

**Delfont Mackintosh Theatres
Limited**

Report and Financial Statements

Year Ended

29 March 2020

Company Number 2518625

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Delfont Mackintosh Theatres Limited

**Report and financial statements
for the year ended 29 March 2020**

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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 year ended 29 March 2020

The directors present their strategic report together with the audited financial statements of the company for the year ended 29 March 2020.

Principal activities

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 and Mary Poppins at the Prince Edward Theatre; The Book of Mormon at the Prince of Wales Theatre; Les Miserables at the Sondheim Theatre; All About Eve, The Night of the Iguana and Dear Evan Hansen at the Noël Coward Theatre; Mamma Mia! at the Novello Theatre; Sweat, Les Miserables Concert, Girl from the North Country and Upstart Crow at the Gielgud Theatre; The Price, The Starry Messenger, Fleabag, The Life I Lead, The Man in the White Suit, Curtains and Leopoldstadt at the Wyndham's Theatre.

The company continues its theatre restoration and refurbishment programme with further major works completed at the Sondheim, Noël Coward and Gielgud theatres. The Queens Theatre was renamed to the Sondheim when it re-opened in December 2019 after major refurbishment works including the refurbishment of the ceilings.

Business review year ended 29 March 2020

The income statement is set out on page 11 and shows the profit for the year.

Turnover for the year was £59.9m (2019 - £65.4m). Revenues for the year were in line with expectations after allowing for the closure of three theatres for a total of 39 weeks for major refurbishment and the forced closure of the business due to COVID-19, two weeks before the end of the financial year. Profits for the year before taxation amounted to £10.6m (2019 - 19.1m). Once again this was in line with forecasts with several factors contributing to the decline in profits:

- Two weeks lost trading from 16 March 2020 to 29 March 2020 due to the forced closure of all parts of the business
- The closure of three theatres for a total of 39 weeks during the year for essential ceiling stabilisation works
- Costs in excess of £4.5m associated with the extensive restoration works undertaken at the Sondheim, Noël Coward and Gielgud theatres.

Future developments year ending 28 March 2021

In March 2020, the UK government announced that the public should no longer visit theatres to minimize the spread of the Coronavirus COVID-19 and all theatres subsequently closed and remain closed at the date of this report. The directors are carefully monitoring the situation as it evolves, however no guidance has yet been given as to when performances will be allowed to re-start either indoors or to non-socially distanced audiences and all productions and theatres remain closed.

The financial effects of the pandemic on the business continue to be significant. The Company started the year with an annual wage bill in excess of £20m and the directors were forced to make painful and difficult decisions to temporarily scale back the size of the workforce; making use of Government support programs where applicable and available and ensuring a duty of care in the way in which people were informed and supported through the necessary decisions and resulting action. The Company currently retains over 100 full time personnel with a further 100 in receipt of government subsidies. Retained staff include a Transition team and Remobilisation team charged with maintaining the upkeep of eight of London's historic theatre buildings whilst closed; redesigning and rebuilding core capability, best practices and improved ways of working that will ensure "readiness" for reopening and a strong, more sustainable return.

Delfont Mackintosh Theatres Limited

Strategic report for the year ended 29 March 2020

The Company is anticipated to suffer a loss before tax for the year ending 28 March 2021 in the region of £16m.

In the meantime, the directors are carefully monitoring the financial position of all parts of the business with the aim of being able to re-open operations as soon as possible at the appropriate time. The directors are confident that when the business is allowed to re-open the company will be financially and strategically well placed to do so.

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. With the onset of the COVID 19 pandemic, crisis teams consisting of key employees were established to protect all aspects of the business whilst productions and theatres were closed to the public. The directors continue to monitor the situation as it evolves, with the aim of re-opening operations as soon as it is safe to do so.

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 out of the company's cash reserves and loans from the parent company.

Delfont Mackintosh Theatres Limited

Strategic report for the year ended 29 March 2020

Going concern.

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The Directors confirm that they have complied with the requirements of Companies Act 2006. The Directors have considered the impact which the current economic downturn, triggered by COVID-19 could have on the ability of the company to continue as a going concern. The parent company Cameron Mackintosh Limited has agreed to provide sufficient funding to support any shortfall should it arise for a period of at least 12 months from the date of signing of the financial statements, including providing a letter of support stating these funds will not be recalled for a period of at least 12 months from the date of signing unless the Company is able to repay the loans. On this basis they have concluded they have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of the financial statements and continue to adopt the going concern basis in preparing the accounts.

As such, the Directors have adopted the going concern basis in preparing the Annual Report and Financial Statements.

Approval

This strategic report was approved on behalf of the Board on 03/03/2021



R T Knibb

Company Secretary

Delfont Mackintosh Theatres Limited

Directors' report for the year ended 29 March 2020

The directors present their report together with the audited financial statements of the company for the year ended 29 March 2020.

Strategic report

A review of the business for the year ended 29 March 2020 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 £13,517 (2019 - £11,405).

There were no political donations (2019 - £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

Results and dividends

The statement of comprehensive income is set out on page 11 and shows the profit for the year ended 29 March 2020.

The directors do not recommend the payment of a dividend (2019 - £Nil).

Section 172(1) statement

This section describes how the Directors have had regard to the matters set out in section 172(1)(a) to (f) Companies Act 2016 (the "Act"), in exercising their duty to promote the success of the Company for the benefit of its members as a whole.

Directors are required to have regard (amongst other matters) to the interests of the wider stakeholders, as well as:

- the likely long-term consequences of any decision they make;
- the interests of the Company's colleagues;
- the need to foster the Company's business relationships with suppliers, customers, and others;
- the impact of the Company's operations on the community and the environment;
- the desirability of the Company maintaining a reputation for high standards of business conduct; and
- the need to act fairly; as between members of the company

Delfont Mackintosh Theatres Limited

Directors' report for the year ended 29 March 2020

Each of the policies set out below have informed and guided the directors as to how the promotion of the success of the Company for the benefit of its members as a whole should be achieved with regard to the matters set out in paragraphs (a) to (f) of Section 172(1)

Colleagues

Our colleagues are at the heart of our business and are the driving force behind our success. We provide a working environment where our colleagues are able to realise their potential. The directors engage with this through training programmes, listening surveys and management development courses. Our colleagues are fundamental to the achievement of our customer experience.

Customers

We aim to build long term relationships with our customers by offering the highest quality product, outstanding service and first-rate experience. Understanding our customers' needs is key to us delivering and continually improving the best in industry experience. The Company engages with customers through satisfaction and experience surveys, website and social media engagement. Understanding our customers' needs and behaviours allows us to deliver bespoke products and services, retain customers and also attract new ones. It also identifies areas for improvement and growth.

Suppliers

It is vital that we build strong working relationships with our intermediaries and we operate in conjunction with a wide range of suppliers to deliver the best service to our customers. The Board maintain oversight of the management of our most important suppliers and our procedures are set up to ensure suppliers are paid within agreed payment terms whilst taking appropriate measures to protect the Company's own assets. The Board also monitors the actions taken to prevent modern slavery and associated practices in any part of the Company's supply chain.

Communities and the Environment

The Company acts as a responsible employer and aims to minimise any negative impact it has on the community and the environment. Seven of the Groups eight West End theatres are either Grade II or Grade II* listed. The Company's owner is passionate and committed to continually refurbishing and maintaining these historic buildings to the highest possible standards. During the year, the Company spent in excess of £20.9m on its ongoing refurbishment and maintenance program. The Company continues to make improvements to its building sustainability programme including:

- LED lighting selected to replace existing or new lighting installations
- Air handling units are being fitted with heat recovery exchangers
- Equipment selection for Air conditioning systems with refrigerants that are CFC, HCFC and HFC free
- Replacement of traditional boiler plant with high efficiency condenser boilers
- Balanced ventilation systems with airtight buildings to effectively maintain comfort in spaces and wasting less energy
- Water use reduction through low flow taps and showers.

High standards of business conduct

It is our policy to conduct all our business in an honest and ethical manner. The Company employs a code of conduct which is signed up to by all employees to ensure this including; anti-bribery, health and safety at work, alcohol, drugs and substance abuse, equal opportunities, dignity at work and zero tolerance approach to harassment, whistleblowing, child protection among others. The directors are acutely aware of the high profile nature of the Delfont Mackintosh brand and make every effort to both protect this reputation and live up to its standards.

The board believes that the following decisions taken during the year were of strategic importance:

The decision to carry out ceiling stabilisation works at three West End theatres. The benefit of these extensive refurbishment works was to ensure the safety of the Company's customers. In excess of three million customers visit the Company's theatres every year and their safety is of paramount importance. The board considered both internal and external stakeholders before embarking on these works.

Delfont Mackintosh Theatres Limited

Directors' report for the year ended 29 March 2020

With the onset of the COVID-19 pandemic, the directors established crisis teams consisting of key employees to protect all aspects of the business whilst productions and theatres were closed to the public.

Auditor

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 03/03/2021

Delfont Mackintosh Theatres Limited

Directors' responsibilities statement for the year ended 29 March 2020

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

TO THE MEMBERS OF DELFONT MACKINTOSH THEATRES LIMITED

We have audited the financial statements of Delfont Mackintosh Theatres Limited ("the Company") for the year ended 29 March 2020 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 29 March 2020 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*)

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.

BDO LLP

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

Date 4 March 2020

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 year ended 29 March 2020

	Note	52 weeks ended 29 March 2020 £	53 weeks ended 31 March 2019 £
Turnover	2	59,901,976	65,429,967
Cost of sales		40,407,517	37,980,012
Gross profit		19,494,459	27,449,955
Administrative expenses		8,914,664	8,292,745
Operating profit	5	10,579,795	19,157,210
Interest receivable	6	103,160	63,450
Interest payable	7	(116,267)	(130,053)
Profit on ordinary activities before taxation		10,566,688	19,090,607
Taxation on profit on ordinary activities	8	2,781,765	3,622,471
Profit on ordinary activities after taxation and total comprehensive income		7,784,923	15,468,136

All amounts relate to continuing activities.

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

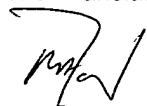
The notes on pages 15 to 26 form part of these financial statements

Delfont Mackintosh Theatres Limited

Balance sheet at 29 March 2020

Company number 2518625	Note	2020 £	2020 £	2019 £	2019 £
Fixed assets					
Tangible assets	9		159,403,732		148,677,520
Investments	10		24,796,921		24,796,921
			<u>184,200,653</u>		<u>173,474,441</u>
Current assets					
Stock	11	135,400		145,576	
Debtors	12	5,666,728		11,263,658	
Cash at bank and in hand		23,996,028		41,551,333	
		<u>29,798,156</u>		<u>52,960,567</u>	
Creditors: amounts falling due within one year	13	<u>61,566,879</u>		<u>81,825,988</u>	
Net current liabilities			<u>(31,768,723)</u>		<u>(28,865,421)</u>
Total assets less current liabilities			<u>152,431,930</u>		<u>144,609,020</u>
Creditors: amounts falling due after more than one year	14		4,176,360		5,176,360
Provisions for liabilities and charges	15		7,093,564		6,055,577
			<u>141,162,006</u>		<u>133,377,083</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			121,060,004		113,275,081
Shareholders' funds			<u>141,162,006</u>		<u>133,377,083</u>

The financial statements were approved by the Board of Directors and authorised for issue on 03/03/2021



R A Johnston
Director

The notes on pages 15 to 26 form part of these financial statements

Delfont Mackintosh Theatres Limited

Statement of cash flows for the year ended 29 March 2020

	52 weeks ended 29 March 2020 £	53 weeks ended 31 March 2019 £
Cash flows from operating activities		
Profit for the period	7,784,923	15,468,136
Adjustments for:		
Depreciation of fixed assets	3,539,134	3,194,377
Taxation expense	2,781,765	3,622,471
Interest received	(103,160)	(63,450)
Interest paid	116,267	130,053
Decrease in trade and other debtors	5,596,930	(4,240,502)
Decrease in stock	10,176	8,093
(Decrease) in trade and other creditors	(18,671,739)	6,572,765
Cash from operations	1,054,296	24,691,943
Interest paid	(116,267)	(130,053)
Taxation paid	(2,787,448)	(1,792,999)
Net cash generated from operating activities	(1,849,419)	22,768,891
Cash flows from investing activities		
Purchases of tangible fixed assets	(13,792,995)	(8,328,446)
Assets under construction	(1,016,051)	-
Interest received	103,160	63,450
Net cash from investing activities	(14,705,886)	(8,264,996)
Cash flows from financing activities		
Repayment of long term intercompany loan	(1,000,000)	(1,000,000)
Net cash used in financing activities	(1,000,000)	(1,000,000)
Net decrease in cash and cash equivalents	(17,555,305)	13,503,895
Cash and cash equivalents at beginning of year	41,551,333	28,047,438
Cash and cash equivalents at end of year	23,996,028	41,551,333
Cash and cash equivalents comprise:		
Cash at bank and in hand	23,996,028	41,551,333
	23,996,028	41,551,333

The notes on pages 15 to 26 form part of these financial statements

Delfont Mackintosh Theatres Limited

Statement of changes in equity for the year ended 29 March 2020

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
26 March 2018	122,002	19,980,000	97,806,945	117,908,947
Comprehensive income for the year				
Profit for the period	-	-	15,468,136	15,468,136
31 March 2019	122,002	19,980,000	113,275,081	133,377,083
	Share capital £	Share premium account £	Profit and loss account £	Total equity £
31 March 2019	122,002	19,980,000	113,275,081	133,377,083
Comprehensive income for the year				
Profit for the period	-	-	7,784,923	7,784,923
29 March 2020	122,002	122,002	121,060,004	141,162,006

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 15 to 26 form part of these financial statements

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements for the year ended 29 March 2020

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.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The Directors confirm that they have complied with the requirements of Companies Act 2006. The Directors have considered the impact which the current economic downturn, triggered by COVID-19 could have on the ability of the company to continue as a going concern. The parent company, Cameron Mackintosh Limited, has agreed to provide sufficient funding to support any shortfall should it arise for a period of at least 12 months from the date of signing of the financial statements, including providing a letter of support stating these funds will not be recalled for a period of at least 12 months from the date of signing unless the Company is able to repay the loans. On this basis they have concluded they have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of the financial statements and continue to adopt the going concern basis in preparing the accounts.

As such, the Directors have adopted the going concern basis in preparing the Annual Report and Financial Statements.

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:

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the year ended 29 March 2020 (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 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.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the year ended 29 March 2020 (continued)

1 Accounting policies (continued)

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.

Judgements in applying accounting policies and key sources of estimation uncertainty (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.

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.

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the year ended 29 March 2020 (continued)

2 Turnover

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

3 Employees

	52 weeks ended 29 March 2020 £	53 weeks ended 31 March 2019 £
Staff costs consist of:		
Wages and salaries	17,850,974	17,366,730
Social security costs	1,998,338	1,905,767
Staff welfare and pension costs	526,499	397,052
	<u>20,375,811</u>	<u>19,669,549</u>

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 £11,923,220 (2019 - £12,367,331) borne by visiting production companies.

	52 weeks ended 29 March 2020 Number	53 weeks ended 31 March 2019 Number
The average number of employees, including directors, during the period was:		
Theatre management and technical staff	566	582
Administration	54	50
	<u>620</u>	<u>632</u>

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the year ended 29 March 2020 (continued)

4 Directors

	52 weeks ended 29 March 2020 £	53 weeks ended 31 March 2019 £
Directors' emoluments (excluding pension contributions)	552,537	542,326

Emoluments of the highest paid director (excluding pension contributions) amounted to £552,537 (2019 - £542,326).

The aggregate company contributions towards defined contribution pension schemes for directors was £Nil (2019 - £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 29 March 2020 £	53 weeks ended 31 March 2019 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	3,539,134	3,194,377
Exceptional restoration and refurbishment cost	3,937,555	1,683,361
Hire of plant and machinery	30,795	18,756
Auditors' remuneration and expenses		
- audit services	77,000	70,000
- tax services	17,000	15,000
Aggregate rentals receivable under operating leases	(399,784)	(378,992)
Hire of other assets - operating leases	133,913	112,800

6 Interest receivable

	52 weeks ended 29 March 2020 £	53 weeks ended 31 March 2019 £
Bank interest receivable	103,160	63,450

7 Interest payable

	52 weeks ended 29 March 2020 £	53 weeks ended 31 March 2019 £
Interest payable to parent company	116,267	130,053

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the year ended 29 March 2020 (continued)

8 Taxation

	52 weeks ended 29 March 2020 £	53 weeks ended 31 March 2019 £
UK corporation tax	1,708,817	3,375,427
Overprovision in respect of previous years	34,961	(47,776)
	<hr/>	<hr/>
Total current tax charge	1,743,778	3,327,651
Deferred tax charge	798,062	294,766
Adjustments in respect of previous years	(31,280)	54
Effect of tax rate change on opening balances	271,205	-
	<hr/>	<hr/>
	2,781,765	3,622,471
	<hr/>	<hr/>

The tax assessed for the period is lower (2019 - lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	52 weeks ended 29 March 2020 £	53 weeks ended 31 March 2019 £
Profit on ordinary activities before tax	10,566,688	19,090,607
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,007,671	3,627,215
Effects of:		
Fixed asset differences	40,590	39,000
Expenses not deductible for tax purposes	21,083	45,859
Additional deduction for land remediation expenditure	-	(7,203)
Adjustment to tax charge in respect of previous periods	34,961	(47,776)
Adjustment to tax charge in respect of previous periods – deferred tax	(31,280)	54
Victoria Palace fair value deferred tax liability	437,536	-
Adjust closing deferred tax average to 19%	-	(274,885)
Adjust opening deferred tax average to 19%	271,204	240,207
	<hr/>	<hr/>
Current tax charge for year	2,781,765	3,622,471
	<hr/>	<hr/>

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the year ended 29 March 2020 *(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 1 April 2019	26,415,345	84,120,749	62,840,698	705,001	174,081,793
Additions	3,127,309	1,577,537	8,625,449	1,016,051	14,346,346
Reclassification	-	204,002	258,698	(462,700)	-
Disposals/Impairment	-	-	-	(81,000)	(81,000)
At 29 March 2020	29,542,654	85,902,288	71,724,845	1,177,352	188,347,139
<i>Depreciation</i>					
At 1 April 2019	2,564,415	2,489,728	20,350,130	-	25,404,273
Charge for year	213,630	-	3,325,504	-	3,539,134
At 29 March 2020	2,778,045	2,489,728	23,675,634	-	28,943,407
<i>Net book value</i>					
At 29 March 2020	26,764,609	83,412,560	48,049,211	1,177,352	159,403,732
At 31 March 2019	23,850,930	81,631,021	42,490,568	705,001	148,677,520

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 year ended 29 March 2020 *(continued)*

10 Fixed assets investments	£
<i>Cost</i>	
At 1 April 2019	24,796,921
	<hr/>
At 29 March 2020	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 - 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	2020	2019
	£	£
Goods for resale	135,400	145,576
	<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 year ended 29 March 2020 (continued)

12 Debtors

	2020 £	2019 £
Trade debtors	260,016	5,157,240
Other debtors	2,461,822	272,734
Prepayments and accrued income	2,944,890	5,833,684
	<u>5,666,728</u>	<u>11,263,658</u>

All amounts fall due for payment within one year.

13 Creditors: amounts falling due within one year

	2020 £	2019 £
Trade creditors	6,532,258	6,223,224
Amounts due to ultimate parent company		
- intercompany account	1,293,862	1,186,218
- current element of loan	1,000,000	1,000,000
Other creditors	1,439,059	1,509,113
Taxation and social security	511,880	4,036,236
Accruals and deferred income	24,870,981	40,908,688
Corporation tax payable	474,200	1,517,870
Amount due to subsidiary entity	25,444,639	25,444,639
	<u>61,566,879</u>	<u>81,825,988</u>

14 Creditors: amounts falling due after more than one year

	2020 £	2019 £
Amounts owed to subsidiary undertakings	200	200
Amounts owed to ultimate parent		
Company - long term element of loan	4,176,160	5,176,160
	<u>4,176,360</u>	<u>5,176,360</u>

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the year ended 29 March 2020 *(continued)*

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

The amounts above are repayable as follows

	Ultimate parent company 2020 £	Ultimate parent company 2019 £	Subsidiary undertakings 2020 £	Subsidiary undertakings 2019 £
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	2,000,000	3,000,000	2,000,000	3,000,000
In more than 5 years	1,176,160	1,176,160	1,176,160	1,176,160
	4,176,160	5,176,160	4,176,160	5,176,160

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

Company	Deferred taxation £
At 1 April 2019	6,055,577
Deferred taxation recognised on hive up Charge to profit and loss account	1,037,987
	7,093,564
At 29 March 2020	
<i>Deferred taxation</i>	
	2020 £
Accelerated capital allowances	2,978,914
Deferred taxation on acquisition fair values of Victoria Palace	4,156,588
Short term timing differences	(41,938)
	7,093,564
	2019 £
	2,349,188
	3,719,052
	(12,663)
	6,055,577

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements
for the year ended 29 March 2020 (continued)

16 Called up share capital

	2020 £	2019 £
<i>Authorised, allotted, called up and fully paid</i>		
122,002 (2019 - 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 £46,614 outstanding as at 29 March 2020 (2019 - £8,449).

18 Commitments under operating leases

As at 29 March 2020, annual commitments under non-cancellable operating leases as set out below:

Lessee	2020 Land and buildings £	2020 Other £	2019 Land and buildings £	2019 Other £
Operating leases which expire:				
Within one year	137,760	9,666	137,760	9,666
In two to five years	551,040	25,727	551,040	35,393
After five years	17,082,240	-	17,220,000	-
	17,771,040	35,393	17,908,800	45,059

As at 29 March 2020 there were rentals receivable under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

Leases receivable

	2020 Property Rental £	2019 Property Rental £
Rental Leases due:		
Within one year	333,800	333,800
In two to five years	1,083,800	1,167,600
After five years	1,500,000	1,750,000
	2,917,600	3,251,400

Delfont Mackintosh Theatres Limited

Notes forming part of the financial statements for the year ended 29 March 2020 (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 £133,913 (2019 - £112,800) were paid to Sir Cameron Mackintosh, the ultimate controlling party, by the company in respect of rent due for the Sondheim and Gielgud Theatre.

During the period, purchases of £23,531 (2019 - £38,228) 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 29 March 2020, £nil (2019 - £1,089) 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:

	2020 £'000	2019 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	26,717,866	46,981,307
Financial liabilities		
Financial liabilities measured at amortised cost	43,720,945	44,313,588

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.