

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

Report and Financial Statements for the 52 weeks ended 31 March 2019



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COMPANY INFORMATION

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Company registration number: 1247285

Directors: Karen Jones (Chair)
Alex Bayley
Lisa Burger
Liz Fosbury
Huw Gott
John Langley
Robyn Lines (resigned 29 November 2018)
Geoffrey Matthews
Sabine Chalmers (resigned 30 November 2018)

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

Solicitors: Harbottle & Lewis LLP
14 Hanover Square
London
W1S 1HP

ROYAL NATIONAL THEATRE ENTERPRISES LIMITED

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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" or "the Company") for the 52 week period ended 31 March 2019.

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 31 March 2019 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 before gift aid and taxation for the period was £1,277k (2018: £1,704k) of which £1,277k (2018: £1,704k) 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 dividends or other distributions were declared/paid during the financial period (2018: £nil).

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Total turnover was £15,793k (2018: £15,471k); an increase on last year of £322k (2%). Included within turnover is income of £564k (2018: £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 be attributed 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 for 2019 of £2,083k (2018: £1,741k).

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 *Strategic Report, Financial Summary and Governance* sections of the National Theatre's Annual Report. Other risks that relate to the National Theatre as a whole are covered in that Annual Report.

The key components of the National Theatre's risk management, which include the risks relating to Royal National Theatre Enterprises Limited, include:

- Regular consideration by the Directors of financial results and variance from budgets;
- Delegation of authority and segregation of duties; Senior management review of key strategic and operational risks on a regular basis. Consideration is given to progress on mitigating actions, new and emerging risks and opportunities; and
- The Internal Auditor reviews risks and internal controls on a regular basis and reports findings to the National Theatre's Finance and Audit Committee.

The system is designed to manage rather than to eliminate the risks faced by Royal National Theatre Enterprises Limited and it must be recognised that such a system can provide only reasonable and not absolute assurance.

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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.

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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 year. 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.

PROVISION OF INFORMATION TO AUDITORS

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 11 July 2019 and signed on behalf of the Board by:



Liz Fosbury
Director

Registration Number: 1247285

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

Report on the audit of the financial statements

Opinion

In our opinion, Royal National Theatre Enterprises Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2019 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 (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2019; the profit and loss account for the period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the period ended 31 March 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

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.



Andrew Lowe (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

// July 2019

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PROFIT AND LOSS ACCOUNT

	Note	52 weeks to 31 March 2019 £'000	53 weeks to 1 April 2018 £'000
Turnover	4	15,793	15,471
Cost of Sales		(12,433)	(12,026)
Gross Profit		3,360	3,445
Administrative Expenses		(2,083)	(1,741)
Profit before Gift Aid and taxation	5	1,277	1,704
Profit transferred by Gift Aid		(1,277)	(1,704)
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 11 to 15 form part of these financial statements.

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BALANCE SHEET

	Note	As at 31 March 2019 £'000	As at 1 April 2018 £'000
Current Assets			
Stocks	9	487	408
Debtors	10	552	429
Cash at bank and in hand	11	195	1,495
		1,234	2,332
Liabilities			
Creditors: Amounts falling due within one year	12	(1,234)	(2,332)
Net current assets		-	-
Net assets		-	-
Capital and Reserves			
Called up share capital	14	-	-
Profit and loss account		-	-
Total shareholder's funds		-	-

The notes of pages 11 to 15 form part of these financial statements.

The financial statements on pages 9 to 15 were approved by the Directors on 11 July 2019 and signed on their behalf by:



Liz Fosbury
Director

Company registration number: 1247285

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 registered address is Upper Ground, South Bank, London, SE1 9PX.

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 publicly 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 financial statements:

- The requirement to prepare a cash flow statement for the Company (Section 7 of FRS 102 and paragraph 3.17(d)).
- The non-disclosure of key management personnel compensation in total (FRS 102 paragraph 33.7).
- From the financial instrument disclosures, required under FRS 102 paragraph 11.40 – paragraph 11.48A and paragraph 12.26 – paragraph 12.29, as the information is provided in the consolidated financial statements disclosures of the group.

(c) Foreign Currencies

The Company's functional and presentational currency is pound sterling.

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. Catering, Hospitality, Retail, Publications, Tours and Ushers sales are recognised when they take place. Car Park Income and Costume and Prop Hire Income are recognised over the period of Car Parking and Hire, respectively. Commercial promotion income is recognised on a receivable basis.

(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 resulted in a Management Fee payable to the National Theatre of £2,083k (2018: £1,741k). 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 part 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) Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held on call with banks and other short-term highly liquid investments.

(h) Operating Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

(i) 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.

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4 Turnover

	2019 £'000	2018 £'000
Catering & Hospitality	11,429	11,222
Retail	1,216	1,271
Costume & Props Hire	897	786
Usher Sales	606	538
Car Park	661	679
Commercial Promotion	564	550
Publications	167	186
Merchandising	41	49
Backstage Tours	175	152
Exhibitions & Venue Hire	37	38
	<u>15,793</u>	<u>15,471</u>

All turnover is related to activity in the United Kingdom.

5 Profit before Gift Aid and Taxation

Audit fees and other fees charged by the Company's auditors were borne by the Company's parent, The Royal National Theatre. Audit fees were £7k (2018: £6k) and Tax Compliance fees were £4k (2018:£4k).

6 Staff Costs

	2019 £'000	2018 £'000
Wages and salaries	5,845	5,658
Social security costs	414	400
Other pension costs	1	1
	<u>6,260</u>	<u>6,059</u>

All staff are employed by the National and the cost of their employment is recharged to the Company.

7 Tax on Result

Taxable profits are payable to the National under Gift Aid, as detailed in the Deed of Covenant and, consequently, there is no corporation tax payable in relation to the current year (2018: nil).

a) Analysis of tax on result:

	2019 £'000	2018 £'000
Current year tax	-	-
United Kingdom corporation tax at 19% (2018: 19%)	<u>-</u>	<u>-</u>

b) Factors affecting the tax charge:

The tax assessed for the year is lower (2018: lower) than the resulting from applying the standard rate of corporation tax in the UK of 19% (2018: 19%):

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	2019 £'000	2018 £'000
Profit before Gift Aid and taxation	1,277	1,704
Corporation tax at 19% thereon (2018: 19%)	243	324
Effects of: Profit transferred by gift aid	(243)	(324)
Total tax	-	-

8 Remuneration of Directors and employments costs

The directors did not receive any remuneration (2018: nil) in respect of their services as directors of the Company. Five of the directors during the period were also employees of the parent company and receive salaries from the National in this capacity.

The Company had no employees during the period (2018: nil). Administrative services are provided by the parent company and recharged to the Company.

9 Stocks

	2019 £'000	2018 £'000
Goods for resale	487	408

The amount of stock expensed in the year was £4.0m (2018: £4.1m).

10 Debtors

	2019 £'000	2018 £'000
Amounts falling due within one year:		
Trade debtors	121	63
Amounts owed by group undertakings	20	-
Other debtors	170	173
Prepayments and accrued income	241	193
	552	429

Amounts owed by group undertakings are unsecured, non-interest bearing and are repayable on demand.

11 Cash at bank and in hand

	2019 £'000	2018 £'000
Cash and bank balances	195	1,495
	195	1,495

12 Creditors: Amounts falling due within one year

	2019 £'000	2018 £'000
Trade creditors	148	402
Amounts owed to group undertakings	321	1,408
Other creditors and accruals	575	351
Deferred income (all within one year)	190	171
	1,234	2,332

Amounts owed to group undertakings are unsecured, non-interest bearing and are repayable on demand.

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13 Operating Lease Commitments

At the year-end, the Company was committed under non-cancellable operating leases to make the following payments:

	2019 £'000	2018 £'000
Within one year	445	437
In two to five years	145	568
	<u>590</u>	<u>1,004</u>

The total operating lease charge for the year included in the profit and loss account was £487k (2018: £437k).

14 Called up Share Capital

Allotted, issued and fully paid: 2 (2018: 2) ordinary shares of £1 each, both held by The Royal National Theatre.

15 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.

16 Commitments

A fixed charge dated November 2014 is registered in favour of Coutts & Co as security for a bank overdraft facility provided to The Royal National Theatre.

17 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 (company no. 749504). Group financial statements for The Royal National Theatre, the only group to consolidate the Company's financial statements, are publically available from the Board Secretary, The Royal National Theatre, Upper Ground, London, SE1 9PX.