Delfont Mackintosh Theatres Limited

Report and Financial Statements

Year Ended

28 March 2021

Company Number 2518625

Delfont Mackintosh Theatres Limited

Report and financial statements
for the year ended 28 March 2021

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Directors

Sir Cameron Mackintosh
N D Allott OBE
A Finch CBE
W L Village

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 28 March 2021

The directors present their strategic report together with the audited financial statements of the company for the year ended 28 March 2021.

Principal activities

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

In March 2020, the UK government announced that the public should no longer visit theatres to minimise the spread of Coronavirus COVID-19 and all theatres subsequently closed. All theatres remained shut throughout the year, with the exception of the Sondheim and Noël Coward Theatres which briefly staged productions of Les Misérables: The Staged Concert and The Comeback respectively in December 2020 under government guidelines which significantly restricted the size of audiences.

The company continues its theatre restoration and refurbishment programme and during the enforced COVID-19 closure has undertaken further works primarily at the Novello and Victoria Palace Theatres.

Business review year ended 28 March 2021

The income statement is set out on page 12 and shows the loss on ordinary activities before tax for the year of £17.3m (2020 profit - £10.6m). Turnover for the year was £2.1m (2020 - £59.9m). The disappointing trading results for the year were entirely due to the worldwide COVID-19 pandemic and the subsequent enforced closure of all theatres.

The resulting financial impact on the business was such that the company has had to be supported by a parent company loan during the period. Although the company made use of the government's Coronavirus Job Retention Scheme where possible, having started the year employing in excess of 700 people, the directors were forced to make painful and difficult decisions to temporarily scale back the size of the workforce, whilst ensuring a duty of care in the communication with and support of those affected. Nevertheless, the company retained a substantial number of staff to prepare for re-opening and maintain its eight historic theatre buildings.

Future developments year ending 28 March 2022

In the spring of this year the UK government announced plans to reopen the economy, subject to a step-by-step easing of restrictions. The company's theatres have gradually reopened commencing with a socially distanced production in May and by the end of September 2021 all eight theatres were open for business. The company has employed over 300 staff in this period and personnel numbers across the company are at the date of this report in excess of 500.

Despite the successful reopening of the company's theatres, trading conditions remain challenging: a consistent return to pre-pandemic audience attendance levels will take time to re-build as domestic visitors, office workers and international tourists return to London.

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.

Going concern

The financial statements have been prepared on the going concem 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 concem. 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 23/11/21.

R T Knibb

Company Secretary

Delfont Mackintosh Theatres Limited

The directors present their report together with the audited financial statements of the company for the year ended 28 March 2021.

Strategic report

A review of the business for the year ended 28 March 2021 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 £nil (2020 - £13,517).

There were no political donations (2020 - £Nil).

Employment of disabled persons

The company is an equal opportunities employer and its recruitment process is open to all. We are determined to foster a culture of inclusivity and respect where everyone feels valued and supported. The company is accredited as Disability Confident Committed under the government's scheme recognising our commitments to recruitment, anticipating and providing reasonable adjustments as required and supporting any existing employee who acquires a disability or long term health condition.

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 – resigned 30 April 2021
A Finch CBE
W L Village – appointed 6 April 2021

Results and dividends

The statement of comprehensive income is set out on page 11 and shows the loss for the year ended 28 March 2021.

The directors do not recommend the payment of a dividend (2020 - £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

Section 172(1) statement *(continued)*

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
The directors are determined to: create an environment in which our colleagues are able to flourish and thrive; foster an ethos of inclusivity where everyone feels respected, valued and supported; promote a culture of wellbeing to improve mental health, resilience and productivity; and treat everyone equally so that every individual, whatever their background, may reach their full potential and contribute meaningfully to our success. The directors engage with this through training, development, mentoring, meetings and forums.

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 and social media and website interactions. 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 Company's 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. The Company continues to make improvements where possible to its building sustainability programme including:

- preferring LED lighting for new or replacement lighting installations
- fitting air handling units with heat recovery exchangers
- selecting air conditioning systems with refrigerants that are CFC, HCFC and HFC free
- replacing traditional boiler plant with high efficiency condenser boilers
- balancing ventilation systems with airtight buildings to effectively maintain comfort in spaces and reduce energy loss
- reduced water use 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 requires all employees to agree to a code of conduct which includes policies relating to: anti-bribery, health and safety at work, alcohol, drugs and substance abuse, equal opportunities, whistleblowing, dignity at work, anti-harassment, anti-bullying and child protection, amongst 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 back of house works at the Novello Theatre. The benefit of these extensive refurbishment works was to ensure the safety and comfort of the company's and visiting producer's employees. The board considered both internal and external stakeholders before embarking on these works.

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.

Streamline Energy and Carbon Reporting

Methodology

This report is compiled in line with the March 2019 BEIS 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance', and the EMA methodology for SECR Reporting. All measured emissions from activities which the organisation has financial control over are included as required under The Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018, unless otherwise stated in the exclusions statement.

The carbon figures have been calculated using the BEIS 2020 carbon conversion factors for all fuels.

UK Carbon Footprint Data 2020-21

Scope	Description	Specific fuels	tCO2e	
Scope 1	Combustion of fuel on site and transportation	On site: Natural Gas, F-Gas Transport: N/A	792	
Scope 2	Purchased energy	Electricity	Location based	795
Scope 3	Indirect Emissions	N/A	0	
Total		Location based	1,586	
Intensity Ratio	tCO2e / £1m Turnover	Location based	188.12	
Energy Usage	Total kWh consumed	Electricity, Natural Gas, Gas Oil, Petrol, Diesel, Unknown vehicle fuel	7,656,614	

Emissions detail by fuel type locations-based method

Electricity	*49%*
Natural Gas	*50%*
F-Gas	*1%*

Year on Year Emission Changes

- Delfont Mackintosh Theatre's emissions increased from 1,101 tC02e in 2019/20 to 1,586 tC02e in 2020/21. This is an emissions increase of 44%.
- Electricity consumption increased from 2,908,447 kWh in 2019/20 to 3,408,698 kWh 2020/21. This is a consumption increase of 17%.
- Natural Gas consumption increased from 1,946,154 kWh in 2019/20 to 4,247,916 kWh 2020/21. This is a consumption increase of 118%.
- The emissions increase has been attributed to no recharges being made to tenants during this period, as theatres remained closed during the Covid-19 pandemic.

Energy Efficiency Actions Taken

No notable actions taken

Estimation methods used

- Electricity consumption has been estimated based on consumption charges and the ONS average price for electricity between April 2020 and March 2021.
- Natural Gas consumption has been estimated based on consumption charges and the ONS average price for commercial natural gas for April 2020 to March 2021.

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 23/11/21

Directors' responsibilities statement
for the year ended 28 March 2021

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.

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 28 March 2021 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 28 March 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Delfont Mackintosh Limited ("the Company") for the year ended 28 March 2021 which comprise the statement of comprehensive income, balance sheet, statement of cash flows, statement 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).

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The directors are responsible for the other information. The other information comprises the information included in the report 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. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

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

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

We have nothing to report in respect of the following matters 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. ;or

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, 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.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company. We determined that the most significant which are directly relevant to specific assertions in the financial statements are those related to the reporting framework (United Kingdom Generally Accepted Accounting Practice), the Companies Act 2006 and relevant tax compliance legislation;
- We understood how the Company is complying with those legal and regulatory frameworks by making enquiries of management, those responsible for legal and compliance procedures and through reviewing legal correspondence. We corroborated our enquiries through review of board minutes and discussion with management;
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management from various parts of the business to understand where it is considered there was a susceptibility of fraud;
- Our audit planning identified fraud risks in relation to management override and inappropriate or incorrect revenue recognition. We obtained and understanding of the processes and controls that the Company has established to address risks identified, or that otherwise prevent, deter and detect fraud; and how management monitors that processes and controls;
- With regards to the fraud risk in management override, our procedures included journal transaction testing, with a focus on large or unusual transactions based on our knowledge of the business. We also performed an assessment on the appropriateness of key judgements and estimates which are subject to management's judgement and estimation, and could be subject to potential bias; and
- We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on 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.

DocuSigned by:

Andrew Viner

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

Date 23 November 2021

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 28 March 2021

	Note	2021 £	2020 £
Turnover	2	**2,138,113**	59,901,976
Cost of sales		**(16,338,389)**	(40,407,517)
Gross (loss)/profit		**(14,200,276)**	19,494,459
Administrative expenses		**(9,240,846)**	(8,914,664)
Other Operating Income		**6,294,954**	-
Operating (loss)/profit	5	**(17,146,168)**	10,579,795
Interest receivable	6	**7,683**	103,160
Interest payable	7	**(147,382)**	(116,267)
(Loss)/profit on ordinary activities before taxation		**(17,285,867)**	10,566,688
Taxation	8	**(2,347,574)**	2,781,765
(Loss)/Profit on ordinary activities after taxation and total comprehensive income		**(14,938,293)**	7,784,923

All amounts relate to continuing activities.

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

The notes on pages 16 to 27 form part of these financial statements

Delfont Mackintosh Theatres Limited

Balance sheet
at 28 March 2021

Company number 2518625	Note	2021 £	2021 £	2020 £	2020 £
Fixed assets					
Tangible assets	9		**156,297,755**		159,403,732
Investments	10		**24,796,921**		24,796,921
			181,094,676		184,200,653
Current assets					
Stock	11	**140,984**		135,400	
Debtors	12	**5,612,726**		5,666,728	
Cash at bank and in hand		**4,116,176**		23,996,028	
		9,869,886		29,798,156	
Creditors: amounts falling due within one year	13	**45,574,882**		61,566,879	
Net current liabilities			**(35,704,996)**		(31,768,723)
Total assets less current liabilities			**145,389,680**		152,431,930
Creditors: amounts falling due after more than one year	14		**11,823,742**		4,176,360
Provisions for liabilities and charges	15		**7,342,225**		7,093,564
			126,223,713		141,162,006
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			**106,121,711**		121,060,004
Shareholders' funds			**126,223,713**		141,162,006

The financial statements were approved by the Board of Directors and authorised for issue on 23/11/21.

W L Village

W L Village
Director

The notes on pages 16 to 27 form part of these financial statements

Delfont Mackintosh Theatres Limited

Statement of cash flows
for the year ended 28 March 2021

	2021	2020
	£	£
Cash flows from operating activities		
Profit for the period	**(14,938,293)**	7,784,923
Adjustments for:		
Depreciation of fixed assets	**4,009,616**	3,539,134
Taxation expense	**(2,347,574)**	2,781,765
Interest received	**(7,683)**	(103,160)
Interest paid	**147,382**	116,267
Decrease in trade and other debtors	**2,176,037**	5,596,930
Decrease in stock	**(5,584)**	10,176
(Decrease) in trade and other creditors	**(15,517,797)**	(18,671,739)
Loss incurred on write-off of assets under construction	**1,333,765**	-
Cash from operations	**(25,150,131)**	1,054,296
Interest paid	**(77,504)**	(116,267)
Taxation paid	**-**	(2,787,448)
Net cash generated from operating activities	**(25,227,635)**	(1,849,419)
Cash flows from investing activities		
Purchases of tangible fixed assets	**(2,080,992)**	(13,792,995)
Assets under construction	**(156,412)**	(1,016,051)
Interest received	**7,683**	103,160
Net cash from investing activities	**(2,229,721)**	(14,705,886)
Cash flows from financing activities		
Repayment of long-term intercompany loan	**7,577,504**	(1,000,000)
Net cash used in financing activities	**7,577,504**	(1,000,000)
Net decrease in cash and cash equivalents	**(19,879,852)**	(17,555,305)
Cash and cash equivalents at beginning of year	**23,996,028**	41,551,333
Cash and cash equivalents at end of year	**4,116,176**	23,996,028
Cash and cash equivalents comprise:		
Cash at bank and in hand	**4,116,176**	23,996,028
	4,116,176	23,996,028

The notes on pages 16 to 27 form part of these financial statements

Delfont Mackintosh Theatres Limited

Statement of changes in equity
for the year ended 28 March 2021

	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	19,980,000	121,060,004	141,162,006

	Share capital £	Share premium account £	Profit and loss account £	Total equity £
29 March 2020	**122,002**	**19,980,000**	**121,060,004**	**141,162,006**
Comprehensive income for the year				
Loss for the period	-	-	(14,938,293)	**(14,938,293)**
28 March 2021	**122,002**	**19,980,000**	**106,121,711**	**126,223,713**

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 16 to 27 form part of these financial statements

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 provided 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:

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.

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.

Government Grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in other income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability. Cash received under the UK Coronavirus Job Retention Scheme, in relation to employees who were on furlough at the time, was recognised through other operating income in the income statement.

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.
- 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.

2 Turnover

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

3 Employees

	2021 £	2020 £
Staff costs consist of:		
Wages and salaries	**12,188,409**	17,850,974
Social security costs	**1,107,829**	1,998,338
Staff welfare and pension costs	**388,659**	526,499
Redundancy cost	**1,065,757**	57,936
	14,750,654	20,433,747

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 £55,034 (2020 - £11,923,220) borne by visiting production companies. All redundancy payments were settled during the period. There were no further payments due as at the balance sheet date (2020: £nil).

	2021 Number	2020 Number
The average number of employees, including directors, during the period was:		
Theatre management and technical staff	**362**	566
Administration	**52**	54
	414	620

4 Directors

	2021 £	2020 £
Directors' emoluments (excluding pension contributions)	**405,048**	552,537

Emoluments of the highest paid director (excluding pension contributions) amounted to £405,048 (2020 - £552,537).

The aggregate company contributions towards defined contribution pension schemes for directors was £nil (2020 - £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 loss

This is arrived at after charging/(crediting):

	2021 £	2020 £
Government grants – CJRS funding	**(6,294,954)**	-
Depreciation of tangible fixed assets	**4,009,616**	3,539,134
Exceptional restoration and refurbishment cost	**65,995**	3,937,555
Hire of plant and machinery	**18,619**	30,795
Auditors' remuneration and expenses		
- audit services	**50,000**	77,000
- tax services	**17,000**	17,000
Aggregate rentals receivable under operating leases	**(117,198)**	(399,784)
Hire of other assets - operating leases	**137,760**	133,913

6 Interest receivable

	2021 £	2020 £
Bank interest receivable	**7,683**	103,160

7 Interest payable

	2021 £	2020 £
Interest payable to parent company	**147,382**	116,267

8 Taxation

	2021 £	2020 £
UK corporation tax	-	1,708,817
Adjustment in respect of previous years	(2,596,235)	34,961
Total current tax (credit)/charge	(2,596,235)	1,743,778
Deferred tax charge	246,106	798,062
Adjustments in respect of previous years	2,555	(31,280)
Effect of tax rate change on opening balances	-	271,205
	(2,347,574)	2,781,765

The tax assessed for the year is lower (2020 - lower) than the standard rate of corporation tax in the UK. The differences are explained below:

	2021 £	2020 £
(Loss)/Profit on ordinary activities before tax	(17,285,567)	10,566,688
(Loss)/Profit on ordinary activities at the standard rate of corporation tax in the UK of 19% (2020 - 19%)	(3,284,315)	2,007,671
Effects of:		
Fixed asset differences	46,841	40,590
Expenses not deductible for tax purposes	3,223	21,083
Losses carried back	2,572,938	-
Group relief surrendered/(claimed)	907,419	-
Adjustment to tax charge in respect of previous periods	(2,596,235)	34,961
Adjustment to tax charge in respect of previous periods – deferred tax	2,555	(31,280)
Victoria Palace fair value deferred tax liability	-	437,536
Adjust opening deferred tax average to 19%	-	271,204
Current tax (credit)/charge for year	(2,347,574)	2,781,765

9 Tangible assets

	Long leasehold land and buildings £	Freehold land and buildings £	Plant and machinery, fixtures, fittings, tools and equipment £	Assets under construction £	Total £
Cost					
At 1 April 2020	29,542,654	85,902,288	71,724,845	1,177,352	188,347,139
Additions	248,569	16,384	1,816,038	156,413	2,237,404
Disposals/Impairment	-	-	-	(1,333,765)	(1,333,765)
At 28 March 2021	**29,791,223**	**85,918,672**	**73,540,883**	**-**	**189,250,778**
Depreciation					
At 1 April 2020	2,778,045	2,489,728	23,675,634	-	28,943,407
Charge for year	246,531	-	3,763,085	-	4,009,616
At 28 March 2021	**3,024,576**	**2,489,728**	**27,438,719**	**-**	**32,953,023**
Net book value					
At 28 March 2021	**26,766,647**	**83,428,944**	**46,102,164**	**-**	**156,297,755**
At 31 March 2020	26,764,609	83,412,560	48,049,211	1,177,352	159,403,732

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.

10 Fixed assets investments

	£
Cost	
At 1 April 2020	24,796,921
At 28 March 2021	**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

	2021 £	2020 £
Goods for resale	**140,984**	135,400

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

12 Debtors

	2021	2020
	£	£
Trade debtors	**274,570**	260,016
Other debtors	**618,524**	2,461,822
Prepayments and accrued income	**2,597,597**	2,944,890
Corporation Tax Receivable	**2,122,035**	-
	5,612,597	5,666,728

All amounts fall due for payment within one year.

13 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	**945,231**	6,532,258
Amounts due to ultimate parent company		
- intercompany account	**876,050**	1,293,862
- Loan	**1,000,000**	1,000,000
Other creditors	**1,147,696**	1,439,059
Taxation and social security	**187,654**	511,880
Accruals and deferred income	**15,973,612**	24,870,981
Corporation tax payable	**-**	474,200
Amount due to subsidiary entity	**25,444,639**	25,444,639
	45,574,882	61,566,879

14 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Amounts owed to subsidiary undertakings	**200**	200
Amounts owed to ultimate parent company		
- Long term element of loan	**4,246,038**	4,176,160
- COVID Loan	**7,577,504**	-
	11,823,542	4,176,360

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

The amounts above are repayable as follows

	Ultimate parent company 2021 £	Ultimate parent company 2020 £	Subsidiary undertakings 2021 £	Subsidiary undertakings 2020 £
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**	2,000,000	**2,000,000**	2,000,000
In more than 5 years	**8,823,542**	1,176,160	**8,823,542**	1,176,160
	11,823,542	4,176,160	**11,823,542**	4,176,160

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 2020	7,093,564
Deferred taxation recognised on hive up	
Charge to profit and loss account	248,661
At 28 March 2021	**7,342,225**

Deferred taxation

	2021 £	2020 £
Accelerated capital allowances	**3,182,702**	2,978,914
Deferred taxation on acquisition fair values of theatres acquired	**4,156,588**	4,156,588
Short term timing differences	**(65)**	(41,938)
	7,342,225	7,093,564

16 Called up share capital

	2021 £	2020 £
Authorised, allotted, called up and fully paid		
122,002 (2020 - 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 £342 outstanding as at 28 March 2021 (2020 - £46,614).

18 *Commitments under operating leases*

As at 28 March 2021, annual commitments under non-cancellable operating leases as set out below:

Lessee

	2021 Land and buildings £	2021 Other £	2020 Land and buildings £	2020 Other £
Operating leases which expire:				
Within one year	**137,760**	**9,666**	137,760	9,666
In two to five years	**551,040**	**19,186**	551,040	25,727
After five years	**16,944,480**	**-**	17,082,240	-
	17,633,280	**28,852**	17,771,040	35,393

As at 28 March 2021 there were rentals receivable under non-cancellable operating leases for the following future minimum lease payments. There are no contingent rents.

Leases receivable

	2021 Property Rental £	2020 Property Rental £
Rental Leases due:		
Within one year	**-**	333,800
In two to five years	**800,000**	1,083,800
After five years	**2,000,000**	1,500,000
	2,800,000	2,917,600

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 £137,760 (2020 - £133,913) 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 £nil (2020 - £23,531) 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 28 March 2021, £nil (2020 - £nil) 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:

	2021 £'000	2020 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost	**5,009,270**	26,717,866
Financial liabilities		
Financial liabilities measured at amortised cost	**42,841,924**	43,720,945

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.