the period was £2,151k (2016: £1,382k) of which £2,151k (2016: £1,382k) will be paid to the National Theatre under a Gift Aid arrangement as a result of the deed of covenant between the National Theatre and RNTE.

No other dividends were declared/paid during the financial period (2016: £nil).

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Total turnover was £16,069k (2016: £14,725k); an increase on last year of £1,344k (9%). Included within turnover is income of £550k (2016: £550k) relating to commercial promotion (sponsorship).

A Management fee is charged by the National to the company. This is a proportion of the costs of running the theatre which cannot to specific activities and the allocation is based on the proportion of the National's group income which the company contributes. This results in a management fee payable to the National Theatre of £1,977k (2016: £1,619k).

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to a range of risks – strategic, operational and compliance. The Directors of RNTE review and assess 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 significant to the company:

Audience numbers – there is a strong 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 a significant extent, dependent on the ongoing ability of the National to attract audiences. Further details of how the National manages this risk, including information about repertoire and audiences, can be found in the *Structure, Governance and Management* section of the National Theatre's group financial statements. Other risks that relate to the National Theatre as a whole are covered in those financial statements.

Directors Indemnities

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

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STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial 52 week period. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and 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 2006.

The directors 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.

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board on 6 October 2017 and signed on behalf of the board by:


Lisa Burger
Director

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED
Report and Financial Statements for the 52 Weeks ended 26 March 2017

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report on the financial statements

Our opinion

In our opinion, Royal National Theatre Enterprises Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 26 March 2017 and of its result for the 52 week period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the balance sheet as at 26 March 2017;
- the profit and loss account for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 Weeks ended 26 March 2017

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.



Jill Halford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
6 October 2017

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED**Report and Financial Statements for the 52 Weeks ended 26 March 2017****PROFIT AND LOSS ACCOUNT**

	Note	52 weeks to 26 March 2017 £'000	52 weeks to 27 March 2016 £'000
Turnover	4	16,069	14,725
Cost of Sales		(11,941)	(11,724)
Gross Profit		4,128	3,001
Administrative Expenses		(1,977)	(1,619)
Profit before Gift Aid and taxation	5	2,151	1,382
Profit transferred by Gift Aid		(2,151)	(1,382)
Result before taxation		-	-
Tax on result	6	-	-
Result for the financial period		-	-
Profit and loss account balance at beginning of period		-	-
Profit and loss account balance at end of period		-	-

The company has not recognised gains or losses other than those included in the profit and loss account for the periods and therefore no separate statement of other comprehensive income has been prepared.

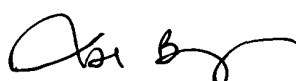
All amounts relate to continuing activities.

The notes on pages 9 to 12 form part of these financial statements.

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED**Report and Financial Statements for the 52 Weeks ended 26 March 2017****BALANCE SHEET**

	Note	As at 26 March 2017 £'000	As at 27 March 2016 £'000
Current Assets			
Stocks	8	400	393
Debtors	9	735	372
Cash at bank and in hand	10	136	213
		<u>1,271</u>	<u>978</u>
Creditors: Amounts falling due within one year	11	<u>(1,271)</u>	<u>(978)</u>
Net current assets		-	-
Net assets		<u>-</u>	<u>-</u>
Capital and Reserves			
Called up share capital	12	-	-
Profit and loss account		-	-
Total shareholders' funds		<u>-</u>	<u>-</u>

The financial statements on pages 7 to 12 were approved by the Directors on 6 October 2017 and signed on their behalf by:



Lisa Burger
Director

The notes on pages 9 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. General Information

Royal National Theatre Enterprises Limited ("the Company" or "RNTE") is a private company limited by share capital (incorporated in the UK and registered in England and Wales), wholly owned by the Royal National Theatre ("the National" or "the NT").

The Company's main activity is to operate as the trading subsidiary of the National and its objects are set out in the governing document, which is its Memorandum and Articles of Association.

As a wholly owned subsidiary of the National, whose consolidated publically available financial statements include the results of the Company, RNTE is a qualifying entity as defined in FRS 102 and thus eligible to apply the reduced disclosure exemptions available under FRS 102 to qualifying entities.

2. Statement of compliance

The financial statements have been prepared in compliance with applicable United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standards applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. Accounting policies and basis of preparation

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

(a) Basis of Preparation

The financial statements have been prepared under the historical cost convention in accordance with applicable United Kingdom accounting standards and the Companies Act 2006, and on a going concern basis. The Company's main activity is to operate as the trading subsidiary of the National and the expectation is that the company will continue to trade for the foreseeable future.

(b) Exemptions for Qualifying Entities Under FRS 102

The company has taken advantage of the following disclosure exemptions since it is a member of the National's group and is included in the National's consolidated accounts:

- The requirement to prepare a cash flow statement for the company (Section 7 of FRS 102 and p3.17(d))
- The non-disclosure of key management personnel compensation in total (FRS 102 p33.7)
- Reconciliation of the number of shares outstanding at the beginning and end of the period (FRS 102 p4.12(a)(iv))
- From the financial instrument disclosures, required under FRS 102 p11.39 – p11.48A and p12.26 – p12.29, as the information is provided in the consolidated financial statements disclosures of the group.

(c) Foreign Currencies

Transactions in foreign currencies undertaken during the year have been translated at the prevailing rate of exchange at the date of the transaction. Non-monetary assets are recorded at the prevailing rate of exchange at the date of the original transaction. Monetary assets and liabilities in foreign currencies are translated at rates of exchange prevailing at the balance sheet date.

Foreign exchange differences incurred in respect of overseas operations are recorded in the profit and loss account within the activity income or expenditure for the period in which they are incurred.

Any exchange gains or losses are accounted for in the Profit and Loss Account.

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(d) Turnover

Turnover represents the value of goods and services provided to customers excluding VAT and net of volume related discounts. It is recognised on a receivable basis or when delivery has occurred.

(e) Administrative Expenses

A Management fee is charged by the National to the company. This is a proportion of the costs of running the theatre which cannot to specific activities and the allocation is based on the proportion of the National's group income which the company contributes. This results in a management fee payable to the National Theatre of £1,977k (2016: £1,619k).

All administrative expenses are accounted for on an accruals basis.

(f) 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 estimated selling price less costs to complete and sell. Cost is based on the latest purchase price.

Costumes and Props used for the National's productions (having been fully expensed as port of production costs) are transferred to RNTE at nil value. The useful life of these costumes and props are deemed to be intrinsically tied to the specific production and carry no reliable measurable value once the production ends. These are used to generate a return for the Costume & Props Hire business in RNTE.

(g) Financial Instruments

Basic financial instruments comprise financial assets and liabilities, and include debtors, cash, creditors and debt instruments (where applicable). These are initially recognised at the transaction price (cost). Debt instruments are subsequently carried at amortised cost, using the effective interest method.

The carrying values of financial assets are reviewed for objective evidence of impairment at the end of each financial period. Where an impairment loss has been identified, the loss is immediately recognised in the Profit and Loss Account.

Financial instruments are derecognised when the contractual obligation is discharged, settled, cancelled or expired.

4 TURNOVER

	2017 £'000	2016 £'000
Catering & Hospitality	11,734	10,231
Retail	1,193	1,307
Costume & Props Hire	787	805
Usher Sales	622	578
Car Park	724	698
Commercial Promotion	550	550
Publications	161	172
Merchandising	92	177
Backstage Tours	166	125
Exhibitions & Venue Hire	40	82
	16,069	14,725

All turnover is related to activity in the United Kingdom.

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5 Operating Profit

Audit fees and other fees charged by the company's auditors were borne by the company's parent, The Royal National Theatre. The Audit Fees were £6k (2016: £6k) and Other Fees were £4k (2016: £4k).

6 Tax on result

Taxable profits are payable to the National Theatre under Gift Aid, as detailed in the Deed of Covenant and consequently, there is no corporation tax payable in relation to the current year (2016: nil)

a) Analysis of tax on result:

	2017 £'000	2016 £'000
Current year charge/(credit)	-	-
Adjustments in respect of prior years	-	-
United Kingdom corporation tax at 20% (2016: 20%)	-	-

b) Factors affecting the tax charge:

The tax assessed for the year is lower (2016: lower) than the resulting from applying the standard rate if corporation tax in the UK of 20% (2016: 20%)

	2017 £'000	2016 £'000
Profit before Gift Aid and taxation	2,151	1,382
Corporation tax at 20% thereon (2016: 20%)	430	276
Effects of:		
Profit transferred by gift aid	(430)	(276)
Total tax charge	-	-

7 Remuneration of Directors and employments costs

The directors did not receive any remuneration (2016: nil) in respect of their services as directors of the company. Five 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 (2016: nil). Administrative services are provided by the parent company and recharged to Royal National Theatre Enterprises Limited.

8 Stocks

	2017 £'000	2016 £'000
Goods for resale	400	393

The amount of stock expensed in the year was £4.1m (2016: £4.2m).

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9 Debtors

	2017 £'000	2016 £'000
Trade debtors	25	209
Amounts owed by group undertakings	481	36
Other debtors	81	6
Prepayments and accrued income	148	121
	<u>735</u>	<u>372</u>

10 Cash at bank and in hand

	2017 £'000	2016 £'000
Cash and bank balances	136	213
	<u>136</u>	<u>213</u>

11 Creditors

	2017 £'000	2016 £'000
Amounts falling due within one year:		
Trade creditors	280	231
Other creditors and accruals	720	569
Deferred income	271	178
	<u>1,271</u>	<u>978</u>

12 Called up Share Capital

Allotted, issued and fully paid: 2 (2016: 2) ordinary shares of £1 each, both held by The Royal National Theatre.

13 Related Party Transactions

As a wholly owned subsidiary, Royal National Theatre Enterprises Limited has taken advantage of the exemption, allowed by Financial Reporting Standard 102, from disclosing details of transactions with its parent company, The Royal National Theatre as group financial statements are prepared.

14 Ultimate Parent Undertaking

The ultimate parent undertaking and controlling party of Royal National Theatre Enterprises Limited is The Royal National Theatre, a company incorporated in the UK and registered in England and Wales. Group financial statements for The Royal National Theatre, the only group to consolidate the company's financial statement, are publically available from the Board Secretary, National Theatre, Upper Ground, London, SE1 9PX.