

# **Delfont Mackintosh Theatres Limited**

Report and Financial Statements

52 Weeks Ended

26 March 2017

Company Number 2518625

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# **Delfont Mackintosh Theatres Limited**

## **Report and financial statements for the 52 weeks ended 26 March 2017**

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### **Directors**

Sir Cameron Mackintosh  
N D Allott OBE  
R A Johnston  
A Finch CBE (appointed 14/09/2016)

### **Secretary and registered office**

R T Kniibb, 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 26 March 2017**

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The directors present their strategic report together with the audited financial statements of the company for the 52 weeks ended 26 March 2017.

### **Principal activities and future developments**

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

The company has had a successful year with Aladdin at the Prince Edward Theatre; The Book of Mormon at the Prince of Wales Theatre; Les Miserables at the Queens Theatre; Mrs Henderson, Impossible and Half A Sixpence at the Noel Coward Theatre; Mamma Mia! at the Novello Theatre; The Curious Incident of the Dog at Night Time at the Gielgud Theatre; People, Places and Things, The Truth, No Man's Land, The Kite Runner and Don Juan in Soho at the Wyndham's Theatre.

The company continues its theatre restoration and refurbishment programme with further major works being completed at the Novello Theatre and ongoing works at the Queens and Victoria Palace theatres.

### **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 company, 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 company is also sensitive to wider macro-economic trends.

# Delfont Mackintosh Theatres Limited

## Strategic report (continued) for the 52 weeks ended 26 March 2017

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### Financial risks

The main financial risks arising from the company'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 company'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 company does not consider interest rate risk to be significant. The company 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 company are funded principally out of the company's cash reserves.

### Results and dividends

The statement of comprehensive income is set out on page 7 and shows the profit for the 52 weeks ended 26 March 2017.

Turnover has decreased during the year by £1,392,262 (3.1%), to £43,841,751 (27 March 2016 - £45,234,013). The turnover for the year has decreased due to the closure of the Victoria Palace theatre for major refurbishment works.

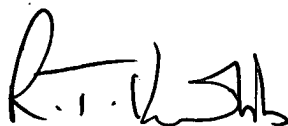
Profits before taxation have decreased by £1,211,300 (8.9%) to £12,353,833 (27 March 2016 - £13,565,133).

The directors do not recommend the payment of a dividend (27 March 2016 - £Nil).

### Approval

This strategic report was approved on behalf of the Board on .

15/12/2017



R T Knibb

Company Secretary

# **Delfont Mackintosh Theatres Limited**

## **Report of the directors for the 52 weeks ended 26 March 2017**

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The directors present their report together with the audited financial statements of the company for the 52 weeks ended 26 March 2017.

### **Strategic report**

A review of the business for the 52 weeks ended 26 March 2017 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 £11,983 (27 March 2016 - £16,434).

There were no political donations (27 March 2016 - £Nil).

### **Employment of disabled persons**

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

### **Directors**

The directors of the company during the year were:

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

# Delfont Mackintosh Theatres Limited

## Report of the directors for the 52 weeks ended 26 March 2017 (*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 auditor for the purposes of their audit and to establish that the auditor is aware of that information. The directors are not aware of any relevant audit information of which the auditor is 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

15/12/2017

# **Delfont Mackintosh Theatres Limited**

## **Independent auditor's report**

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### **TO THE MEMBERS OF DELFONT MACKINTOSH THEATRES LIMITED**

We have audited the financial statements of Delfont Mackintosh Theatres Limited for the 52 weeks ended 26 March 2017 which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statements of changes in equity 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](http://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 company's and the parent company's affairs as at 26 March 2017 and of the company'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, based on the work undertaken in the course of the audit:

- the information given in the strategic report and directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

# Delfont Mackintosh Theatres Limited

## Independent auditor's report (*continued*)

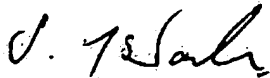
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### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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 15 December 2017.

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



# Delfont Mackintosh Theatres Limited

## Statement of comprehensive income for the 52 weeks ended 26 March 2017

	Note	52 weeks ended 26 March 2017 £	52 weeks ended 27 March 2016 £
<b>Turnover</b>	2	<b>43,841,751</b>	45,234,013
Cost of sales		<b>25,337,692</b>	25,999,385
<b>Gross profit</b>		<b>18,504,059</b>	19,234,628
Administrative expenses		<b>6,205,735</b>	5,642,015
<b>Operating profit</b>	5	<b>12,298,324</b>	13,592,613
Interest receivable	6	198,886	144,040
Interest payable	7	(143,377)	(171,520)
<b>Profit on ordinary activities before taxation</b>		<b>12,353,833</b>	13,565,133
Taxation on profit on ordinary activities	8	<b>2,141,031</b>	2,583,139
<b>Profit on ordinary activities after taxation and total comprehensive income</b>		<b>10,212,802</b>	10,981,994

All amounts relate to continuing activities.

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

The notes on pages 11 to 21 form part of these financial statements

# Delfont Mackintosh Theatres Limited

## Balance sheet at 26 March 2017

Company number 2518625	Note	26 March 2017 £	26 March 2017 £	27 March 2016 £	27 March 2016 £
<b>Fixed assets</b>					
Tangible assets	9		107,534,124		92,804,474
Investments	10		24,796,921		24,796,921
			<hr/>		<hr/>
			132,331,045		117,601,395
<b>Current assets</b>					
Stock	11	120,291		115,630	
Debtors	12	7,151,188		10,538,665	
Cash at bank and in hand		56,161,957		37,785,338	
		<hr/>		<hr/>	
		63,433,436		48,439,633	
<b>Creditors: amounts falling due within one year</b>	13	69,386,406		48,583,788	
<b>Net current liabilities</b>			<hr/> (5,952,970) <hr/>		<hr/> (144,155) <hr/>
<b>Total assets less current liabilities</b>			126,378,075		117,457,240
<b>Creditors: amounts falling due after more than one year</b>	14		7,176,360		8,176,360
<b>Provisions for liabilities and charges</b>	15		5,310,173		5,602,140
			<hr/>		<hr/>
			113,891,542		103,678,740
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	16		122,002		122,002
Share premium account			19,980,000		19,980,000
Profit and loss account			93,789,540		83,576,738
			<hr/>		<hr/>
<b>Shareholders' funds</b>			113,891,542		103,678,740
			<hr/>		<hr/>

The financial statements were approved by the Board of Directors and authorised for issue on 15.12.2017

  
R A Johnston  
Director

The notes on pages 11 to 21 form part of these financial statements

# Delfont Mackintosh Theatres Limited

## Statement of cash flows for the 52 weeks ended 26 March 2017

	52 weeks ended 26 March 2017 £	52 weeks ended 27 March 2016 £
<b>Cash flows from operating activities</b>		
<b>Profit for the financial year</b>	<b>10,212,802</b>	<b>10,981,994</b>
Adjustments for:		
Depreciation of fixed assets	1,765,231	1,754,513
Taxation expense	2,141,031	2,583,139
Interest received	(198,886)	(144,040)
Interest paid	143,377	171,520
Decrease/(increase) in trade and other debtors	1,136,741	(499,244)
(Increase)/decrease in stock	(4,661)	16,185
Increase/(decrease) in trade and other creditors	20,946,135	(3,058,280)
Loss on disposal of fixed assets	-	123,039
	<hr/>	<hr/>
	<b>36,141,770</b>	<b>11,928,826</b>
<b>Cash from operations</b>		
Interest paid	(143,377)	(171,520)
Taxation paid	(2,576,496)	(2,886,778)
	<hr/>	<hr/>
<b>Net cash generated from operating activities</b>	<b>33,421,897</b>	<b>8,870,528</b>
<b>Cash flows from investing activities</b>		
Purchases of tangible fixed assets	(1,133,526)	(457,297)
Assets Under Construction	(13,110,618)	-
Interest received	198,866	144,040
	<hr/>	<hr/>
<b>Net cash from investing activities</b>	<b>(14,045,278)</b>	<b>(313,257)</b>
<b>Cash flows from financing activities</b>		
Repayment of long term intercompany loan	(1,000,000)	(1,000,000)
Repayment of short term intercompany loan	-	(826,218)
	<hr/>	<hr/>
<b>Net cash used in financing activities</b>	<b>(1,000,000)</b>	<b>(1,826,218)</b>
<b>Net increase in cash and cash equivalents</b>	<b>18,376,619</b>	<b>6,731,053</b>
Cash and cash equivalents at beginning of year	37,785,338	31,054,285
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>56,161,957</b>	<b>37,785,338</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank and in hand	56,161,957	37,785,338
	<hr/>	<hr/>
	<b>56,161,957</b>	<b>37,785,338</b>
	<hr/>	<hr/>

The notes on pages 11 to 21 form part of these financial statements

# Delfont Mackintosh Theatres Limited

## Statement of changes in equity for the 52 weeks ended 26 March 2017

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>30 March 2015</b>	122,002	19,980,000	72,594,744	92,696,746
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	10,981,994	10,981,994
<b>Total comprehensive income for the year</b>	-	-	10,981,994	10,981,994
<b>27 March 2016</b>	122,002	19,980,000	83,576,738	103,678,740
	Share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>28 March 2016</b>	122,002	19,980,000	83,576,738	103,678,740
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	10,212,802	10,212,802
<b>Total comprehensive income for the year</b>	-	-	93,789,540	93,789,540
<b>26 March 2017</b>	122,002	19,980,000	93,789,540	113,891,542

The 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 11 to 21 form part of these financial statements

# Delfont Mackintosh Theatres Limited

## Notes forming part of the financial statements for the 52 weeks ended 26 March 2017

### 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 company'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.

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

#### *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 company'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 company 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 company. 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:

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.

# Delfont Mackintosh Theatres Limited

## Notes forming part of the financial statements for the 52 weeks ended 26 March 2017 (*continued*)

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### 1 Accounting policies (*continued*)

#### *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 Company intends to hold them on a continuing basis, are re-measured to market value at each balance sheet.

#### *Stock*

Stock is 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.

#### *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 company 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 company'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.

# Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements  
for the 52 weeks ended 26 March 2017 (continued)

## 1 Accounting policies (continued)

*Judgements in applying accounting policies and key sources of estimation uncertainty (continued)*

*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.

## 2 Turnover

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

## 3 Employees

	52 weeks ended 26 March 2017 £	52 weeks ended 27 March 2016 £
Staff costs consist of:		
Wages and salaries	13,784,652	14,340,729
Social security costs	1,468,344	1,470,867
Staff welfare and pension costs	224,267	234,977
	<u>15,477,263</u>	<u>16,046,573</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 £9,807,740 (27 March 2016 - £10,905,841) borne by visiting production companies.

	52 weeks ended 26 March 2017 Number	52 weeks ended 27 March 2016 Number
The average number of employees, including directors, during the year was:		
Theatre management and technical staff	488	562
Administration	42	37
	<u>530</u>	<u>599</u>

# Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements  
for the 52 weeks ended 26 March 2017 (*continued*)

## 4 Directors

	52 weeks ended 26 March 2017 £	52 weeks ended 27 March 2016 £
Directors' emoluments (excluding pension contributions)	497,196	486,977

Emoluments of the highest paid director (excluding pension contributions) amounted to £497,196.

The aggregate company contributions towards defined contribution pension schemes for directors was £Nil (27 March 2016 - £Nil). Key management personnel include all directors across the company who together have authority and responsibility for planning, directing and controlling the activities of the company.

## 5 Operating profit

	52 weeks ended 26 March 2017 £	52 weeks ended 27 March 2016 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	1,765,231	1,754,513
Hire of plant and machinery	37,023	9,356
Auditors' remuneration and expenses		
- audit services	54,300	56,250
- tax services	10,300	10,000
Aggregate rentals receivable under operating leases	(316,437)	(428,437)
Hire of other assets - operating leases	112,800	112,800

## 6 Interest receivable

	52 weeks ended 26 March 2017 £	52 weeks ended 27 March 2016 £
Bank interest receivable	198,886	144,040

## 7 Interest payable

	52 weeks ended 26 March 2017 £	52 weeks ended 27 March 2016 £
Interest payable to parent company	143,377	171,520



# Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements  
for the 52 weeks ended 26 March 2017 (*continued*)

## 8 Taxation

	52 weeks ended 26 March 2017 £	52 weeks ended 27 March 2016 £
UK corporation tax	2,432,904	2,819,079
Overprovision in respect of previous years	94	(15,250)
	<hr/>	<hr/>
Total current tax charge	2,432,998	2,803,829
Deferred tax charge	(181,355)	(35,399)
Adjustments in respect of previous years	(22,148)	(1,968)
Effect of tax rate change on opening balances	(88,464)	(183,323)
	<hr/>	<hr/>
	2,141,031	2,583,139
	<hr/>	<hr/>

The tax assessed for the year is lower (27 March 2016 - higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	52 weeks ended 26 March 2017 £	52 weeks ended 27 March 2016 £
Profit on ordinary activities before tax	12,353,833	13,565,133
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 20% (27 March 2016 - 20%)	2,470,767	2,713,026
Effects of:		
Fixed asset differences	37,825	37,482
Expenses not deductible for tax purposes	22,609	33,709
Additional deduction for land remediation expenditure	(24,316)	(4,482)
Adjustment to tax charge in respect of previous periods	94	(15,250)
Adjustment to tax charge in respect of previous periods – deferred tax	(22,148)	(1,968)
Victoria Palace fair value deferred tax liability	(244,238)	-
Adjust closing deferred tax average to 21%	(276,491)	(179,883)
Adjust opening deferred tax average to 21%	176,929	505
	<hr/>	<hr/>
Current tax charge for year	2,141,031	2,583,139
	<hr/>	<hr/>

# Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements  
for the 52 weeks ended 26 March 2017 (*continued*)

## 9 Tangible assets

	Long leasehold land and buildings £	Freehold land and buildings £	Plant and machinery, fixtures fittings, tools and equipment £	Assets Under Construction £	Total £
<i>Cost</i>					
At 27 March 2016	23,885,331	57,744,912	29,820,113	-	111,450,356
Additions	310,247	22,631	800,648	15,361,355	16,494,881
<b>At 26 March 2017</b>	<b>24,195,578</b>	<b>57,767,543</b>	<b>30,620,761</b>	<b>15,361,355</b>	<b>127,945,237</b>
<i>Depreciation</i>					
At 27 March 2016	1,978,948	2,489,728	14,177,206	-	18,645,882
Charge for year	189,123	-	1,576,108	-	1,765,231
<b>At 26 March 2017</b>	<b>2,168,071</b>	<b>2,489,728</b>	<b>15,753,314</b>	<b>-</b>	<b>20,411,113</b>
<i>Net book value</i>					
<b>At 26 March 2017</b>	<b>22,027,507</b>	<b>55,277,815</b>	<b>14,867,447</b>	<b>15,361,355</b>	<b>107,534,124</b>
At 27 March 2016	21,906,383	55,255,184	15,642,907	-	92,804,474

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 26 March 2017 (continued)

## 10 Fixed assets investments

	£
Cost	
At 28 March 2016	24,796,921
	<hr/>
At 26 March 2017	24,796,921
	<hr/>

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.

\* Registered office address for above companies at 1 Bedford Square, London, WC1B 3RB

## 11 Stock

	26 March 2017 £	27 March 2016 £
Goods for resale	120,291	115,630
	<hr/>	<hr/>

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 26 March 2017 (*continued*)

## 12 Debtors

	26 March 2017 £	27 March 2016 £
Trade debtors	2,996,865	3,711,430
Other debtors	197,341	1,964,686
Prepayments and accrued income	3,956,982	4,862,549
	<hr/> 7,151,188 <hr/>	<hr/> 10,538,665 <hr/>

All amounts fall due for payment within one year.

## 13 Creditors: amounts falling due within one year

	26 March 2017 £	27 March 2016 £
Trade creditors	4,454,091	2,884,841
Amounts due to ultimate parent company		
- intercompany account	1,099,775	177,580
- current element of loan	1,000,000	1,000,000
Other creditors	628,682	452,673
Taxation and social security	3,239,330	1,021,968
Accruals and deferred income	32,297,571	16,236,880
Corporation tax payable	1,222,318	1,365,207
Amount due to subsidiary entity	25,444,639	25,444,639
	<hr/> 69,386,406 <hr/>	<hr/> 48,583,788 <hr/>

## 14 Creditors: amounts falling due after more than one year

	26 March 2017 £	27 March 2016 £
Amounts owed to subsidiary undertakings	200	200
Amounts owed to ultimate parent		
Company - long term element of loan	7,176,160	8,176,160
	<hr/> 7,176,360 <hr/>	<hr/> 8,176,360 <hr/>

# Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements  
for the 52 weeks ended 26 March 2017 (*continued*)

## 14 Creditors: amounts falling due after more than one year (*continued*)

The amounts above are repayable as follows

	Ultimate parent company 26 March 2017 £	Ultimate parent company 27 March 2016 £	Subsidiary undertakings 26 March 2017 £	Subsidiary undertakings 27 March 2016 £
In more than 1 year but not more than 2 years	1,000,000	1,000,000	1,000,000	1,000,000
In more than 2 years but not more than 5 years	4,000,000	4,000,000	4,000,000	4,000,000
In more than 5 years	2,176,160	3,176,160	2,176,160	4,176,160
	<u>7,176,160</u>	<u>8,176,160</u>	<u>7,176,160</u>	<u>9,176,160</u>

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

## 15 Provision for liabilities and charges

Company	Deferred taxation £
At 28 March 2016	5,602,140
Deferred taxation recognised on hive up	-
Charge to profit and loss account	(291,967)
	<u>5,310,173</u>
At 26 March 2017	
<i>Deferred taxation</i>	
	26 March 2017 £
Accelerated capital allowances	1,582,978
Deferred taxation on acquisition fair values of Victoria Palace	3,743,393
Short term timing differences	(16,198)
	<u>5,310,173</u>
	27 March 2016 £
	1,632,455
	3,987,631
	(17,946)
	<u>5,602,140</u>

# Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements  
for the 52 weeks ended 26 March 2017 (*continued*)

## 16 Called up share capital

	26 March 2017 £	27 March 2016 £
<i>Authorised, allotted, called up and fully paid</i>		
122,002 (27 March 2016 - 122,002) ordinary shares of £1 each	122,002	122,002

## 17 Pension contributions

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

There was a pension amount of £629 outstanding as at 26 March 2017 (27 March 2016 - £4,418).

## 18 Commitments under operating leases

As at 26 March 2017, annual commitments under non-cancellable operating leases as set out below:

### Lessee

	26 March 2017 Land and buildings £	26 March 2017 Other £	27 March 2016 Land and buildings £	27 March 2016 Other £
Operating leases which expire:				
Within one year	112,800	9,176	112,800	7,030
In two to five years	451,200	9,176	451,200	14,060
After five years	14,325,600	-	14,438,400	-
	14,889,600	18,352	15,002,400	21,090

As at 26 March 2017 there were rentals receivable under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

### Leases receivable

	26 March 2017 Property Rental £	27 March 2016 Property Rental £
Rental Leases due:		
Within one year	319,800	415,502
In two to five years	1,335,200	1,140,000
After five years	2,250,000	2,570,000
	3,905,000	4,125,502

# Delfont Mackintosh Theatres Limited

## Notes forming part of the financial statements for the 52 weeks ended 26 March 2017 (*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 (27 March 2016 - £112,800) 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 £35,104 (27 March 2016 - £39,042) 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 26 March 2017, £Nil (27 March 2016 - £2,700) 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.

### 21 Financial instruments

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

	26 March 2017 £'000	27 March 2016 £'000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>59,356,163</b>	43,461,454
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>41,367,977</b>	39,001,059

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.