

Company Number: 1488786

Registered Charity Number: 279884

**SADLER'S WELLS TRUST
(LIMITED BY GUARANTEE)**

REPORT AND FINANCIAL STATEMENTS

31st MARCH 2001



**Sadler's Wells Trust
(Limited by Guarantee)**

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**Sadler's Wells Trust
(Limited by Guarantee)**

Directors, Officers and Administrative Information

Directors

Hugh Morris (Chairman)
Paul Cullington
Harry MacAuslan
Lady Solti
Dr Maggie Semple OBE
Ian Gentle
Nica Burns
Frankie Airey
Matt Cooper

Auditors

Moore Stephens
Chartered Accountants
St. Paul's House
London
EC4P 4BN

Solicitors

Clifford Chance
200 Aldersgate Street
London EC1A 4JJ

Secretary and Chief Executive

Ian Bronson Albery

Bankers

National Westminster Bank plc
Holborn Corporate Business Centre
P.O. Box 959
1 Hatton Garden
London
EC1N 8AB

Registered Office

Sadler's Wells Trust Ltd
Sadler's Wells
Rosebery Avenue
London
EC1R 4TN

**Sadler's Wells Trust
(Limited by Guarantee)**

Directors' Report

The directors submit their report and the financial statements of Sadler's Wells Trust for the year ended 31st March 2001 which have been prepared in compliance with current statutory requirements and with the charity's governing document, its memorandum and articles of association.

The charity is managed by its directors who meet approximately ten times a year and who delegate the day to day operation of the theatre to the chief executive.

Objects

The company through the Sadler's Wells, Peacock and Lilian Baylis theatres aims to provide London with a balanced programme of high quality ballet, dance, opera, music theatre, children's theatre and "specialist" theatre, both from Britain and abroad. The programmes presented are intended to draw audiences from the widest possible cross-section of the community.

Review of Activities

Companies that were presented in the main house this year included:

Netherlands Dance Theatre 2 (Netherlands)
Peter Schaufuss Ballet (Denmark)
Joaquin Cortes (Spain)
Rambert Dance Company (UK)
Zurich Ballet (Switzerland)
Grupo Corpo (Brazil)
Irek Mukhamedov (UK)
Bejart Ballet (Switzerland)
Ballet Preljocaj (France)
Siobhan Davies Dance Company (UK)
Universal Ballet of Korea
Paul Taylor Dance Company (USA)
Tap Dogs (Australia)
Northern Ballet Theatre (UK)
Sankai Juku (Japan)

The Peacock Theatre Season included:

Bahia Ballet (Brazil)
Les Ballet Trockadero de Monte Carlo (USA)
The National Youth Music Theatre Company (UK)
Les Ballet Jazz de Montreal (Canada)
Pura Passion (Spain)
The Mark Baldwin Dance Company (UK)

We received three Olivier Award nominations for the Best New Dance Production of the year for NDT2 and Zurich Ballet as well as for the best individual performance again for Zurich Ballet.

We had two highly successful Christmas seasons with the revival of the Snowman at the Peacock and the RSC's production of The Lion, the Witch and the Wardrobe at Sadler's Wells. In addition we managed for the first time a successful summer season in the theatre with a four-week run of the Australian Circus Troupe Circus Oz.

The Lilian Baylis Theatre continued its primary use as an income generator for the events department so there was little artistic activity in the space.

**Sadler's Wells Trust
(Limited by Guarantee)**

Directors' Report (Continued)

Accounts

The directors report a deficit of £80,000 for the year.

Gifts and sponsorship from a wide range of organisations made a significant contribution to the theatre and these are listed on pages 13 and 14. In addition many individuals made important gifts to the theatre including Ian Hay Davison, The Ulrich Family and Hugh Morris. The theatre wishes to thank all those who have made such a major and generous contribution to the success of the theatre this year.

The directors are aware that the borrowings of New Sadler's Wells Limited have increased from £600,000 at 31st March 2000 to a figure of £3,000,000 at the date these accounts have been signed. The financing of New Sadler's Wells Limited is relevant to Sadler's Wells Trust Limited because of the existence of cross-guarantees, details of which are set out in Note 15. The directors do not believe the financial position of Sadler's Wells Trust Limited will be materially affected by the existence of these cross-guarantees.

The financial position of the company is set out in the balance sheet on page 9.

Directors

The members of the board who served during the year under review were as follows:

Hugh Morris (Chairman)	
Harry MacAuslan	
Ian Hay Davison	(Retired 19th May 2001)
Lady Solti	
Dr Maggie Semple OBE	
Ian Jentle	
Paul Cullington (Treasurer)	
Frankie Airey	(Appointed 1st June 2000)
Nica Burns	(Appointed 1st June 2000)
Matt Cooper	(Appointed 19th June 2001)
Sir John Drummond	(Resigned 17th July 2000)
Lady Rowland	(Resigned 18th October 2000)

The directors are appointed by the Governors of the Sadler's Wells Foundation.

Hugh Morris, Harry MacAuslan, Lady Solti, Maggie Semple and Ian Jentle each held one share in the Trust at the year end.

**Sadler's Wells Trust
(Limited by Guarantee)**

Directors' Report (Continued)

Connected Charities

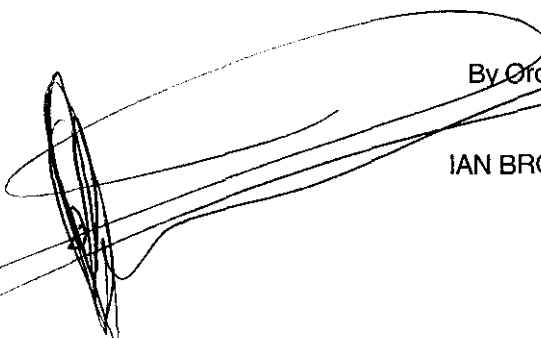
The Sadler's Wells Trust is connected to other charities, under the control of the Sadler's Wells Foundation. Details of these charities are given in note 19 to the financial statements.

Taxation Status

The company is a registered charity and as such, is entitled to exemptions from taxation under the Income and Corporation Taxes Act 1988.

Auditors

The auditors, Moore Stephens, are willing to continue in office. A resolution for their re-appointment and authorising the directors to fix their remuneration will be submitted to the forthcoming Annual General Meeting.



By Order of the Board

IAN BRONSON ALBERY

Secretary

**Sadler's Wells Trust
(Limited by Guarantee)**

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 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;
- 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 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.

**Report of the Auditors to the Members of
Sadler's Wells Trust
(Limited by Guarantee)**

We have audited the financial statements on pages 8 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 11 to 12.

Respective Responsibilities of Directors and Auditors

As described on page 6 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

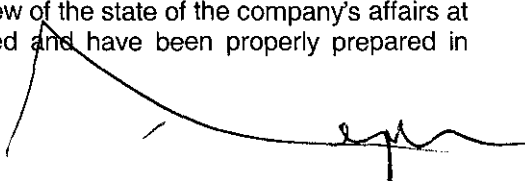
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 the company's affairs at 31st March 2001 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
Warwick Lane,
London, EC4P 4BN


MOORE STEPHENS
Chartered Accountants
Registered Auditor

16 August 2001

**Sadler's Wells Trust
(Limited by Guarantee)**

**Statement of Financial Activities
For the year ended 31st March 2001**

		General Funds	Restricted Funds	Total Funds 2001	Total Funds 2000			
	Note	£'000	£'000	£'000	£'000			
Incoming Resources								
Income from presentations		7,101	-	7,101	7,269			
Income from events		-	-	-	627			
Gifted income	8	355	-	355	-			
Grants	3	1,095	35	1,130	570			
Donations	3	131	34	165	182			
Sponsorship income	3	30	195	225	255			
Investment income- interest receivable		72	-	72	115			
Other income		101	-	101	156			
Compensation	4	-	-	-	1,350			
Total Incoming Resources		<u>8,885</u>	<u>264</u>	<u>9,149</u>	<u>10,524</u>			
Resources Expended								
Direct charitable expenditure								
Expenditure on presentations		6,930	229	7,159	7,698			
Expenditure on events		-	-	-	290			
Theatre overhead		1,650	35	1,685	1,904			
Fundraising and publicity costs		182	-	182	184			
Management and administration		203	-	203	344			
Total Resources Expended	2	<u>8,965</u>	<u>264</u>	<u>9,229</u>	<u>10,420</u>			
Net Incoming Resources for the Year								
		(80)	-	(80)	104			
Balances brought forward at 31st March 2000		<u>151</u>	<u>15</u>	<u>166</u>	<u>62</u>			
Balances carried forward at 31st March 2001								
	£	71	£	15	£	86	£	166

None of the company's activities were acquired or discontinued during the above two financial years.

With effect from 1st April 2000 events were managed by the subsidiary company, Sadler's Wells Limited, with the net income donated to the company.

The company has no recognised gains or losses other than those dealt with in the income and expenditure account.


**Sadler's Wells Trust
(Limited by Guarantee)**

Balance Sheet - 31st March 2001

	<u>Note</u>	<u>2001</u>	<u>2000</u>
		£'000	£'000
Fixed Assets			
Investment	8	-	-
Tangible assets	7	359	63
		<u>359</u>	<u>63</u>
Current Assets			
Stocks	9	11	9
Debtors	10	500	896
Cash at bank and in hand		1,769	1,060
		<u>2,280</u>	<u>1,965</u>
Creditors, amounts falling due within one year	11	(2,553)	(1,862)
Net Current Assets		<u>(273)</u>	<u>103</u>
Total Assets Less Current Liabilities		£ <u>86</u>	£ <u>166</u>
Funds			
Restricted	18	15	15
General	18	71	151
Total Funds		£ <u>86</u>	£ <u>166</u>

These financial statements were approved by the Board on

HUGH MORRIS Chairman

 16/5/2001

**Sadler's Wells Trust
(Limited by Guarantee)**

**Cash Flow Statement
For the year ended 31st March 2001**

	<u>Note</u>	<u>2001</u> £'000	<u>2000</u> £'000
Net cash inflow/(outflow) from trading activities	12	1,170	(420)
Returns on investments and servicing of finance	13a	72	115
Capital expenditure	13b	(343)	(34)
Increase/(decrease) in cash in the year		£ 899	£ (339)

Reconciliation of Net Cash Flow to Movement in Net Cash

Increase in cash in the year	709	(485)
Cash inflow from decrease in debt	190	146
Movement in net cash in the year	899	(339)
Net cash at 1st April 2000	870	1,209
Net cash at 31st March 2001	14	£ 1,769

**Sadler's Wells Trust
(Limited by Guarantee)**

**Notes to the Financial Statements
For the year ended 31st March 2001**

1. Accounting Policies

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention, in accordance with all applicable Accounting Standards and follow the provisions of the Statement of Recommended Practice: Accounting by Charities issued in October 1995.

The company has taken advantage of the exemptions provided by S248 Companies Act 1985 and has not prepared consolidated accounts.

(b) Income from presentations

Income from presentations, which is matched to relevant performances, represents amounts receivable, excluding Value Added Tax, for goods and services provided in the ordinary course of business. All income is generated in the United Kingdom.

(c) Grants, donations and sponsorship

- (i) Revenue grants and donations are credited to the Statement of Financial Activities in the period in which they fall due unless they relate to specified future or prior periods, in which case they are deferred or accrued respectively.
- (ii) Corporate sponsorship is treated on a cash receipts basis even though the benefits to the sponsor may cover the next accounting period.
- (iii) Restricted funds are used for the specified purpose laid down by the donor.

(d) Expenditure allocation

Expenditure is allocated to departments on an actual basis. These costs are then aggregated and disclosed under the headings stated in note 2.

(e) Tangible fixed assets

Fixed assets are stated at cost. Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life. Purchased assets have been depreciated at the following straight line rates:

	<u>Pre 1999</u>	<u>Post 2000</u>
Computers	33.3%	33.3%
Fixtures & fittings	20%	33.3%
Equipment	20%	10 to 20%

**Sadler's Wells Trust
(Limited by Guarantee)**

**Notes to the Financial Statements
For the year ended 31st March 2001 (Continued)**

1. Accounting Policies (Continued)

(f) Stocks

Stocks of goods for resale, consisting of merchandise and confectionery are stated at the lower of cost and net realisable value on a first in first out basis.

(g) Foreign currencies

Foreign currency balances at 31st March 2001 have been translated into sterling at the rate ruling at that date.

Transactions during the course of the year have been translated into sterling at the rate ruling at the transaction date.

2. Total Resources Expended

	<u>Presentation Expenses</u>	<u>Theatre Overhead</u>	<u>Fundraising and Publicity</u>	<u>Management and Administration</u>	<u>2001 Total</u>	<u>2000 Total</u>
Staff costs	1,138	913	127	297	2,475	2,337
Premises costs	329	532	-	-	861	278
Depreciation	-	47	-	-	47	17
Audit	-	-	-	21	21	19
Irrecoverable expenditure on behalf of New Sadlers Wells Limited	-	-	-	(160)	(160)	(151)
Other costs	5,692	193	55	45	5,985	7,920
	<u>£ 7,159</u>	<u>£ 1,685</u>	<u>£ 182</u>	<u>£ 203</u>	<u>£ 9,229</u>	<u>£ 10,420</u>

**Sadler's Wells Trust
(Limited by Guarantee)**

**Notes to the Financial Statements
For the year ended 31st March 2001 (Continued)**

3. Grants, Donations and Sponsorship

Included in the figures for grants, donations and sponsorship are the following amounts:

(a) Grants

	<u>2000/01</u>	<u>1999/00</u>	<u>Purpose</u>
London Borough Grants Unit	£69,700	£68,720	Contribution towards the running cost of Sadler's Wells Trust
London Arts Board	£900,000	£220,000	Contribution towards the running costs of Sadler's Wells Trust
London Borough of Islington	£35,534	£30,994	The salaries of the Community and Education manager and the Community and Education officer (part-time)
Sadler's Wells Foundation	£125,000	£250,000	Contribution towards running costs of Sadler's Wells Trust Limited

(b) Donations

	£
The 29th of May 1961 Charitable Trust	10,000
American Friends of Sadler's Wells	34,200
Anderson Consulting Foundation	3,000
Bridge House Estate Trust Fund	7,000
Capital One	2,600
Foundation for Sport and the Arts	30,000
Groundswell	2,094
Henry Moore Foundation	4,000
The J.M. Kaplan Fund	6,380
Sadler's Wells Theatre Appeal Fund Ltd	45,000

(c) Sponsorship

	£
Arts & Business *	25,000
Criterion Ices	2,000
Invensys plc	100,000
Marks & Spencer	3,000
The Royal Bank of Scotland	5,000
Skoda UK	70,000

* In 1999 sponsorship of £100,000 from Invensys plc for Dick Whittington was matched by of £25,000 under the Arts & Business Pairing scheme this year.

**Sadler's Wells Trust
(Limited by Guarantee)**

**Notes to the Financial Statements
For the year ended 31st March 2001 (Continued)**

3. Grants, Donations and Sponsorship (Continued)

(c) Corporate Membership

	£
Bank Julius Baer & Co Ltd	5,000
The British Land Company plc	7,500
Cable & Wireless plc	15,000
J. Walter Thompson Company Ltd	7,500
Morgan Stanley Dean Witter	7,500
Nabarro Nathanson	5,000

4. Compensation

During the year ended 31st March 2000 the theatre received £1.35m in respect of compensation for a cancelled booking during the summer of 1999.

5. Staff and Directors

	<u>2001</u>	<u>2000</u>
	£'000	£'000
Wages and salaries	2,241	2,324
Social security costs	249	192
Pension costs (note 20)	55	52
	<hr/> 2,545	<hr/> 2,568
Less: Staff costs charged to:		
Sadler's Wells Limited	(70)	-
New Sadler's Wells Limited	-	(231)
	<hr/> £ 2,475	<hr/> £ 2,337

Employee remuneration fell in the following bands:

	<u>Number</u>	<u>Number</u>
£40,000 - £49,999	1	1
£70,000 - £80,000	1	1

**Sadler's Wells Trust
(Limited by Guarantee)**

**Notes to the Financial Statements
For the year ended 31st March 2001 (Continued)**

5. Staff and Directors (Continued)

Average Number of Persons Employed

	<u>2001</u> Number	<u>2000</u> Number
Theatre and Front of House	34	41
Box office	16	12
Marketing	8	8
Technical	11	15
Administration	12	14
Development	5	5
Events	-	3
	<u>86</u>	<u>98</u>

At the year end there were 9 non-executive directors. None of the directors received any remuneration (2000 - £Nil) nor were any payments made to any organisation associated with any director save on an arms length commercial basis.

Reimbursement of directors' travelling expenses amounting to £Nil (2000: £Nil) was made during the year.

6. Taxation

The company is a registered charity and as such, is entitled to exemption from taxation under the Income and Corporation Taxes Act 1988.

7. Tangible Fixed Assets

	<u>Computers</u> £'000	<u>Fixtures and Fittings</u> £'000	<u>Equipment</u> £'000	<u>Total</u> £'000
Cost				
At 1st April 2000	172	204	34	410
Additions	33	1	310	344
	<u>205</u>	<u>205</u>	<u>344</u>	<u>754</u>
At 31st March 2001				
	<u>205</u>	<u>205</u>	<u>344</u>	<u>754</u>
Depreciation				
At 1st April 2001	145	195	7	347
Charge for the year	14	10	24	48
	<u>159</u>	<u>205</u>	<u>31</u>	<u>395</u>
At 31st March 2001				
	<u>159</u>	<u>205</u>	<u>31</u>	<u>395</u>
Net book value				
At 31st March 2001	£ 46	£ -	£ 313	£ 359
	<u>46</u>	<u>-</u>	<u>313</u>	<u>359</u>
At 31st March 2000	£ 27	£ 9	£ 27	£ 63
	<u>27</u>	<u>9</u>	<u>27</u>	<u>63</u>

**Sadler's Wells Trust
(Limited by Guarantee)**

**Notes to the Financial Statements
For the year ended 31st March 2001 (Continued)**

8. Investment

The company owns both £1 shares in Sadler's Wells Limited which commenced trading, hosting events at the Sadler's Wells Theatre, on 1st April 2000. The turnover of Sadler's Wells Limited for the year was £863,000 and its net income of £355,000 was donated to Sadler's Wells Trust Limited. In accordance with S248 Companies Act 1985 consolidated accounts have not been prepared.

9. Stocks

	<u>2001</u> £'000	<u>2000</u> £'000
Goods for resale	£ 11	£ 9

10. Debtors

	<u>2001</u> £'000	<u>2000</u> £'000
Trade debtors	396	616
Amounts owed by related undertakings	14	251
Other debtors	-	12
Prepayments and accrued income	-	17
	£ 500	£ 896

11. Creditors, amounts falling due within one year

	<u>2001</u> £'000	<u>2000</u> £'000
Bank overdraft	-	190
Trade creditors	654	427
Amounts owed to related undertakings	-	250
Box office advances (see note below)	477	158
VAT, PAYE and National Insurance contributions	88	191
Other creditors and accrued costs	1,244	646
	£ 2,553	£ 1,862

Included in cash at bank is a deposit account representing advance bookings received which the directors and the bank consider to be ring-fenced from the claims of other creditors.

**Sadler's Wells Trust
(Limited by Guarantee)**

**Notes to the Financial Statements
For the year ended 31st March 2001 (Continued)**

12. Reconciliation of Net Incoming Resources from Trading Activities to Net Cash

	<u>2001</u> £'000	<u>2000</u> £'000
Net incoming resources from trading activities	(39)	(11)
Depreciation	46	17
Increase in stocks	(2)	(9)
Decrease in debtors	486	(560)
Increase in creditors	791	143
Net cash inflow from trading activities	£ <u>1,171</u>	£ <u>(420)</u>

13. Analysis of Cash Flows for Headings Netted in Cash Flow Statement

(a) Return on Investment and Servicing of Finance

	<u>2001</u> £'000	<u>2000</u> £'000
Interest received	£ <u>72</u>	£ <u>115</u>

(b) Capital Expenditure

Purchase of tangible fixed assets	<u>(343)</u>	<u>(34)</u>
Net cash outflow from capital expenditure and financial investments	£ <u>(343)</u>	£ <u>(34)</u>

14. Analysis of Net Cash

	Cash Flow £'000	1st April <u>2000</u> £'000	31st March <u>2001</u> £'000
Cash at bank and in hand (see note 11)	709	1,060	1,769
Debts due within one year	190	(190)	-
	£ <u>899</u>	£ <u>870</u>	£ <u>1,769</u>

15. Contingent Liability

The assets of the company are subject to cross guarantees in respect of loans and grants to New Sadler's Wells Limited. At 31st March 2001 the liabilities in respect of these balances in the accounts of New Sadler's Wells Limited amounted to £44,990,000, comprising £3,000,000 of loans and £41,990,000 of grants.

**Sadler's Wells Trust
(Limited by Guarantee)**

**Notes to the Financial Statements
For the year ended 31st March 2001 (Continued)**

16. Liability of Members

The company is limited by guarantee and the liability of members is limited to £10 each. At 31st March 2001 there were 24 members. No dividend rights attach to the shares of the company.

17. Operating Lease Commitment

The company has an annual commitment of £250,000 in respect of the lease of the Sadler's Wells Theatre, from New Sadler's Wells Limited, expiring after more than five years.

18. Net Movement in Funds

	At 1st April <u>2000</u> £'000	Incoming <u>Resources</u> £'000	Resources <u>Expended</u> £'000	At 31st March <u>2001</u> £'000
Restricted Funds:				
Telecommunications equipment	15	-	-	15
Sponsorship of productions	-	195	(195)	-
Grants and donations	-	69	(69)	-
	<u>15</u>	<u>264</u>	<u>(264)</u>	<u>15</u>
Unrestricted Funds:				
General fund	151	8,885	(8,965)	71
	<u>£ 166</u>	<u>£ 9,149</u>	<u>£ (9,229)</u>	<u>£ 86</u>

The theatre has sufficient cash resources to enable the restricted funds to be applied in accordance with the restrictions imposed.

**Sadler's Wells Trust
(Limited by Guarantee)**

**Notes to the Financial Statements
For the year ended 31st March 2001 (Continued)**

19. Connected Charities

All entities within the Sadler's Wells group of connected charities are based at the registered office shown on page 2 and are limited by guarantee other than Sadler's Wells Limited with a share capital of £2 and Sadler's Wells Foundation, a charitable trust, which is not covered by the Companies Act requirements.

The controlling entity is the Sadler's Wells Foundation which provides a majority of the guaranteeing members for New Sadler's Wells, Sadler's Wells Theatre Appeal Fund, and Sadler's Wells Trust and therefore has ultimate responsibility for the appointment of directors of the three companies.

Sadler's Wells Foundation owns freehold and leasehold properties. New Sadler's Wells Limited is responsible for the Sadler's Wells theatre development and Sadler's Wells Theatre Appeal Fund is responsible for the raising and administration of appeal funds in support of the Sadler's Wells group. Sadler's Wells Trust is a company whose principal activity is to encourage the understanding and appreciation of the performing arts, and Sadler's Wells Limited is a wholly owned subsidiary of Sadler's Wells Trust which commenced trading, marketing events at the theatre, on 1st April 2000.

During the year Sadler's Wells Trust Limited incurred a rent charge of £250,000 from New Sadler's Wells Limited. The company received a donation of £45,000 from Sadler's Wells Appeal Fund Limited and a grant of £125,000 from Sadler's Wells Foundation and received repayment of £160,000 (2000: £151,000) of costs previously written off in connection with the refurbishment of the Sadler's Wells Theatre, owned by New Sadler's Wells Limited.

A gift of £355,000 was received from Sadler's Wells Limited, during the year, a debtor of £73,000 being due from that company at the year end.

20. Pension Commitments

Until 31st March 1999 the company operated a defined benefits pension scheme whose assets are held in independent trustee administered funds. Contributions were determined by a qualified independent actuary on the basis of triennial valuations using the projected unit method, the most recent valuation being at 6th April 1998. The assumptions which have the most significant effect on the results of the valuation are the rate at which current salaries and pensions will increase and the return the scheme will earn on its assets.

It was assumed for this valuation that salaries would increase by 6.5% per annum and the investment returns would be 8% per annum, and the present and future pensions would increase at the rate of 5% per annum. The actuarial valuation of the scheme's assets was £659,000, actuarially estimated to represent 147% of the benefits that have accrued to members of the scheme after allowing for expected future increase in earnings.

With effect from 29th March 1999 the trustees have commenced the winding up of the defined benefit pension scheme. It is anticipated that this will have been completed by 31st December 2001.

This has been replaced with individual contributions to employees private pension plans the costs of which amounted to £55,276 during the year ended 31st March 2001 (2000 - £52,097).