

Delfont Mackintosh Theatres Limited

Report and Financial Statements

52 Weeks Ended

27 March 2016

Company Number 2518625

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Delfont Mackintosh Theatres Limited

Report and financial statements for the 52 weeks ended 27 March 2016

Contents

Page:

1	Strategic report
3	Report of the directors
5	Independent auditor's report
7	Consolidated statement of comprehensive income
8	Consolidated balance sheet
9	Consolidated statement of cash flows
10	Consolidated statement of changes in equity
11	Company balance sheet
12	Company statement of changes in equity
13	Notes forming part of the financial statements

Directors

Sir Cameron Mackintosh
N D Allott OBE
R A Johnston
A Finch (14th September 2016)

Secretary and registered office

R T Knibb, 1 Bedford Square, London, WC1B 3RB

Company number

2518625

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

Delfont Mackintosh Theatres Limited

Strategic report for the 52 weeks ended 27 March 2016

The directors present their strategic report together with the audited financial statements of the group for the 52 weeks ended 27 March 2016.

Principal activities and future developments

The principal activity of the group continues to be the ownership, management, restoration and refurbishment of 8 theatres in London's West End.

The group has had a successful year with Miss Saigon at the Prince Edward Theatre; The Book of Mormon at the Prince of Wales Theatre; Les Miserables at the Queens Theatre; Shakespeare in Love, Death of a Salesman, Impossible, Photograph 51, A Christmas Carol and Mrs Henderson at the Noel Coward Theatre; Mamma Mia! at the Novello Theatre; The Curious Incident of the Dog at Night Time at the Gielgud Theatre; A View from the Bridge, American Buffalo, The Mentalist, The Father, Hangmen and People, Places and Things at the Wyndham's Theatre and Billy Elliot at the Victoria Palace Theatre.

The group continues its theatre restoration and refurbishment programme with further major works being commenced at the Novello and Queens Theatres during the year and at the Victoria Palace theatre post year-end.

Key performance indicators

The Board drives business performance through the setting of clearly defined budgets from which it derives key performance indicators (KPI's) taking appropriate action where required to enhance the financial results of the business.

The key areas of focus are:

- Attendance figures and how they compare to budget.
- Advance bookings and how they compare to budget.
- Operating margins at each venue and how they compare to budget.
- Overhead spend and how it compares to budget and prior year.
- Debtors in absolute and debtor days, including trends.

Principal risks and uncertainties

The principal activity of the group, that of the management and operation of theatres in London's West End, carries a degree of risk due to the fact that it relies to a large extent on the success or otherwise of the shows in its theatres and competition to attract and stage quality productions remains strong. The group is also sensitive to wider macro economic trends.

Delfont Mackintosh Theatres Limited

Strategic report for the 52 weeks ended 27 March 2016

Financial risks

The main financial risks arising from the group's activities are credit risk, interest rate risk and liquidity risk. The directors monitor these risks on an ongoing basis and do not consider them to be significant.

The group's risk mitigation policy, in respect of credit risk, is to only deal with established reputable companies. The board does not consider this to be a significant risk.

The group does not consider interest rate risk to be significant. The group holds its cash reserves in a mixture of short term deposits and current accounts which earn interest at a floating rate.

The working capital requirements of the group are funded principally out of the group's cash reserves.

Results and dividends

The consolidated profit and loss account is set out on page 7 and shows the profit for the 52 weeks ended 27 March 2016.

Turnover has increased during the year by £1,087,530 (2.5%), to £45,234,013 (29 March 2015 - £44,146,483).

Profits before taxation have decreased by £681,732 (4.7%) to £13,565,133 (29 March 2015 - £14,246,865).

The directors do not recommend the payment of a dividend (29 March 2015 - £Nil).

Approval

This strategic report was approved on behalf of the Board on . 9/12/16



R T Knibb

Company Secretary

Delfont Mackintosh Theatres Limited

Report of the directors for the 52 weeks ended 27 March 2016

The directors present their report together with the audited financial statements of the group for the 52 weeks ended 27 March 2016.

Strategic report

A review of the business for the 52 weeks ended 27 March 2016 including discussion of key performance indicators is included in the Strategic report on page 1.

Political and charitable donations

During the year, the company made charitable contributions of £16,434 (29 March 2015 - £8,239).

There were no political donations (29 March 2015 - £Nil).

Employment of disabled persons

The group is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Employee involvement

The group operates a policy of communicating with employees through a combination of meetings and electronic communication.

Directors

The directors of the group during the year were:

Sir Cameron Mackintosh
N D Allott OBE
R A Johnston
A Finch (14 September 2016)

Delfont Mackintosh Theatres Limited

Report of the directors for the 52 weeks ended 27 March 2016 (*continued*)

Directors' responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards 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 year.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

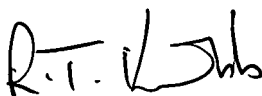
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



R T Knibb

Secretary

Date

9/12/16

Delfont Mackintosh Theatres Limited

Independent auditor's report

TO THE MEMBERS OF DELFONT MACKINTOSH THEATRES LIMITED

We have audited the financial statements of Delfont Mackintosh Theatres Limited for the 52 weeks ended 27 March 2016 which comprise the consolidated income statement, the consolidated and company balance sheets, the consolidated and company statements of changes in equity, the consolidated statement of cash flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the 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 explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 27 March 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements.

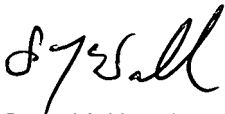
Delfont Mackintosh Theatres Limited

Independent auditor's report (*continued*)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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



Scott McNaughton (*senior statutory auditor*)
For and on behalf of BDO LLP, statutory auditor
London
United Kingdom

Date 9 December 2016

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Delfont Mackintosh Theatres Limited

Consolidated statement of comprehensive income for the 52 weeks ended 27 March 2016

	Note	52 weeks ended 27 March 2016 £	52 weeks ended 29 March 2015 £
Turnover			
Continuing operations	2	45,234,013	41,259,383
Acquisitions	21	-	2,887,100
		<hr/> 45,234,013	<hr/> 44,146,483
Cost of sales		25,999,385	24,760,684
		<hr/> 19,234,628	<hr/> 19,385,799
Gross profit			
Administrative expenses		5,642,015	5,173,834
		<hr/>	<hr/>
Operating profit			
Continuing operations	5	13,592,613	13,255,334
Acquisitions	21	-	956,631
		<hr/> 13,592,613	<hr/> 14,211,965
Interest receivable	6	144,040	223,939
Interest payable	7	(171,520)	(189,039)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		13,565,133	14,246,865
Taxation on profit on ordinary activities	8	2,583,139	3,095,645
		<hr/>	<hr/>
Profit on ordinary activities after taxation and total comprehensive income		<hr/> 10,981,994 <hr/>	<hr/> 11,151,220 <hr/>

All amounts relate to continuing activities.

The total comprehensive income is all attributable to the owners of the parent company.

The notes on pages 13 to 29 form part of these financial statements

Delfont Mackintosh Theatres Limited

Consolidated balance sheet at 27 March 2016

<i>Company number 2518625</i>	<i>Note</i>	27 March 2016 £	27 March 2016 £	29 March 2015 £	29 March 2015 £
Fixed assets					
Tangible assets	9		92,804,474		94,224,719
Current assets					
Stocks	11	115,630		131,815	
Debtors	12	13,788,665		10,039,421	
Cash at bank and in hand		37,785,338		31,054,285	
		<u>51,689,633</u>		<u>41,225,521</u>	
Creditors: amounts falling due within one year	13	<u>26,389,149</u>		<u>23,841,334</u>	
Net current assets			<u>25,300,484</u>		<u>17,384,187</u>
Total assets less current liabilities			<u>118,104,958</u>		<u>111,608,906</u>
Creditors: amounts falling due after more than one year	14		8,176,160		12,426,160
Provisions for liabilities and charges	15		5,602,140		5,838,082
			<u>104,326,658</u>		<u>93,344,664</u>
Capital and reserves					
Called up share capital	16		122,002		122,002
Share premium account			19,980,000		19,980,000
Profit and loss account			84,224,656		73,242,662
Shareholders' funds			<u>104,326,658</u>		<u>93,344,664</u>

The financial statements were approved by the Board of Directors and authorised for issue on 09.12.16


R A Johnston
Director

The notes on pages 13 to 29 form part of these financial statements

Delfont Mackintosh Theatres Limited

Consolidated cash flow statement for the 52 weeks ended 27 March 2016

	27 March 2016 £	29 March 2015 £
Cash flows from operating activities		
Profit for the financial year	10,981,994	11,151,220
Adjustments for:		
Depreciation, impairment and amortisation of fixed assets	1,754,513	2,035,068
Taxation expense	2,583,139	3,095,645
Interest received	(144,040)	(223,939)
Interest paid	171,520	189,039
Decrease/(increase) in trade and other debtors	(3,749,244)	2,230,774
Decrease/(increase) in stocks	16,185	(18,755)
(Decrease)/Increase in trade and other creditors	191,720	(6,312,794)
Loss on disposal of fixed assets	123,039	-
	<u>11,928,826</u>	<u>12,146,258</u>
Cash from operations		
Interest paid	(171,520)	(189,039)
Taxation paid	(2,886,778)	(3,012,500)
Net cash generated from operating activities	<u>8,870,528</u>	<u>8,944,719</u>
Cash flows from investing activities		
Purchases of tangible fixed assets	(457,297)	(2,918,397)
Interest received	144,040	223,939
Purchase of subsidiary undertaking	-	(26,546,721)
Cash acquired with subsidiary undertaking	-	1,184,154
Net cash from investing activities	<u>(313,257)</u>	<u>(28,057,025)</u>
Cash flows from financing activities		
Repayment of long term intercompany loan	(1,000,000)	(1,000,000)
Repayment of short term intercompany loan	(826,218)	-
Net cash used in financing activities	<u>(1,826,218)</u>	<u>(1,000,000)</u>
Net increase/(decrease) in cash and cash equivalents	<u>6,731,053</u>	<u>(20,112,306)</u>
Cash and cash equivalents at beginning of year	31,054,285	51,166,591
Cash and cash equivalents at end of year	<u><u>37,785,338</u></u>	<u><u>31,054,285</u></u>
Cash and cash equivalents comprise:		
Cash at bank and in hand	37,785,338	31,054,285
	<u><u>37,785,338</u></u>	<u><u>31,054,285</u></u>

The notes on pages 13 to 29 form part of these financial statements

Delfont Mackintosh Theatres Limited

Consolidated statement of changes in equity for the 52 weeks ended 27 March 2016

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
30 March 2015	122,002	19,980,000	73,242,662	93,344,664
Comprehensive income for the year				
Profit for the year	-	-	10,981,994	10,981,994
Total comprehensive income for the year	-	-	10,891,994	10,981,994
27 March 2016	112,002	19,980,000	84,224,656	104,326,658
	Share capital £	Share premium account £	Profit and loss account £	Total equity £
31 March 2014	122,002	19,980,000	62,091,442	82,193,444
Comprehensive income for the year				
Profit for the year	-	-	11,151,220	11,151,220
Total comprehensive income for the year	-	-	11,151,220	11,151,220
29 March 2015	122,002	19,980,000	73,242,662	93,344,664

The Group and Company's reserves are as follows:

- Share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments

The notes on pages 13 to 29 form part of these financial statements

Delfont Mackintosh Theatres Limited

Company balance sheet at 27 March 2016

Company number 2518625	Note	27 March 2016 £	27 March 2016 £	29 March 2015 £	29 March 2015 £
Fixed assets					
Tangible assets	9		92,804,474		65,634,169
Investments	10		24,796,921		26,546,921
			<hr/>		<hr/>
			117,601,395		92,181,090
Current assets					
Stocks	11	115,630		106,266	
Debtors	12	10,538,665		4,616,997	
Cash at bank and in hand		37,785,338		28,321,853	
		<hr/>		<hr/>	
		48,439,633		33,045,116	
Creditors: amounts falling due within one year	13	48,583,788		21,517,901	
		<hr/>		<hr/>	
Net current (liabilities) / assets			(144,155)		11,527,215
			<hr/>		<hr/>
Total assets less current liabilities			117,457,240		103,708,305
Creditors: amounts falling due after more than one year	14		8,176,360		9,176,360
Provisions for liabilities and charges	15		5,602,140		1,835,199
			<hr/>		<hr/>
			103,678,740		92,696,746
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	16		122,002		122,002
Share premium account			19,980,000		19,980,000
Profit and loss account			83,576,738		72,594,744
			<hr/>		<hr/>
Shareholders' funds			103,678,740		92,696,746
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 09.12.16


R A Johnston
Director

The notes on pages 13 to 29 form part of these financial statements

Delfont Mackintosh Theatres Limited

Company statement of changes in equity for the 52 weeks ended 27 March 2016

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
30 March 2015	122,002	19,980,000	72,594,744	92,696,746
Comprehensive income for the year				
Profit for the year	-	-	10,981,994	10,981,994
Total comprehensive income for the year	-	-	10,981,994	10,981,994
27 March 2016	112,002	19,980,000	83,576,738	103,678,740
	Share capital £	Share premium account £	Profit and loss account £	Total equity £
31 March 2014	122,002	19,980,000	62,091,442	82,193,444
Comprehensive income for the year				
Profit for the year	-	-	10,503,302	10,503,302
Total comprehensive income for the year	-	-	10,503,302	10,503,302
29 March 2015	122,002	19,980,000	72,594,744	92,696,746

The Group and Company's reserves are as follows:

- Share capital reserve represents the nominal value of the shares issued.
- The share premium account includes the premium on issue of equity shares, net of any issue costs.
- Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments

The notes on pages 13 to 29 form part of these financial statements

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements for the 52 weeks ended 27 March 2016

1 Accounting policies

Delfont Mackintosh Theatres Limited is a company incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the group's operations and its principal activities are set out in the strategic report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland.

These financial statements are the first financial statements prepared under FRS 102 and information on the impact of first-time adoption of FRS 102 is given in note 23.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies.

Consolidated financial statements

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings drawn up to 27 March 2016.

Subsidiary undertakings are included using the acquisitions method of accounting. Under this method the group profit and loss account and statement of cashflows include the results and cashflows of subsidiaries from the date of acquisition and to the date of sale outside the group in the case of disposals of subsidiaries. The purchase consideration has been allocated to the assets and liabilities on the basis of fair value at the date of acquisition.

The company has taken advantage of the exemption allowed under Section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax of £10,981,994 which relates to the parent company.

Turnover

Turnover represents income derived in the United Kingdom from the company's share of box office receipts and contra recharges charged to producers of shows presented in the group's theatres, the sale of liquor and other goods to theatre patrons, rent receivable, royalties and sundry income, excluding value added tax.

Turnover includes operating lease income from the rental of its theatres. The rental income is recognised on a straight line basis over the year of the lease.

Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation

Depreciation is provided to write off the cost of tangible fixed assets by equal instalments over their estimated useful lives as follows:

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements for the 52 weeks ended 27 March 2016 (*continued*)

1 Accounting policies (*continued*)

Plant and machinery, fixtures, fittings, tools and equipment - 5%-33% per annum

Freehold theatre buildings, consisting of the fabric of the buildings are not depreciated. The buildings are maintained to a very high standard and the costs of maintenance are charged to the profit and loss account as incurred. Consequently the directors believe that after taking account of the residual value of the theatres based on ("the estimated amount that would be obtained from disposal of the asset, after deducting the estimated costs of disposal, if the asset were already of an age and in a condition expected at the end of its useful life") no depreciation is required. An impairment review of the theatres is carried out annually by the directors and any impairment would be charged through the profit and loss account in the year in which it was identified.

Freehold land is not depreciated.

Long leasehold land and buildings is depreciated over the term of the lease.

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted company shares, which have been classified as fixed asset investments as the Group intends to hold them on a continuing basis, are remeasured to market value at each balance sheet.

Stocks

Stocks are included at the lower of cost and net realisable value.

Financial assets

Financial assets, other than investments, are initially measured at transaction price (including transaction costs) and subsequently held at cost, less any impairment.

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. Financial liabilities are initially measured at transaction price (including transaction costs) and subsequently held at amortised cost.

Delfont Mackintosh Theatres Limited

**Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)**

1 Accounting policies (*continued*)

Cash

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand less overdrafts payable on demand. These have been offset under a legal right of set off granted by the company's bankers.

Leased assets: Lessor

Where assets are leased to a third party that do not transfer rights approximating to ownership the arrangements are treated as operating leases. These annual rentals are charged to the profit and loss account as income on a straight-line basis over the term of the lease.

Leased assets: Lessee

Where assets are financed by leasing agreements that do not transfer rights approximately to ownership the arrangements are treated as operating leases. These annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether leases entered into by the group either as a lessor or a lessee are operating or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis.
- Determine whether there are indicators of impairment of the group's tangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.

Other key sources of estimation uncertainty

- *Tangible fixed assets (see note 9)*

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

- *Deferred consideration (see note 21)*

Deferred consideration on the acquisition of Victoria Palace has been recognised based on Management's best estimate of the future economic outflow of consideration.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

2 Turnover

All turnover is generated in the UK from the company's principal activity.

3 Employees

	52 weeks ended 27 March 2016 £	52 weeks ended 29 March 2015 £
Staff costs consist of:		
Wages and salaries	14,340,729	12,680,473
Social security costs	1,470,867	1,333,113
Staff welfare and pension costs	234,977	200,819
	<u>16,046,573</u>	<u>14,214,405</u>

The above costs have been charged to the profit and loss account in arriving at the trading profit for the year and include directors' emoluments. They include payroll costs amounting to £10,905,841 (29 March 2015 - £9,812,601) borne by visiting production companies.

	52 weeks ended 27 March 2016 Number	52 weeks ended 29 March 2015 Number
The average number of employees, including directors, during the year was:		
Theatre management and technical staff	562	573
Administration	37	37
	<u>599</u>	<u>610</u>

4 Directors

	52 weeks ended 27 March 2016 £	52 weeks ended 29 March 2015 £
Directors' emoluments (excluding pension contributions)	<u>486,977</u>	<u>426,888</u>

Emoluments of the highest paid director (excluding pension contributions) amounted to £486,977.

The aggregate company contributions towards defined contribution pension schemes for directors was £Nil (29 March 2015 - £Nil). Key management personnel include all directors across the group who together have authority and responsibility for planning, directing and controlling the activities of the group.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

5 Operating profit

	52 weeks ended 27 March 2016 £	52 weeks ended 29 March 2015 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	1,754,513	2,035,068
Hire of plant and machinery	9,356	15,945
Auditors' remuneration and expenses		
- audit services	56,250	57,850
- tax services	10,000	11,000
Aggregate rentals receivable under operating leases	(428,437)	(370,996)
Hire of other assets - operating leases	112,800	108,018
	<u>1,754,513</u>	<u>2,035,068</u>

6 Interest receivable

	52 weeks ended 27 March 2016 £	52 weeks ended 29 March 2015 £
Bank interest receivable	144,040	222,473
Interest on tax	-	1,466
	<u>144,040</u>	<u>223,939</u>

7 Interest payable

	52 weeks ended 27 March 2016 £	52 weeks ended 29 March 2015 £
Interest payable to parent company	171,520	189,039
	<u>171,520</u>	<u>189,039</u>

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

8 Taxation

	52 weeks ended 27 March 2016 £	52 weeks ended 29 March 2015 £
UK corporation tax	2,819,079	3,017,847
Overprovision in respect of previous years	(15,250)	(275)
	<hr/>	<hr/>
Total current tax charge	2,803,829	3,017,572
Deferred tax charge	(35,399)	77,834
Underprovision in respect of previous years	(1,968)	239
Effect of tax rate change on opening balances	(183,323)	-
	<hr/>	<hr/>
	2,583,139	3,095,645
	<hr/>	<hr/>

The tax assessed for the year is higher (29 March 2015 - higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	52 weeks ended 27 March 2016 £	52 weeks ended 29 March 2015 £
Profit on ordinary activities before tax	13,565,133	14,246,865
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (29 March 2015 - 21%)	2,713,026	2,991,841
Effects of:		
Fixed asset differences	37,482	83,297
Expenses not deductible for tax purposes	33,709	32,909
Additional deduction for land remediation expenditure	(4,482)	(7,854)
Adjustment to tax charge in respect of previous periods	(15,250)	(275)
Adjustment to tax charge in respect of previous periods – deferred tax	(1,968)	-
Adjust closing deferred tax average to 21%	(179,883)	-
Adjust opening deferred tax average to 21%	505	-
Capital allowances in excess of depreciation	-	(73,361)
Other short term timing differences	-	(8,985)
	<hr/>	<hr/>
Current tax charge for year	2,583,139	3,017,572
	<hr/>	<hr/>

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

9 Tangible assets

Group	Long leasehold land and buildings £	Freehold land and buildings £	Plant and machinery, fixtures fittings, tools and equipment £	Total £
<i>Cost</i>				
At 30 March 2015 as previously stated	23,850,331	55,441,043	32,067,701	111,359,075
Re-measurement period adjustment	-	2,237,631	-	2,237,631
As at 29 th March 2015 restated	23,850,331	57,678,674	32,067,701	113,596,706
Additions	35,000	196,046	226,251	457,297
Disposals	-	-	(2,473,839)	(2,473,839)
At 27 March 2016	23,885,331	57,874,720	29,820,113	111,580,164
<i>Depreciation</i>				
At 30 March 2015	1,791,588	2,619,536	14,960,863	19,371,987
Charge for year	187,360	-	1,567,153	1,754,513
Disposals	-	-	(2,350,810)	(2,350,810)
At 27 March 2016	1,978,948	2,619,536	14,177,206	18,775,690
<i>Net book value</i>				
At 27 March 2016	21,906,383	55,255,184	15,642,907	92,804,474
At 29 March 2015	22,058,743	55,059,138	17,106,838	94,224,719

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

9 Tangible assets (*continued*)

Company	Long leasehold land and buildings £	Freehold land and buildings £	Plant and machinery, fixtures fittings, tools and equipment £	Total £
<i>Cost</i>				
At 30 March 2015	23,850,331	29,040,218	31,985,799	84,876,348
Additions	35,000	196,046	226,251	457,297
Disposals	-	-	(2,473,839)	(2,473,839)
Transfer from Subsidiary	-	28,508,648	81,902	28,590,550
	23,885,331	57,744,912	29,820,113	111,450,356
<i>Depreciation</i>				
At 30 March 2015	1,791,588	2,489,728	14,960,863	19,242,179
Charge for year	187,360	-	1,567,153	1,754,513
Disposals	-	-	(2,350,810)	(2,350,810)
	1,978,948	2,489,728	14,177,206	18,645,882
<i>Net book value</i>				
At 27 March 2016	21,906,383	55,255,184	15,642,907	92,804,474
At 29 March 2015	22,058,743	26,550,490	17,024,936	65,634,169

Certain of the company's long leasehold and freehold land and buildings are currently leased out under operating leases.

In 2013 a charge was registered over the freehold properties of The Novello, The Prince of Wales and The Prince Edward Theatre as security for a Letter of Credit issues by Cameron Mackintosh Limited, the ultimate parent company.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

10 Fixed assets investments

£

Company

Cost

At 30 March 2015

26,546,921

Reduction in contingent consideration

(1,750,000)

At 27 March 2016

24,796,921

In the opinion of the directors the value of the company's interests in subsidiary companies is not less than the amounts at which they are included in the balance sheet.

Company	Description shares held	Proportion of normal value of issued share held	Nature of business
The Prince of Wales Theatre Limited	Ordinary	100%	Theatre Management & Operation - Dormant
Prince Edward Theatre Limited	Ordinary	100%	Theatre Management & Operation - Dormant
Victoria Palace Theatre Limited	Ordinary	100%	Holding company
Victoria Palace	Ordinary	100%*	Theatre Management & Operation - Dormant

The above companies are incorporated and registered in England.

*Delfont Mackintosh Theatres Limited holding within this company is indirect.

11 Stocks

	Group 27 March 2016 £	Group 29 March 2015 £	Company 27 March 2016 £	Company 29 March 2015 £
Goods for resale	115,630	131,815	115,630	106,266

There is no material difference between the replacement cost of stocks and the amounts stated above.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

12 Debtors

	Group 27 March 2016 £	Group 29 March 2015 £	Company 27 March 2016 £	Company 29 March 2015 £
Trade debtors	3,711,430	3,253,304	3,711,430	2,935,396
Amounts owed by group undertaking	-	-	-	19,323
Other debtors	5,214,686	5,171,880	1,964,686	75,001
Prepayments and accrued income	4,862,549	1,614,237	4,862,549	1,587,277
	<u>13,788,665</u>	<u>10,039,421</u>	<u>10,538,665</u>	<u>4,616,997</u>

All amounts fall due for payment within one year.

Included in other debtors is £5,000,000 which is the amount held in a separate account and forms the contingent consideration and falls due within 1 year.

13 Creditors: amounts falling due within one year

	Group 27 March 2016 £	Group 29 March 2015 £	Company 27 March 2016 £	Company 29 March 2015 £
Trade creditors	2,884,841	2,796,752	2,884,841	2,534,929
Amounts due to ultimate parent company				
- intercompany account	177,580	826,218	177,580	826,218
- current element of loan	1,000,000	1,000,000	1,000,000	1,000,000
Other creditors	452,673	506,053	452,673	386,454
Taxation and social security	1,021,968	1,688,655	1,021,968	1,478,261
Accruals and deferred income	16,236,880	15,590,140	16,236,880	14,055,967
Corporation tax payable	1,365,207	1,433,516	1,365,207	1,236,072
Amount due to subsidiary entity	-	-	25,444,639	-
Contingent Consideration	3,250,000	-	-	-
	<u>26,389,149</u>	<u>23,841,334</u>	<u>48,583,788</u>	<u>21,517,901</u>

14 Creditors: amounts falling due after more than one year

	Group 27 March 2016 £	Group 29 March 2015 £	Company 27 March 2016 £	Company 29 March 2015 £
Amounts owed to subsidiary undertakings	-	-	200	200
Amounts owed to ultimate parent company - long term element of loan	8,176,160	9,176,160	8,176,160	9,176,160
Contingent Consideration	-	3,250,000	-	-
	<u>8,176,160</u>	<u>12,426,160</u>	<u>8,176,360</u>	<u>9,176,360</u>

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

The amounts owed are repayable as follows:

Group

	Ultimate parent company 27 March 2016 £	Ultimate parent company 29 March 2015 £	Contingent Consideration 27 March 2016 £	Contingent Consideration 29 March 2015 £
In more than 1 year but not more than 2 years	1,000,000	1,000,000	-	-
In more than 2 years but not more than 5 years	4,000,000	4,000,000	-	3,250,000
In more than 5 years	3,176,160	4,176,160	-	-
	<u>8,176,160</u>	<u>9,176,160</u>	<u>-</u>	<u>3,250,000</u>

Interest is payable on the above loan at a market rate of 1.75%. This is repayable in annual instalments over the loan term with the final payment being made in 2025.

For more detailed information on the deferred consideration please see detailed note 21.

Company

The amounts above are repayable as follows

	Ultimate parent company 27 March 2016 £	Ultimate parent company 29 March 2015 £	Subsidiary undertakings 27 March 2016 £	Subsidiary undertakings 29 March 2015 £
In more than 1 year but not more than 2 years	1,000,000	1,000,000	-	-
In more than 2 years but not more than 5 years	4,000,000	4,000,000	-	-
In more than 5 years	3,176,160	4,176,160	200	200
	<u>8,176,160</u>	<u>9,176,160</u>	<u>200</u>	<u>200</u>

Interest is payable on the above loan at market rate. This is repayable in annual instalments over the loan term.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

15 Provision for liabilities and charges

Group	Deferred taxation £
At 30 March 2015 as previously stated	1,850,451
Recognition of deferred taxation under FRS 102 transition on acquisition fair values	3,987,631
At 30 March 2015 restated	5,838,082
Charge to profit and loss account	(235,942)
At 27 March 2016	5,602,140

Company	Deferred Taxation £
At 30 March 2015	1,835,199
Deferred taxation recognised on hive up	3,987,631
Charge to profit and loss account	(220,690)
At 27 March 2016	5,602,140

Deferred taxation

	Group 27 March 2016 £	Group 29 March 2015 £	Company 27 March 2016 £	Company 29 March 2015 £
Accelerated capital allowances	1,632,455	1,863,468	1,632,455	1,847,513
Deferred taxation on acquisition fair values of Victoria Palace	3,987,631	3,987,631	3,987,631	-
Short term timing differences	(17,946)	(13,017)	(17,946)	(12,314)
	5,602,140	5,838,082	5,602,140	1,835,199

16 Called up share capital

	27 March 2016 £	29 March 2015 £
<i>Authorised, allotted, called up and fully paid</i>		
122,002 (29 March 2015 - 122,002) ordinary shares of £1 each	122,002	122,002

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

17 Pension contributions

The Delfont Mackintosh Group operates the Delfont Mackintosh Group Personal Pension Scheme.

There was a pension amount of £4,418 outstanding as at 27 March 2016 (29 March 2015 - £16,209).

18 Commitments under operating leases

As at 27 March 2016, annual commitments under non-cancellable operating leases as set out below:

Group and company – Lessee

	27 March 2016	27 March 2016	29 March 2015	29 March 2015
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	112,800	7,030	112,800	7,030
In two to five years	451,200	14,060	451,200	21,090
After five years	14,438,400	-	14,551,200	-
	<u>15,002,400</u>	<u>21,090</u>	<u>15,115,200</u>	<u>28,120</u>

As at 27 March 2016 there were rentals receivable under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

Group and company – Leases receivable

	27 March 2016	29 March 2015
	Property Rental £	Property Rental £
Rental Leases due:		
Within one year	415,502	292,336
In two to five years	1,140,000	851,150
After five years	2,570,000	105,000
	<u>4,125,502</u>	<u>1,248,486</u>

Delfont Mackintosh Theatres Limited

**Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)**

19 Ultimate controlling party

The company's immediate and ultimate parent company is Cameron Mackintosh Limited. The company's ultimate controlling party is Sir Cameron Mackintosh.

The smallest and largest group in which the results of the company are consolidated is headed by Cameron Mackintosh Limited, incorporated and registered in England.

20 Related party transactions

During the year rental charges of £112,800 (29 March 2015 - £108,018) were paid to Sir Cameron Mackintosh, the ultimate controlling party, by the company in respect of rent due for the Queens and Gielgud Theatre.

During the year, purchases of £39,042 (29 March 2015 - £44,101) were made on normal trading terms from Mackintosh Catering, a business in which N Mackintosh, Sir Cameron Mackintosh's brother, has a controlling interest. At 27 March 2016, £2,700 (29 March 2015 - £1,890) was owed to Mackintosh Catering.

In 2013 the parent company issued a letter of credit amounting to \$37.5m respect of deferred consideration due to Freddie Gershon, a minority shareholder and director of two of the group's subsidiaries, MTI Enterprise LLC and Music Theatre International Inc. The letter of credit is secured by way of a charge over three of the freehold theatres owned by the company, The Novello, The Prince of Wales and The Prince Edward.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

21 Acquisitions

On 21 September 2014 the group acquired Victoria Palace Theatre for £26,546,721 paid by cash (including contingent consideration of £5,000,000 held in a separate account).

In calculating the goodwill arising on acquisition, the fair value of net assets of Victoria Palace Theatre have been assessed and adjustments from book value have been made where necessary. These adjustments are summarised in the following table:

	Book value £'000	Revaluation of fixed assets £'000	Liability Adjustments £'000	Provisional Fair value £'000
Fixed assets				
Tangible	2,780,553	25,857,905	-	28,638,458
Current assets				
Stocks	31,321	-	-	31,321
Debtors	573,949	-	-	573,949
Cash at bank and in hand	1,184,154	-	-	1,184,154
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	4,569,977	25,857,905	-	30,427,882
Creditors				
Due within one year	(1,587,539)	-	(55,991)	(1,643,530)
Due after one year	(317,650)	-	317,650	-
Deferred taxation liability	-	(3,987,631)	-	(3,987,631)
	<hr/>	<hr/>	<hr/>	<hr/>
Net assets	2,664,788	21,870,274	261,659	24,796,721
	<hr/>	<hr/>	<hr/>	<hr/>
				£
Cash consideration (including expenses of £546,721 and contingent consideration)				24,796,721
Net assets acquired				24,796,721
				<hr/>
Goodwill arising on acquisition				-
				<hr/>

The revaluation of fixed assets relates to the assessed fair value of freehold land and buildings, fixtures and fittings and assets-under-construction on acquisition.

The deferred consideration becomes payable based on certain conditions being met concerning the redevelopment of the theatre between September 2016 and December 2019.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)

21 Acquisitions (*continued*)

The results of Victoria Palace Theatre prior to its acquisition were as follows:

Profit and loss account

	Current period up to acquisition £	Period ended 29 March 2015 £
Turnover	1,227,436	2,887,100
Operating profit	1,341,049	956,631
Net interest	-	-
Profit on ordinary activities before taxation	1,340,054	956,631
Taxation on profit from ordinary activities	281,449	200,255
Profit for the year	1,058,605	756,376

22 Financial instruments

The Group's and Company's financial instruments may be analysed as follows:

	Group 2016 £'000	Group 2015 £'000	Company 2016 £'000	Company 2015 £'000
Financial assets				
Financial assets that are debt instruments measured at amortised cost	46,711,454	39,479,469	43,461,454	28,321,853
Financial liabilities	16,806,020	18,135,961	39,001,059	12,970,566
Financial liabilities measured at amortised cost				

Financial assets measured at amortised cost comprise cash, trade debtors and other debtors.

Financial liabilities measured at amortised cost comprise amounts due to related parties, trade creditors, other creditors, contingent consideration and accruals.

The financial risks are discussed in the Strategic Report.

Delfont Mackintosh Theatres Limited

**Notes forming part of the financial statements
for the 52 weeks ended 27 March 2016 (*continued*)**

23 FRS 102 conversion

The Group transitioned to FRS 102 from UK Generally Accepted Accounting Practice (UK GAAP) as at 1 April 2015.

The transition from UK GAAP to FRS 102 has had no impact to the Group of Company's equity as previously reported however the following adjustment was made:

- FRS 102 requires that deferred tax be recognised on permanent differences arising on initial recognition of assets and liabilities acquired in a business combination. This was not required under previous UK GAAP. As part of the finalisation of business combination fair values (see note 21) deferred taxation on the fair value increases was provided.