

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

**Company Number 1488786**

**Registered Charity Number 279884**

**ANNUAL REPORT AND  
FINANCIAL STATEMENTS  
FOR THE 7 MONTH PERIOD ENDED  
31 MARCH 2007**



# **Sadler's Wells Trust**

## **(Limited by Guarantee)**

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

## **Trustees, Officers and Administrative Information**

### **Trustees**

Sir David Bell (Chairman)  
Rab Bennetts OBE  
Joachim Fleury  
Gabriella Giglio  
Harry MacAuslan  
Emma McMullan  
Robin Pauley  
Tony Sarin  
Lady Solti

### **Secretary**

Alistair Spalding

### **Registered Office**

Sadler's Wells Theatre  
Rosebery Avenue  
London EC1R 4TN

### **Bankers**

Coutts & Co.  
440 Strand  
London  
WC2R 0QS

National Westminster Bank plc  
Holborn Corporate Business Centre  
3rd Floor, Cavell House  
2a Charing Cross Road  
London WC2H 0NN

### **Auditors**

Kingston Smith LLP  
Chartered Accountants  
141 Wardour Street  
London  
W1 0UT

### **Solicitors**

Clifford Chance LLP  
10 Upper Bank Street  
London E14 5JJ

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

## **Trustees' Report**

The Trustees, who are also the Directors of the company under the Companies Act 1985, submit their report and the financial statements of Sadler's Wells Trust for the period ended 31 March 2007 which have been prepared in compliance with current statutory requirements, the Statement of Recommended Practice: Accounting and Reporting by Charities, issued by the Charity Commission for England and Wales, as revised in 2005, and with the charity's governing document, its Memorandum and Articles of Association.

### **Objectives**

The object for which the charity is established is to advance education particularly by encouraging the understanding and appreciation of the dramatic arts.

The Trustees, who are also the Directors of the company under the Companies Act 1985, submit their report and the financial statements of Sadler's Wells Trust for the year ended 31 March 2007 which have been prepared in compliance with current statutory requirements, the Statement of Recommended Practice: Accounting and Reporting by Charities, issued by the Charity Commission for England and Wales, as revised in 2005, and with the charity's governing document, its Memorandum and Articles of Association.

### **Principal Activities, Achievements and Future Development**

Sadler's Wells is the UK's home of dance. Its mission is to present a year-round programme of UK and international performance work encompassing all forms of dance and welcoming all audiences. It is the leading venue for the presentation and creation of dance in all its forms, from flamenco to classical ballet, from hip-hop to contemporary. As well as regularly welcoming the best companies from around the world to its stages, Sadler's Wells is home to ten leading dance artists and companies from the UK who are at the heart of its commissioning and producing programme.

The list of Sadler's Wells' Associate Artists represents the cream of contemporary dance creators in the UK: Matthew Bourne, Mark Baldwin (Rambert Dance Company), Jonzi D, Sylvie Guillem, Akram Khan, Russell Maliphant, Wayne McGregor (Random Dance), Michael Nunn and William Trevitt (George Piper Dances), Jasmin Vardimon.

In 2006/07, Sadler's Wells continued its policy of commissioning and/or co-producing new dance works including *Sacred Monsters*, a work performed by Sylvie Guillem and Akram Khan which played to critical acclaim and sell-out audience numbers.

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

### **Trustees' Report**

New work commissioned during the 2006/07 financial year, for future performance, include:

*Justitia*, Jasmin Vardimon Company

Phoenix Dance Theatre, new work by choreographer Javier De Frutos

*D.A.N.C.E.*, Random Dance

*Sombrero*, Phillipe Decouflé

*Cast No Shadow*, a collaboration between choreographer Russell Maliphant and visual artist Isaac Julien

James Thiérée's *Au Revoir Parapluie*

*Pinocchio*, a new opera for children from Opera North

International companies on our stages in 2006/07 included:

Ballet Nacional de Cuba; Bangarra Dance Theatre (Australia); The Forsythe Company (Germany); Dutch National Ballet; Ultima Vez (Belgium); American Ballet Theatre (USA); Sacha Waltz & Guests (Germany).

In recent years Sadler's Wells has established as annual fixtures its Flamenco Festival and the *Breakin' Convention* hip-hop festival. Both have proved hugely popular sell-out events. In its crusade to take dance to as wide an audience as possible, Sadler's Wells added another event in 2006/07. *Sadler's Wells Sampled* was a weekend during which a variety of dance forms were showcased at uniformly low ticket prices. "If the idea was to get new people into the theatre, it certainly worked. ... if the zeal of the opening night audience was to be believed there is a constituency of newcomers out there eager to embrace dance. Mind you, there really was something for everyone". [*The Times*, 6 February 2007]

During the 7 month period the company staged 328 performances of work by 33 artistic companies and sold 280,170 tickets to its shows.

For the future, the company would like to extend its festivals initiative to include Asian dance forms. The company intends to continue its policy of commissioning new artistic work for performance at Sadler's Wells, and to extend its community and education projects to encourage new attendees, particularly from diverse backgrounds.

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

## **Trustees' Report**

*Connect with Sadler's Wells*, the company's community and education arm, works alongside the artistic programme to achieve important objectives:

- Utilise Sadler's Wells' resources to provide a programme of events which supports and enables community involvement and educational insight.
- Offer opportunities to deepen enjoyment and appreciation of the theatre's work.
- Challenge perceptions about dance and who can/should be dancing.
- Promote access to performances and projects for people with physical and sensory impairments using Sadler's Wells superb disability access.
- Access and connect with individuals/groups traditionally disenfranchised from the arts.
- Create and sustain relationships with the local community, schools and North London boroughs.

"Dancing is popular in the truest and deepest sense of the term. It is of the people. No other performance art can match it." [*The Guardian*, December 2006]

Underpinning Sadler's Wells' programming and audience objectives is a determination to build up financial reserves to safeguard the theatre's future and support its artistic ambitions. Reserve levels were significantly enhanced over the 2006/07 year.

### **Review of Financial Activities**

The Trustees report a surplus on unrestricted funds of £629,000 for the period (2006: £391,000). There was a net surplus on restricted funds of £348,000 (2006: £75,000). A net transfer of £150,000 (2006: £300,000) was made to the Designated Artistic Projects Fund.

The principal source of funding for the charity is the income generated from ticket sales and other show related income, such as Front of House drinks and merchandise. This is underpinned by annual funding from Arts Council England ("ACE"). The other major sources of income are voluntary donations from individuals, Trusts & Foundations, and Corporate bodies together with trading income derived from hiring out the spaces in the theatre complex. The fundraising objective for the period was for this income stream to form a growing part of the charity's revenues and this was achieved. Going forward the aim is for this to be sustained and expanded. Overall, for the period under review, of the total income of the charity 89% was earned by its own activities, the remaining 11% a grant from ACE.

Expenditure in the period was mostly on the charity's main charitable objective, with 96% of spending being on productions and the running of the theatre. The remaining 4% was spent on fundraising activities and the costs of generating the trading income.

These results incorporate the trading of the subsidiary, Sadler's Wells Ltd. This company promotes commercial events at the theatre complex, and had a successful period with a profit of £277,000 gifted to Sadler's Wells Trust.

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

## **Trustees' Report**

### **Reserves Policy**

The company has a designated Artistic Projects Fund, this is to fund artistic projects not achievable within the resources available from a single budget period. The aim is also to maintain other unrestricted reserves of one million pounds to protect the charity against any failure of a show at the box office, or against fluctuations in fundraising revenue. This has been largely achieved. Surpluses above this will be directed to the Artistic Projects Fund. These policies are reviewed on an annual basis.

Significant reserves are being built up by Sadler's Wells Foundation, a connected charity, so as to ensure the long-term viability of the Sadler's Wells theatre complex.

### **Risk Management**

The company trades in the high-risk environment of theatre management and in order to pursue its objectives continually enters into relatively high-risk theatre presentations.

The company's risk assessment strategy is to review and update systems and controls as necessary. A Risk Register is in place and is approved and monitored by the Trustees. The Trustees have identified failure to reach ticket sales and fundraising targets as the company's major risks. The Trustees believe all the major risks to which the company is exposed have been identified, in particular those relating to the operations and finances of the company, and that systems are in place to mitigate exposure to the major risks.

### **Trustees**

The Trustees who served during the period under review were as follows:

Sir David Bell	Chairman
Rab Bennetts OBE	
Matt Cooper	(Resigned 30 <sup>th</sup> May 2007)
Joachim Fleury	
Gabriella Giglio	(Appointed 28 <sup>th</sup> February 2007)
Harry MacAuslan	
Emma McMullan	
Robin Pauley	
Tony Sarin	(Appointed 28 <sup>th</sup> February 2007)
Lady Solti	

The Trustees are appointed by the members who are the Trustees of Sadler's Wells Trust and the Governors of the Sadler's Wells Foundation. A skills audit of the Trustees is conducted annually in order to better inform decisions regarding the appointment of new Trustees.

The company provides an induction for newly appointed Trustees which informs them of their duties and responsibilities as directors of the company, and familiarises them with the operation of the theatre.

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

## **Trustees' Report**

The Trustees delegate the day to day running of the theatre to the Chief Executive and Artistic Director, Alistair Spalding. The Board retains ultimate control of the overall strategic direction of the theatre in that they appoint the Chief Executive, and are involved in recruitment of senior members of staff. They also approve the annual budget, though delegating responsibility for the selection of artistic programme to the Chief Executive and Artistic Director, together with day to day management of the operating budgets. Board approval is only then sought for any major changes to the artistic programme.

The Board met six times during the period at which it received reports from senior members of staff covering artistic matters, operations, fundraising, marketing and finance.

### **Statement of Trustees' Responsibilities**

Company law requires the Trustees as directors to prepare financial statements for each financial period which give a true and fair view of the company's affairs and of the surplus or deficit of the company for that period.

In preparing those financial statements, the Trustees are required to select suitable accounting policies and then apply them consistently; make judgments and estimates that are reasonable and prudent; prepare the financial statements on a going concern basis unless it is inappropriate to assume that the company will continue in business.

The Trustees 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.

### **Connected Charities**

Sadler's Wells Trust is connected to other charities, details of these charities are given in note 18 to the financial statements.

### **Disclosure of information to Auditors**

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

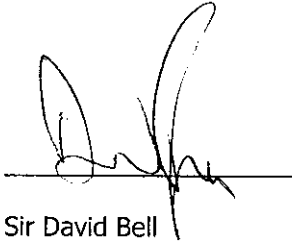
**Sadler's Wells Trust**  
**(Limited by Guarantee)**  
Trustees' Report

**Auditors**

Kingston Smith LLP have indicated their willingness to continue in office and in accordance with the Companies Act it is proposed that they be re-appointed auditors for the ensuing year.

Approved by the members of the board on 27 June 2007

and signed on their behalf by:

A handwritten signature in black ink, appearing to be 'D. Bell', is written over a horizontal line.

Sir David Bell  
Chairman

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

We have audited the financial statements of Sadler's Wells Trust for the 7 month period ended 31 March 2007 which comprise the Consolidated Statement of Financial Activities, Balance Sheets, the Consolidated Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken for no purpose other than to draw to the attention of the company's members those matters which we are required to include in an auditor's report addressed to them. To the fullest extent permitted by law, we do not accept or assume responsibility to any party other than the company and company's members as a body, for our audit work, for this report, or for the opinions we have formed.

## **Respective Responsibilities of Directors and Auditors**

As described in the Statement of Trustees' Responsibilities, set out on page 4, the company Directors (who also act as Trustees for the charitable activities of Sadler's Wells Trust) are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (United Kingdom and Ireland).

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 Trustees' 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 transactions with the company is not disclosed.

We read other information contained in the Trustees' Report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent mis-statements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

## **Basis of Audit Opinion**

We conducted our audit in accordance with International Standards on Auditing (United Kingdom 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 charitable 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 mis-statement, 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.

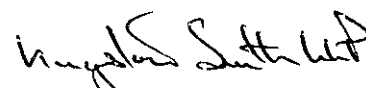
## **Opinion**

In our opinion:

- (a) the financial statements give a true and fair view, in accordance with the United Kingdom Generally Accepted Accounting Practice, of the state of the group's and charitable company's affairs as at 31 March 2007 and of the group's (and charitable company's) incoming resources and application of resources, including the income and expenditure of the group (and charitable company) for the 7 month period then ended;
- (b) the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- (c) the Trustees' Annual Report is consistent with the financial statements.

Date: 27 June 2007

141 Wardour Street  
London  
W1F 0UT

  
KINGSTON SMITH LLP  
Chartered Accountants  
and Registered Auditors

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

Consolidated Statement of Financial Activities  
For the 7 month period ended 31 March 2007

		Unrestricted Funds	Designated Funds	Restricted Funds	Total Funds	Total Funds
		7 Month period ended	7 Month period ended	7 Month period ended	7 Month period ended	Year Ended
		31 March 2007	31 March 2007	31 March 2007	31 March 2007	31 August 2006
	Note	£'000	£'000	£'000	£'000	£'000
<b>Incoming Resources</b>						
Incoming resources from charitable activities						
Theatre presentations		7,639	-	-	7,639	10,598
Incoming resources from generated funds						
Voluntary Income						
Sponsorship and donations		636	-	911	1,547	1,005
ACE operational grant		1,201	-	-	1,201	1,850
Other operational grants		-	-	62	62	38
Activities for generating funds						
Trading income		333	-	-	333	570
Investment income		97	-	-	97	118
Other incoming resources		417	-	-	417	366
<b>Total Incoming Resources</b>		<b>10,323</b>	<b>-</b>	<b>973</b>	<b>11,296</b>	<b>14,545</b>
<b>Resources Expended</b>						
Charitable activity: Theatre presentations						
Expenditure on presentations	3	7,554	-	558	8,112	10,633
Theatre overhead	3	1,727	-	142	1,869	2,964
Cost of Generating Funds						
Costs of generating voluntary income						
Fundraising costs	3	257	-	-	257	214
Fundraising trading: cost of goods sold and other costs	3	131	-	-	131	244
Governance costs	4	25	-	-	25	24
<b>Total Resources Expended</b>		<b>9,694</b>	<b>-</b>	<b>700</b>	<b>10,394</b>	<b>14,079</b>
<b>Net Incoming resources before transfers</b>		<b>629</b>	<b>-</b>	<b>273</b>	<b>902</b>	<b>466</b>
<b>Gross Transfer Between Funds</b>		<b>(150)</b>	<b>150</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net funds at 31 August 2006</b>		<b>474</b>	<b>600</b>	<b>75</b>	<b>1,149</b>	<b>683</b>
<b>Net Funds at 31 March 2007</b>		<b>953</b>	<b>750</b>	<b>348</b>	<b>2,051</b>	<b>1,149</b>

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

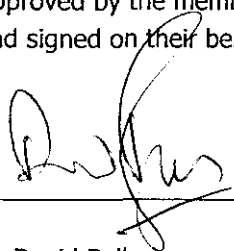
The company has no recognised gains and losses other than those dealt with in the above Statement of Financial Activities.

Restricted funds have been applied only for the purposes for which the income was received.

**Sadler's Wells Trust**  
**(Limited by Guarantee)**  
Balance Sheets at 31 March 2007

		2007 Consolidated	2007 Charity	2006 Consolidated	2006 Charity
	Note	£'000	£'000	£'000	£'000
<b>Fixed Assets</b>					
Tangible assets	6	303	303	69	69
<b>Current Assets</b>					
Debtors	8	1,541	1,752	1,564	1,878
Cash at bank and in hand		<u>2,932</u>	<u>2,663</u>	<u>2,490</u>	<u>2,044</u>
		4,473	4,415	4,054	3,922
<b>Creditors: Amounts Falling Due Within One Year</b>	9	<u>(2,725)</u>	<u>(2,667)</u>	<u>(2,974)</u>	<u>(2,842)</u>
<b>Net Current Assets</b>		1,748	1,748	1,080	1,080
<b>Total Assets Plus Current Assets</b>		<u><u>2,051</u></u>	<u><u>2,051</u></u>	<u><u>1,149</u></u>	<u><u>1,149</u></u>
<b>Funds</b>					
Restricted	16	348	348	75	75
Designated	16	750	750	600	600
Unrestricted	16	953	953	474	474
		<u><u>2,051</u></u>	<u><u>2,051</u></u>	<u><u>1,149</u></u>	<u><u>1,149</u></u>

Approved by the members of the board on 27 June 2007  
and signed on their behalf by:



Sir David Bell  
Chairman

**Sadler's Wells Trust**  
**(Limited by Guarantee)**  
Consolidated Cash Flow Statement  
For the 7 month period ended 31 March 2007

	Note	7 Month period ended 31 March 2007		Year ended 31 August 2006	
		£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>	10		659		157
Returns on investments and servicing of finance	11(a)		97		118
Capital expenditure	11(b)		(314)		(104)
<b>Net increase in cash in the period</b>			<u>442</u>		<u>171</u>
<b>Reconciliation of Net Cash Flow to Movement in Net Cash</b>					
Increase/(Decrease) in cash in the period			<u>442</u>		<u>171</u>
Movement in net cash in the period			442		171
<b>Net cash at 1 September 2006</b>			2,490		2,319
<b>Net cash at 31 March 2007</b>	12		<u>2,932</u>		<u>2,490</u>

**Sadler's Wells Trust**  
**(Limited by Guarantee)**  
Notes to the Financial Statements  
For the 7 month period ended 31 March 2007

**1 Accounting Policies**

**(a) Basis of accounting**

These financial statements have been prepared under the historical cost convention and in accordance with all applicable Accounting Standards, current legislation and the Statement of Recommended Practice: Accounting and Reporting by Charities issued by the Charity Commission for England and Wales, as revised in 2005. The policies remain unchanged from the previous period.

**(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 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) Donations and Corporate sponsorship are 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) Pension costs**

The company payments in respect of employees' private pension schemes are charged to the Statement of Financial Activities as incurred.

**(e) Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation. There is a capitalisation threshold policy of £10,000 in existence. 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 rate:

Fixtures & fittings	33.3%
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**(f) Foreign currencies**

Foreign currency balances at 31 March 2007 have been translated into sterling at the rate ruling at that date. Transactions during the course of the period have been translated into sterling at the rate ruling at the transaction date.

**(g) Consolidation**

The Statement of Financial Activities and Balance Sheet consolidate the financial statements of the charity and its trading subsidiary. The results for the trading subsidiary are consolidated on a line by line basis.

# Sadler's Wells Trust (Limited by Guarantee)

Notes to the Financial Statements  
For the 7 month period ended 31 March 2007 (cont)

## 1 Accounting Policies (cont)

### (h) Operating Leases

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

### (i) Cost allocation

Costs relating to the mounting of productions and running of the theatre are classed as charitable activities. Those costs relating to generating voluntary income, and to trading activities to raise funds for the charity, are classified as costs of generating funds. Governance costs comprise those costs that allow Sadler's Wells Trust to operate as a charity and to generate the information required for public accountability.

## 2. Taxation

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

## 3. Support Costs

	Presentations £'000	Theatre Overhead £'000	Fundraising £'000	Trading £'000	7 Month period ended 31 March 2007 Total £'000	Year ended 31 August 2006 Total £'000
Management	176	17	10	8	211	319
Administration	124	12	7	5	148	166
Finance	91	9	5	4	109	203
Human Resources	17	2	1	1	21	53
	<u>408</u>	<u>40</u>	<u>23</u>	<u>18</u>	<u>489</u>	<u>741</u>
Resources expended before support costs	7,146	1,687	234	113		
Resources expended	<u>7,554</u>	<u>1,727</u>	<u>257</u>	<u>131</u>		

Support costs have been allocated on the basis of staff numbers in each area.

## 4. Governance Costs

	7 Month period ended 31 March 2007 Total £'000	Year ended 31 August 2006 Total £'000
Governance costs include the following payments to auditors:		
For audit	<u>25</u>	<u>24</u>
	<u>25</u>	<u>24</u>

# Sadler's Wells Trust (Limited by Guarantee)

Notes to the Financial Statements  
For the 7 month period ended 31 March 2007 (cont)

## 5. Staff Costs

### Consolidated and charity

	7 Month period ended 31 March 2007 £'000	Year ended 31 August 2006 £'000
Wages and salaries	2,034	3,238
Social security costs	189	298
Pension costs (note 19)	38	69
	<u>2,262</u>	<u>3,605</u>
Less: Staff costs charged to: Sadler's Wells Limited	<u>(62)</u> <u>2,200</u>	<u>(122)</u> <u>3,483</u>

Employee remuneration for employees earning more than £60,000 fell in the following bands:

	Number	Number
£120,001 - £130,000	1	-
£110,001 - £120,000	-	1
£70,001 - £80,000	1	1
£60,001 - £70,000	<u>1</u>	<u>1</u>

Average number of persons employed (including part-time staff):

	Number	Number
Theatre and Front of House	44	44
Box office	13	16
Marketing	14	13
Technical	22	23
Administration	9	9
Development	5	5
Events	4	5
	<u>111</u>	<u>115</u>

The Trustees received no remuneration for the services they provided to the company. No expenses were reimbursed.

# Sadler's Wells Trust (Limited by Guarantee)

## Notes to the Financial Statements

For the 7 month period ended 31 March 2007 (cont)

### 6. Tangible Fixed Assets

#### Consolidated and charity

	Fixtures and Fittings £'000	Total £'000
<b>Cost</b>		
At 1st September 2006	329	329
Additions	314	314
Disposals	-	-
At 31st March 2007	<u>643</u>	<u>643</u>
<b>Depreciation</b>		
At 1st September 2006	260	260
Disposals	-	-
Charge for the period	80	80
At 31st March 2007	<u>340</u>	<u>340</u>
<b>Net book value</b>		
At 31st March 2007	<u>303</u>	<u>303</u>
At 31st August 2006	<u>69</u>	<u>69</u>

### 7. Investment

The wholly owned trading subsidiary Sadler's Wells Limited, which is incorporated in England and Wales, is consolidated within these financial statements. The company donates all its profits to the charity under Gift Aid. Sadler's Wells Limited promotes commercial non theatre hires at the Sadler's Wells and Peacock theatres. The charity owns the entire issued share capital of 2 ordinary shares of £1 each. A summary of the trading results is shown below.

	7 Month period ended 31 March 2007 £'000	Year ended 31 August 2006 £'000
<b>Profit and Loss Account</b>		
Turnover	333	570
Cost of sales	<u>(51)</u>	<u>(81)</u>
Gross profit	282	489
Administration expenses	(62)	(131)
Interest received	8	11
Donation	<u>(228)</u>	<u>(369)</u>
Retained in the subsidiary	<u>-</u>	<u>-</u>
	<b>31 March 2007 £</b>	<b>31 August 2006 £</b>
The assets and liabilities of the subsidiary were:		
Current assets	304,963	526,185
Creditors: amounts falling due within one year	<u>(304,961)</u>	<u>(526,183)</u>
Total net assets	<u>2</u>	<u>2</u>
Aggregate share capital and reserves	<u>2</u>	<u>2</u>

# Sadler's Wells Trust

## (Limited by Guarantee)

Notes to the Financial Statements  
For the 7 month period ended 31 March 2007 (cont)

### 8. Debtors

	31 March 2007		31 August 2006	
	Consolidated	Charity	Consolidated	Charity
	£'000	£'000	£'000	£'000
Trade debtors	469	436	476	431
Amounts owed by related undertakings	2	248	166	525
Other debtors and prepayments	764	764	891	891
Accrued Income	306	304	31	31
	<u>1,541</u>	<u>1,752</u>	<u>1,564</u>	<u>1,878</u>

### 9. Creditors: Amounts due within one year

	31 March 2007		31 August 2006	
	Consolidated	Charity	Consolidated	Charity
	£'000	£'000	£'000	£'000
Trade creditors	346	345	291	286
Amounts owed to group undertakings	-	-	-	25
Social security and other taxes	124	113	214	205
Other creditors	6	6	128	128
Accruals and deferred income	2,249	2,203	2,341	2,198
	<u>2,725</u>	<u>2,667</u>	<u>2,974</u>	<u>2,842</u>

### 10. Reconciliation of Net Incoming/(Outgoing) Resources from Operating Activities to Net Cash

	7 Month period ended 31 March 2007 £'000	Year ended 31 August 2006 £'000
<b>Consolidated</b>		
Net incoming/(outgoing) resources from operating activities	805	348
Depreciation	80	68
(Increase) / decrease in debtors	23	(729)
Increase / (decrease) in creditors	(249)	470
Net cash inflow/(outflow) from operating activities	<u>659</u>	<u>157</u>

# Sadler's Wells Trust (Limited by Guarantee)

Notes to the Financial Statements  
For the 7 month period ended 31 March 2007 (cont)

## 11. Analysis of Cash Flows for Headings in Cash Flow Statement

	7 Month period ended 31 March 2007 £'000	Year ended 31 August 2006 £'000
<b>(a) Returns on Investment and Servicing of Finance</b>		
Interest received	<u>97</u>	<u>118</u>
<b>(b) Capital Expenditure</b>		
Purchase of tangible fixed assets	<u>(314)</u>	<u>(104)</u>

## 12. Analysis of Net Cash

	Cash Flow £'000	1 September 2006 £'000	31 March 2007 £'000
Cash at bank and in hand	<u>442</u>	<u>2,490</u>	<u>2,932</u>

## 13. Liability of Members

The company is limited by guarantee and the liability of members is limited to £10 each. At 31 March 2007 there were 24 members (2006: 22 members).

## 14. Operating Lease Commitments

The company has an annual commitment of £250,000 (2006: £250,000) in respect of the lease of the Sadler's Wells Theatre, from New Sadler's Wells, expiring between one and two years.

# Sadler's Wells Trust (Limited by Guarantee)

Notes to the Financial Statements  
For the 7 month period ended 31 March 2007 (cont)

## 15. Contingent Liability

The assets of the company are subject to a floating charge on present and future assets of the Trust in respect of grants received from the Arts Council of England amounting to £5,509,998 (2006: £5,509,998). The assets of the company are also subject to cross guarantees in respect of grants received by New Sadler's Wells. At 31 March 2007 the liabilities in respect of this balance amounted to £42,000,000 (2006: £42,000,000). These liabilities would fall due if the theatre complex was no longer used for its primary purpose.

16. Net Movement in Funds	At 1 September 2006 £'000	Incoming Resources £'000	Resources Expended £'000	Transfers £'000	At 31 March 2007 £'000
<b>Restricted Funds:</b>					
Sponsorship of Productions Fund	-	515	515	-	-
Independent Opera Fund	-	300	50	-	250
Operational grants	-	62	62	-	-
Fixed Asset Purchase Fund	69	56	30	-	95
Jerwood Fund	6	40	43	-	3
	<u>75</u>	<u>973</u>	<u>700</u>	<u>-</u>	<u>348</u>
<b>Unrestricted Funds:</b>					
Artistic Projects Fund	600	-	-	150	750
General Fund	474	10,323	9,694	(150)	953
	<u>1,149</u>	<u>11,296</u>	<u>10,394</u>	<u>-</u>	<u>2,051</u>

The restricted Sponsorship of Productions Fund is money received specifically to be expended on particular productions. The Independent Opera Fund is money donated to support Independent Opera, and a provision for future depreciation on assets bought by the fund. The operational grants are funds received from public bodies to support the work of the Connect Department. The Fixed Asset Purchase Fund represents a provision for future depreciation on fixed asset purchases funded by Sadler's Wells Foundation. The Jerwood Fund is a donation from the Jerwood Foundation to promote the creation of new dance work. The Trustees have designated a proportion of unrestricted reserves as the Artistic Projects Fund. This is to fund artistic projects not normally achievable within the constraints of a single budget year.

## 17. Analysis of Net Assets between Funds

	Fixed Assets £'000	Cash £'000	Other Net Assets £'000	Total Assets £'000
<b>Unrestricted Funds</b>				
Artistic Projects Fund	-	750	-	750
General Fund		2,137	(1,184)	953
	<u>-</u>	<u>2,887</u>	<u>(1,184)</u>	<u>1,703</u>
<b>Restricted Funds</b>				
Independent Opera Fund	208	42	-	250
Fixed Asset Purchase Fund	95	-	-	95
Jerwood Fund	-	3	-	3
	<u>303</u>	<u>45</u>	<u>-</u>	<u>348</u>

**Sadler's Wells Trust**  
**(Limited by Guarantee)**  
Notes to the Financial Statements  
For the 7 month period ended 31 March 2007 (cont)

**18. Connected Charities**

All entities within the Sadler's Wells family of connected charities are based at the registered office shown on page 1 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.

Sadler's Wells Foundation provides a majority of the guaranteeing members for New Sadler's Wells, Sadler's Wells Development Trust, and Sadler's Wells Trust and therefore has ultimate responsibility for the appointment of Trustees of the three companies. However the guaranteeing members are not controlled by Sadler's Wells Foundation and therefore the three entities are believed to be independent of one another.

Sadler's Wells Foundation owns freehold and leasehold properties. New Sadler's Wells holds the group's leasehold improvements. Sadler's Wells Development Trust 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. Sadler's Wells Limited is a wholly owned subsidiary of Sadler's Wells Trust which trades on behalf of the charity.

During the 7 month period Sadler's Wells Trust incurred a rent charge of £145,833 (2006: £250,000) from New Sadler's Wells. The company received a donation of £109,031 (2006: £58,317) from Sadler's Wells Development Trust. At the year end the company was owed £nil (2006: £58,317) by Sadler's Wells Development Trust.

A gift of £227,496 (2006: £369,306) was received from Sadler's Wells Ltd, during the year, £247,537 net (2006: £344,758) being due from that company at the year end. During the year Sadler's Wells Trust charged Sadler's Wells Ltd £61,836 (2006: £122,402) in respect of the services of 3 (2006: 3) employees of the company during the year.

During the year a donation of £56,112 (2006: £97,141) was received from Sadler's Wells Foundation.

**19. Pension Commitments**

Sadler's Wells Trust makes contributions to employees' private pension plans, the costs of which amounted to £37,564 during the 7 month period to 31 March 2007 (2006: £68,691).

**20. Capital Commitment**

At 31 March 2007 Sadler's Wells Trust had no capital commitments committed but not yet contracted for, (2006 : None)