

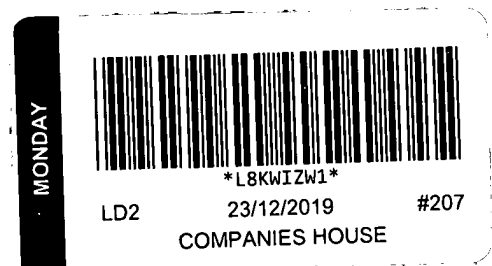
# **Delfont Mackintosh Theatres Limited**

Report and Financial Statements

53 Weeks Ended

31 March 2019

Company Number 2518625



# **Delfont Mackintosh Theatres Limited**

## **Report and financial statements for the 53 weeks ended 31 March 2019**

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### **Directors**

Sir Cameron Mackintosh  
N D Allott OBE  
R A Johnston  
A Finch CBE

### **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 53 weeks ended 31 March 2019**

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The directors present their strategic report together with the audited financial statements of the company for the 53 weeks ended 31 March 2019.

### **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 Hamilton at the Victoria Palace Theatre, Aladdin at the Prince Edward Theatre; The Book of Mormon at the Prince of Wales Theatre; Les Miserables at the Queens Theatre; Quiz, The Lieutenant of Innishmore, The Inheritance and All About Eve at the Noel Coward Theatre; Mamma Mia! at the Novello Theatre; The Ferryman, Imperium I & II and Company at the Gielgud Theatre; Long Day's Journey into the Night, Red, The Height of the Storm, Bill Bailey – Larks in Transit, Catherine Tate Live! and The Price at the Wyndham's Theatre.

The company continues its theatre restoration and refurbishment programme with further major ongoing works at the Queens, Noël Coward and Gielgud 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 for the 53 weeks ended 31 March 2019 (continued)**

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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 8 and shows the profit for the 53 weeks ended 31 March 2019.

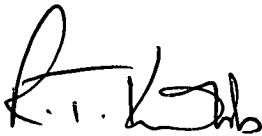
Turnover has increased during the period by £15,476,278 (31%), to £65,429,967 (25 March 2018 - £49,953,689), due to improved trading in all theatres, and in particular as a result of the Victoria Palace Theatre being open for business for the whole financial period compared to only 15 weeks in the previous financial year.

Profits before taxation have increased by £13,818,870 (262.1 %) to £19,090,607 (25 March 2018 - £5,271,737), primarily) primarily due to the inclusion of a full year's trading at the Victoria Palace Theatre, but also down to improvement in operating margins at most other theatres in the group. Theatre refurbishment charges were also exceptionally high last year as a result of the renovation of the Victoria Palace Theatre and these costs have returned to more normal levels in the current period, also contributing to the increase in profits before tax.

The directors do not recommend the payment of a dividend (25 March 2018 - £Nil).

### **Approval**

This strategic report was approved on behalf of the Board on 19/12/19.



R T Knibb

**Company Secretary**

# **Delfont Mackintosh Theatres Limited**

## **Directors' report for the 53 weeks ended 31 March 2019**

The directors present their report together with the audited financial statements of the company for the 53 weeks ended 31 March 2019.

### **Strategic report**

A review of the business for the 53 weeks ended 31 March 2019 including discussion of key performance indicators is included in the Strategic report on page 1.

### **Political and charitable donations**

During the period, the company made charitable contributions of £11,405 (25 March 2018 - £10,310).

There were no political donations (25 March 2018 - £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 period were:

Sir Cameron Mackintosh  
N D Allott OBE  
R A Johnston  
A Finch CBE

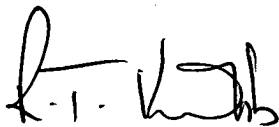
### **Auditors**

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 19/12/19

# **Delfont Mackintosh Theatres Limited**

## **Directors' responsibilities statement for the 53 weeks ended 31 March 2019**

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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.

# **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 ("the Company") for the 53 weeks ended 31 March 2019 which comprise the statement of comprehensive income, the balance sheet, the statement of cash flows, the statements of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2019 and of its profit for the period 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.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

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

# **Delfont Mackintosh Theatres Limited**

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

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions 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 period 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.

### **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 and Director's report.

We have nothing to report in respect of the following matters in relation to which 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



# Delfont Mackintosh Theatres Limited

## Independent auditor's report (continued)

### Responsibilities of Directors

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### Auditor's responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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.



Andrew Viner (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom

Date

19 DECEMBER 2019

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 53 weeks ended 31 March 2019

	Note	53 weeks ended 31 March 2019 £	52 weeks ended 25 March 2018 £
<b>Turnover</b>	2	<b>65,429,967</b>	49,953,689
Cost of sales		<b>37,980,012</b>	36,191,504
<b>Gross profit</b>		<b>27,449,955</b>	13,762,185
Administrative expenses		<b>8,292,745</b>	8,377,991
<b>Operating profit</b>	5	<b>19,157,210</b>	5,384,194
Interest receivable	6	<b>63,450</b>	12,308
Interest payable	7	<b>(130,053)</b>	(124,765)
<b>Profit on ordinary activities before taxation</b>		<b>19,090,607</b>	5,271,737
Taxation on profit on ordinary activities	8	<b>3,622,471</b>	1,254,332
<b>Profit on ordinary activities after taxation and total comprehensive income</b>		<b>15,468,136</b>	4,017,405

All amounts relate to continuing activities.

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

The notes on pages 12 to 22 form part of these financial statements

# Delfont Mackintosh Theatres Limited

## Balance sheet at 31 March 2019

<b>Company number 2518625</b>	<b>Note</b>	<b>2019 £</b>	<b>2019 £</b>	<b>2018 £</b>	<b>2018 £</b>
<b>Fixed assets</b>					
Tangible assets	9		<b>148,677,520</b>		142,874,352
Investments	10		<b>24,796,921</b>		24,796,921
			<b>173,474,441</b>		167,671,273
<b>Current assets</b>					
Stock	11	<b>145,576</b>		153,669	
Debtors	12	<b>11,263,658</b>		7,023,156	
Cash at bank and in hand		<b>41,551,333</b>		28,047,438	
		<b>52,960,567</b>		35,224,263	
<b>Creditors: amounts falling due within one year</b>	13	<b>81,825,988</b>		73,049,472	
<b>Net current liabilities</b>			<b>(28,865,421)</b>		(37,825,209)
<b>Total assets less current liabilities</b>			<b>144,609,020</b>		129,846,064
<b>Creditors: amounts falling due after more than one year</b>	14		<b>5,176,360</b>		6,176,360
<b>Provisions for liabilities and charges</b>	15		<b>6,055,577</b>		5,760,757
			<b>133,377,083</b>		117,908,947
<b>Capital and reserves</b>					
Called up share capital	16		<b>122,002</b>		122,002
Share premium account			<b>19,980,000</b>		19,980,000
Profit and loss account			<b>113,275,081</b>		97,806,945
<b>Shareholders' funds</b>			<b>133,377,083</b>		117,908,947

The financial statements were approved by the Board of Directors and authorised for issue on 19/12/19.

  
R A Johnston  
Director

The notes on pages 12 to 22 form part of these financial statements

# Delfont Mackintosh Theatres Limited

## Statement of cash flows for the 53 weeks ended 31 March 2019

	53 weeks ended 31 March 2019 £	52 weeks ended 25 March 2018 £
<b>Cash flows from operating activities</b>		
<b>Profit for the period</b>	<b>15,468,136</b>	<b>4,017,405</b>
Adjustments for:		
Depreciation of fixed assets	3,194,377	1,798,783
Taxation expense	3,622,471	1,254,332
Interest received	(63,450)	(12,308)
Interest paid	130,053	124,765
(Increase)/Decrease in trade and other debtors	(4,240,502)	128,032
Decrease/(Increase) in stock	8,093	(33,378)
Increase in trade and other creditors	6,572,765	4,902,166
<b>Cash from operations</b>	<b>24,691,943</b>	<b>12,179,797</b>
Interest paid	(130,053)	(124,765)
Taxation paid	(1,792,999)	(2,042,848)
<b>Net cash generated from operating activities</b>	<b>22,768,891</b>	<b>10,012,184</b>
<b>Cash flows from investing activities</b>		
Purchases of tangible fixed assets	(8,328,446)	(1,016,614)
Assets under construction	-	(36,122,397)
Interest received	63,450	12,308
<b>Net cash from investing activities</b>	<b>(8,264,996)</b>	<b>(37,126,703)</b>
<b>Cash flows from financing activities</b>		
Repayment of long term intercompany loan	(1,000,000)	(1,000,000)
<b>Net cash used in financing activities</b>	<b>(1,000,000)</b>	<b>(1,000,000)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>13,503,895</b>	<b>(28,114,519)</b>
Cash and cash equivalents at beginning of year	28,047,438	56,161,957
<b>Cash and cash equivalents at end of year</b>	<b>41,551,333</b>	<b>28,047,438</b>
<b>Cash and cash equivalents comprise:</b>		
Cash at bank and in hand	41,551,333	28,047,438
	<b>41,551,333</b>	<b>28,047,438</b>

The notes on pages 12 to 22 form part of these financial statements

# Delfont Mackintosh Theatres Limited

## Statement of changes in equity for the 53 weeks ended 31 March 2019

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>27 March 2017</b>	122,002	19,980,000	93,789,540	113,891,542
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	4,017,405	4,017,405
<b>25 March 2018</b>	122,002	19,980,000	97,806,945	117,908,947
	Share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>26 March 2018</b>	122,002	19,980,000	97,806,945	117,908,947
<b>Comprehensive income for the year</b>				
Profit for the period	-	-	15,468,136	15,468,136
<b>31 March 2019</b>	122,002	19,980,000	113,275,081	133,377,083

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 12 to 22 form part of these financial statements

# **Delfont Mackintosh Theatres Limited**

## **Notes forming part of the financial statements for the 53 weeks ended 31 March 2019**

### **1 Accounting policies**

Delfont Mackintosh Theatres Limited is a private company limited by shares 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. Numbers are rounded to the nearest pound.

#### *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 53 weeks ended 31 March 2019 (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 53 weeks ended 31 March 2019 (continued)

### 1 Accounting policies (continued)

- Depreciation of tangible fixed assets occurs when the asset is capable of operating as management intended. For assets under construction this can be judgemental and based on a variety of criteria, including but not limited to; actual spend against budget, availability of the asset for use in the business, external reports from third party surveyors. Each asset under construction is considered on a case by case basis.

*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

	53 weeks ended 31 March 2019 £	52 weeks ended 25 March 2018 £
Staff costs consist of:		
Wages and salaries	17,366,730	14,910,660
Social security costs	1,905,767	1,675,535
Staff welfare and pension costs	397,052	249,962
	<b>19,669,549</b>	<b>16,836,157</b>

The above costs have been charged to the profit and loss account in arriving at the trading profit for the period and include directors' emoluments. They include payroll costs amounting to £12,367,331 (25 March 2018 - £10,747,485) borne by visiting production companies.

	53 weeks ended 31 March 2019 Number	52 weeks ended 25 March 2018 Number
The average number of employees, including directors, during the period was:		
Theatre management and technical staff	582	524
Administration	50	46
	<b>632</b>	<b>570</b>



# Delfont Mackintosh Theatres Limited

## Notes forming part of the financial statements for the 53 weeks ended 31 March 2019 (*continued*)

### 4 Directors

	53 weeks ended 31 March 2019 £	52 weeks ended 25 March 2018 £
Directors' emoluments (excluding pension contributions)	542,326	507,345

Emoluments of the highest paid director (excluding pension contributions) amounted to £542,326 (25 March 2018 - £507,345).

The aggregate company contributions towards defined contribution pension schemes for directors was £Nil (25 March 2018 - £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

	53 weeks ended 31 March 2019 £	52 weeks ended 25 March 2018 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	3,194,377	1,798,783
Exceptional restoration and refurbishment cost	1,683,361	6,468,723
Hire of plant and machinery	18,756	30,656
Auditors' remuneration and expenses		
- audit services	70,000	61,200
- tax services	15,000	11,550
Aggregate rentals receivable under operating leases	(378,992)	(394,306)
Hire of other assets - operating leases	112,800	112,800

### 6 Interest receivable

	53 weeks ended 31 March 2019 £	52 weeks ended 25 March 2018 £
Bank interest receivable	63,450	12,308

### 7 Interest payable

	53 weeks ended 31 March 2019 £	52 weeks ended 25 March 2018 £
Interest payable to parent company	130,053	124,765

# Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements  
for the 53 weeks ended 31 March 2019 (*continued*)

## 8 Taxation

	53 weeks ended 31 March 2019 £	52 weeks ended 25 March 2018 £
UK corporation tax	3,375,427	821,804
Overprovision in respect of previous years	(47,776)	(18,056)
	<hr/>	<hr/>
Total current tax charge	3,327,651	803,748
Deferred tax charge	294,766	435,237
Adjustments in respect of previous years	54	15,347
Effect of tax rate change on opening balances	-	-
	<hr/>	<hr/>
	3,622,471	1,254,332
	<hr/>	<hr/>

The tax assessed for the period is lower (25 March 2018 - higher) than the standard rate of corporation tax in the UK. The differences are explained below:

	53 weeks ended 31 March 2019 £	52 weeks ended 25 March 2018 £
Profit on ordinary activities before tax	19,090,607	5,271,737
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (25 March 2018 - 19%)	3,627,215	1,002,208
Effects of:		
Fixed asset differences	39,000	36,325
Expenses not deductible for tax purposes	45,859	311,296
Additional deduction for land remediation expenditure	(7,203)	(14,083)
Adjustment to tax charge in respect of previous periods	(47,776)	(18,056)
Adjustment to tax charge in respect of previous periods – deferred tax	54	15,347
Victoria Palace fair value deferred tax liability	-	(24,341)
Adjust closing deferred tax average to 19%	(274,885)	(241,517)
Adjust opening deferred tax average to 19%	240,207	187,153
	<hr/>	<hr/>
Current tax charge for year	3,622,471	1,254,332
	<hr/>	<hr/>

# Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements  
for the 53 weeks ended 31 March 2019 (*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 25 March 2018	24,345,602	57,767,543	31,487,351	51,483,752	165,084,248
Additions	829,535	1,709,258	5,790,337	730,500	9,059,630
Reclassification	1,240,208	24,643,948	25,563,010	(51,447,166)	-
Disposals/Impairment	-	-	-	(62,085)	(62,085)
<b>At 31 March 2019</b>	<b>26,415,345</b>	<b>84,120,749</b>	<b>62,840,698</b>	<b>705,001</b>	<b>174,081,793</b>
<i>Depreciation</i>					
At 25 March 2018	2,359,146	2,489,728	17,361,022	-	22,209,896
Charge for year	205,269	-	2,989,108	-	3,194,377
<b>At 31 March 2019</b>	<b>2,564,415</b>	<b>2,489,728</b>	<b>20,350,130</b>	<b>-</b>	<b>25,404,273</b>
<i>Net book value</i>					
<b>At 31 March 2019</b>	<b>23,850,930</b>	<b>81,631,021</b>	<b>42,490,568</b>	<b>705,001</b>	<b>148,677,520</b>
At 25 March 2018	21,986,456	55,277,815	14,126,329	51,483,752	142,874,352

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

Cost relating to significant theatre projects are capitalised as Assets Under Construction. Upon successful completion of the project these assets are then reclassified to the various tangible asset categories. Should the project not proceed to conclusion, these costs will be expensed to the income statement.

# Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements  
for the 53 weeks ended 31 March 2019 (*continued*)

## 10 Fixed assets investments

£

Cost

At 25 March 2018

24,796,921

**At 31 March 2019**

**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 - Dormant
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

	31 March 2019 £	25 March 2018 £
Goods for resale	<b>145,576</b>	153,669

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 53 weeks ended 31 March 2019 *(continued)*

## 12 Debtors

	31 March 2019 £	25 March 2018 £
Trade debtors	5,157,240	4,404,945
Other debtors	272,734	304,744
Prepayments and accrued income	5,833,684	2,313,467
	<hr/> 11,263,658	<hr/> 7,023,156

All amounts fall due for payment within one year.

## 13 Creditors: amounts falling due within one year

	31 March 2019 £	25 March 2018 £
Trade creditors	6,223,224	3,085,483
Amounts due to ultimate parent company		
- intercompany account	1,186,218	1,162,977
- current element of loan	1,000,000	1,000,000
Other creditors	1,509,113	1,371,440
Taxation and social security	4,036,236	839,701
Accruals and deferred income	40,908,688	40,145,232
Corporation tax payable	1,517,870	-
Amount due to subsidiary entity	25,444,639	25,444,639
	<hr/> 81,825,988	<hr/> 73,049,472

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

	31 March 2019 £	25 March 2018 £
Amounts owed to subsidiary undertakings	200	200
Amounts owed to ultimate parent		
Company - long term element of loan	5,176,160	6,176,160
	<hr/> 5,176,360	<hr/> 6,176,360

# Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements  
for the 53 weeks ended 31 March 2019 *(continued)*

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

The amounts above are repayable as follows

	Ultimate parent company 31 March 2019 £	Ultimate parent company 25 March 2018 £	Subsidiary undertakings 31 March 2019 £	Subsidiary undertakings 25 March 2018 £
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	3,000,000	4,000,000	3,000,000	4,000,000
In more than 5 years	1,176,160	1,176,160	1,176,160	1,176,160
	<u>5,176,160</u>	<u>6,176,160</u>	<u>5,176,160</u>	<u>6,176,160</u>

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

## 15 Provision for liabilities and charges

	Deferred taxation £
<b>Company</b>	
At 25 March 2018	5,760,757
Deferred taxation recognised on hive up	-
Charge to profit and loss account	294,820
	<u>6,055,577</u>
At 31 March 2019	
<i>Deferred taxation</i>	
	31 March 2019 £
Accelerated capital allowances	2,349,188
Deferred taxation on acquisition fair values of Victoria Palace	3,719,052
Short term timing differences	(12,663)
	<u>6,055,577</u>
	25 March 2018 £
	2,054,964
	3,719,052
	(13,259)
	<u>5,760,757</u>

# Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements  
for the 53 weeks ended 31 March 2019 (*continued*)

## 16 Called up share capital

	31 March 2019 £	25 March 2018 £
<i>Authorised, allotted, called up and fully paid</i> (25 March 2018 - 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 £8,449 outstanding as at 31 March 2019 (25 March 2018 - £539).

## 18 Commitments under operating leases

As at 31 March 2019, annual commitments under non-cancellable operating leases as set out below:

Lessee	31 March 2019 Land and buildings £	31 March 2019 Other £	25 March 2018 Land and buildings £	25 March 2018 Other £
Operating leases which expire:				
Within one year	137,760	9,666	112,800	9,176
In two to five years	551,040	35,393	451,200	-
After five years	17,220,000	-	14,212,800	-
	<u>17,908,800</u>	<u>45,059</u>	<u>14,776,800</u>	<u>9,176</u>

As at 31 March 2019 there were rentals receivable under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

### Leases receivable

	31 March 2019 Property Rental £	25 March 2018 Property Rental £
Rental Leases due:		
Within one year	333,800	322,425
In two to five years	1,167,600	1,251,400
After five years	1,750,000	2,000,000
	<u>3,251,400</u>	<u>3,573,825</u>

# Delfont Mackintosh Theatres Limited

## Notes forming part of the financial statements for the 53 weeks ended 31 March 2019 (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 period rental charges of £112,800 (25 March 2018 - £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 period, purchases of £38,228 (25 March 2018 - £31,577) 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 31 March 2019, £1,089 (25 March 2018 - £1,188) was owed to Mackintosh Catering.

The company has taken advantage of the exemptions provided by FRS102 paragraph 33.1A and not disclosed the transactions with group undertakings where 100% of the voting rights are controlled within the group.

Refer to Note 19 for more information on where to obtain a copy of the Group accounts.

### 21 Financial instruments

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

	31 March 2019 £'000	25 March 2018 £'000
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost	<b>46,981,307</b>	32,757,127
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<b>44,313,588</b>	40,504,307

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.