Company Registration No. 03987955

LW Theatres Group Limited

Annual Report and Financial Statements

For the 52 week period ended 30 June 2019

LW Theatres Group Limited

Annual report and financial statements for the 52 week period ended 30 June 2019

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Officers and professional advisers

Directors

M G Wordsworth
D J Freeman
R Kane Burton
D P Atkins (appointed 24 July 2018)
J L Arnott (appointed 26 February 2019)

Registered office

65 Drury Lane
London
WC2B 5SP

Bankers

Handelsbanken
London Holborn
2nd Floor
1 Kingsway
London
WC2B 6AN

Auditor

Deloitte LLP
Statutory Auditor
Crawley
United Kingdom

LW Theatres Group Limited

Strategic report

The directors, in preparing this strategic report, have complied with s414C of the Companies Act 2006.

Introduction and strategy

The company is a wholly-owned subsidiary of Really Useful Theatres Entertainment Limited, which is part of the LW Theatres Holdings Limited group. The directors are not aware, at the date of this report, of any likely major changes in the company's activities, of ownership and running of theatres, in the next financial period.

Operating and business review

The loss for the period, after taxation, amounted to £6,240,000 (2018: £10,270,000 profit).

Turnover is up 4% on the prior period despite the Theatre Royal Drury Lane being closed for major a refurbishment project since January 2019. This is largely due to higher concert activity and successful panto and summer seasons during the current period at the London Palladium. Gross profits are up 48% due largely to additional profits earned from taking the group's ticketing function in house.

The balance sheet on page 12 of the financial statements shows that the company's position at the period end, in net assets terms, has increased by £1.3m, due largely to current period capitalised refurbishment costs and an increase in the surplus recognised in relation to the company's final salary pension scheme (see note 19), partially offset by increased monies owed to other group companies. The LW Theatres Holdings Limited group, of which the company is a member, actively manages the cash position of the group.

Key performance indicators

Key performance indicators for the company are as follows:

	2019	2018
Admissions revenue	£34,670,000	£32,025,000
Total attendance	841,546	962,192
Average ticket price	£32.16	£32.69
Theatre open weeks	74	100
Theatre get out and get in weeks	7	4
Theatre dark weeks	23	0

Principal risks and uncertainties

The company faces competitive pressures from other theatre owning groups in London to attract and stage productions. The company has focused its attentions on owning and managing music houses. To be best placed to attract productions to its theatres, the company's focus is on providing quality service to producers, being able to react quickly to producer queries and being able to maintain and develop strong relationships with new and continuing theatre producers.

The LW Theatres Holdings Limited group is financed through a third party lender, Handelsbanken. The group's borrowings have a variable interest rate. However, the group's interest rate exposure is reduced as the group has hedging arrangements in the form of an interest rate swap which fixes the interest rate of a significant part of the borrowings. The company holds all £75m of the group's external debt (2018: £75m) and the interest rate swap mentioned above. Handelsbanken has a charge over the company's assets. Under the banking terms, the debt is not due for repayment until 2023. The current Covid-19 pandemic and the subsequent temporary closure of The London Palladium (the Theatre Royal Drury Lane was already closed for refurbishment) on 16 March 2020 has resulted in increased uncertainty over the company's future results and increased dependence on the Group's banking facilities (see note 1(c) for further details).

There are no foreign operations of the company and all transactions are conducted in pound Sterling. The company minimises any liquidity risk by using other group companies to fund any short-term operational deficiencies. The group has in place a £35m credit facility in order to meet its day-to-day working capital requirements.

It is not expected that the group will face any specific challenges associated with the UK's withdrawal from the EU. The group's trading operations are entirely based in the UK and key supply chains are UK or US based.

LW Theatres Group Limited

Strategic report (continued)

Environment

The LW Theatres Holdings Limited group recognises the importance of its environmental responsibilities and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies and initiatives designed to minimise the company's impact on the environment. These policies include recycling and reduction of energy consumption.

Future developments

The directors expect the general level of turnover to decrease due to the closure and redevelopment of the Theatre Royal Drury Lane for 12 months in the next period (vs six months closure in current period).

Post balance sheet events

Covid-19 Pandemic

The Covid-19 pandemic resulted in the temporary closure of The London Palladium (the Theatre Royal Drury Lane was already closed for refurbishment) on 16 March 2020 (see note 22 for further details).

Brexit

The UK's withdrawal from the EU is due to take place after the balance sheet date but, as described above, it is not expected that the group will face any specific challenges associated with this.

Recognition of pension scheme surplus

The balance sheet on page 12 shows a pension scheme surplus of £13.4m. On 18 September 2019 the trustees of the scheme approved a de-risking of the scheme and consequent downgrading of asset growth assumptions leaving a revised surplus of £nil.

Approved by the Board and signed on its behalf by:

M G Wordsworth
Director

09 June 2020

LW Theatres Group Limited

Directors' report

The directors present their annual report and the audited financial statements for the 52 weeks ended 30 June 2019 (2018: 52 weeks ended 1 July 2018).

Future developments and events after the balance sheet date

Details of future developments can be found in the Strategic Report on pages 2 and 3 and form part of this report by cross-reference.

Principal risks and uncertainties

The risks faced by the company and the policies set out to mitigate those risks are set out in the strategic report.

Dividends

The directors do not recommend the payment of a dividend (2018: £nil).

Directors

The directors, who served throughout the period and up to the date of this report, except as noted, as follows:

M G Wordsworth
D J Freeman
R Kane Burton
D P Atkins (appointed 24 July 2018)
J L Arnott (appointed 26 February 2019)

Going concern

After making enquiries, the directors have significant uncertainties related to the Covid-19 pandemic that may put additional pressure upon the company's and the group's resources whilst lock down continues.

The directors have put in place a number of mitigating strategies (see note 1(c) for further detail) which they believe makes it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found within the principal accounting policies in the notes to the financial statements.

Directors' indemnities

The company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

Details of the number of employees and related costs can be found in note 6 to the financial statements.

The company aims to: secure good relations between management and all employees; to promote a better understanding of the issues influencing the company's business; to improve productivity; to enhance the quality of working life; and to gain the commitment of all concerned to the company's business objectives. Disabled persons are considered for employment, training, career development and promotion on the basis of their aptitudes and abilities, in common with all employees of the company.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular newsletters and circulars. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

LW Theatres Group Limited

Directors' report (continued)

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

M G Wordsworth
Director

09 June 2020

65 Drury Lane
London
WC2B 5SP

LW Theatres Group Limited

Directors' responsibilities statement

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

Company law requires the directors to prepare financial statements for each financial period. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 period. 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; and
- 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 to 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.

Independent auditor's report to the members of

LW Theatres Group Limited

Opinion

In our opinion the financial statements of LW Theatres Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 22.

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 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 Financial Reporting Council's (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 are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in 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.

We have nothing to report in respect of these matters.

Independent auditor's report to the members of

LW Theatres Group Limited (continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual 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.

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 respect of these matters.

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 on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

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 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 any material misstatements in the strategic report or the directors' report.

Independent auditor's report to the members of

LW Theatres Group Limited (continued)

Report on other legal and regulatory requirements (continued)

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

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.

Hannah Pop

Hannah Pop FCA (Senior Statutory Auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
Crawley, United Kingdom
10 June 2020

LW Theatres Group Limited

Profit and loss account
For the 52 week period ended 30 June 2019

	Notes	Period ended 30 June 2019 £'000	Period ended 1 July 2018 £'000
Turnover	3	46,866	45,249
Cost of sales		(40,778)	(41,128)
Gross profit		6,088	4,121
Administrative expenses		(10,344)	(8,222)
Operating (loss)		(4,256)	(4,101)
Profit on sale of tangible assets		-	1,143
Share of results of associated undertakings		653	15,000
Net profit on derivatives at fair value through profit and loss account	17	(1,364)	905
Finance costs (net)	4	(2,203)	(3,654)
(Loss) / profit before taxation	5	(7,170)	9,293
Tax credit	8	930	977
(Loss) / profit for the financial period		(6,240)	10,270

All activities relate to continuing operations.

The accompanying notes form an integral part of this profit and loss account.

LW Theatres Group Limited

Statement of comprehensive income
For the 52 week period ended 30 June 2019

	Notes	30 June 019 £'000	1 July 2018 £'000
(Loss) / profit for the financial period		(6,240)	10,270
Remeasurement of net defined benefit asset		9,070	4,665
Tax relating to components of other comprehensive income		(1,542)	(793)
Other comprehensive income		7,528	3,872
Total comprehensive income attributable to Equity shareholders of the company		1,288	14,142

LW Theatres Group Limited

Balance sheet
As at 30 June 2019

	Notes	30 June 2019 £'000	1 July 2018 £'000
Non-current assets			
Fixed assets			
Tangible assets	9	68,257	61,238
Investments	10	92,337	92,328
		160,594	153,566
Retirement benefits	19	13,400	3,800
		173,994	157,366
Current assets			
Stocks	11	64	90
Debtors	12	69,074	75,628
Cash at bank and in hand		1,928	2,917
		71,066	78,635
Creditors: Amounts falling due within one year	13	(86,716)	(80,190)
Net current liabilities		(15,650)	(1,555)
Total assets less current liabilities		158,344	155,811
Non-current liabilities			
Creditors: Amounts falling due after more than one year	14	(75,929)	(74,983)
Provision for liabilities	15	(2,299)	(2,000)
Net assets		80,116	78,828
Capital and reserves			
Called up share capital	18	1	1
Share premium	18	81,123	81,123
Pension reserve	18	2,034	(5,494)
Profit and loss account	18	(3,042)	3,198
Shareholders' funds		80,116	78,828

The accompanying notes form an integral part of this balance sheet.

The financial statements of LW Theatres Group Limited, registered number 03987955, were approved by the board of directors and authorised for issue on 09 June 2020.

They were signed on its behalf by:

D J Freeman
Director

LW Theatres Group Limited

Statement of changes in equity
For the period ended 30 June 2019

	Called up share capital £'000	Share premium £'000	Pension reserve £'000	Profit and loss account £'000	Total £'000
At 2 July 2017	**1**	**81,123**	**(9,366)**	**(7,072)**	**64,686**
Profit for the financial year	-	-	-	10,270	10,270
Remeasurement of net defined benefit asset	-	-	4,665	-	4,665
Tax relating to items of other comprehensive income			(793)	-	(793)
Total comprehensive income	**-**	**-**	**3,872**	**10,270**	**14,142**
At 1 July 2018	**1**	**81,123**	**(5,494)**	**3,198**	**78,828**
Loss for the financial year	-	-	-	(6,240)	(6,240)
Remeasurement of net defined benefit liability	-	-	9,070	-	9,070
Tax relating to items of other comprehensive income			(1,542)	-	(1,542)
Total comprehensive income	**-**	**-**	**7,528**	**(6,240)**	**1,288**
At 30 June 2019	**1**	**81,123**	**2,034**	**(3,042)**	**80,116**

1. **Principal accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and also the preceding financial period.

a. General information and basis of accounting

LW Theatres Group Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the group's operations and its principal activities are set out in the strategic report on pages 2 and 3.

The financial statements have been prepared under historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of LW Theatres Group Limited is considered to be pounds Sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are also presented in pounds Sterling. Foreign operations are included in accordance with the policies set out below.

LW Theatres Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

The company's accounting period covers the 52 weeks ended 30 June 2019. The comparative period covered the 52 weeks ended 1 July 2018.

b. Basis of consolidation

The company has taken advantage of the exemption conferred by sections 400(1) and 400(2) of the Companies Act 2006 not to prepare group accounts. The accounts present information about the company as an individual undertaking and not about its group.

c. Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on page 2 and 3. The strategic report and the directors' report on pages 4 to 5 describes the financial position of the company; liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

Covid-19 Pandemic

On 16 March 2020 the company temporarily closed The London Palladium (the Theatre Royal was already closed for refurbishment), and at the time of writing both theatres remain closed. The effect of this has been to reduce Group revenue to nil.

The current economic conditions resulting from Covid-19 creates economic and trading challenges because of the uncertainty over (a) the timing of the lifting of lockdown and ability to re-open the theatres (b) the level of future demand for the group's products; (c) the interest rate in the foreseeable future; and (d) the availability of bank finance in the foreseeable future. As a result, significant judgements have been made by Management when considering the Group and Company's cash flow for the period to June 2021.

The Directors have put a number of strategies in place to mitigate the challenges being faced as a result of Covid-19:

- Increased banking facilities have been secured from Handelsbanken to provide additional surety over the Group's cash flows.

1. Principal accounting policies (continued)

c. Going concern

- Formal banking covenant waivers have also been secured, meaning that reduced profits over the period to June 2021 will not impact the Group's access to bank finance.
- Cost saving measures have been undertaken including utilisation of Government backed job retention, business rates reduction, and tax deferral schemes.
- Active re-scheduling of shows and events is being undertaken to ensure trading is as strong as it possibly can be once theatres are given permission to open viably again.
- The Group is strongly represented on industry Covid task forces and is at the forefront of the drive to safely re-start the West End.
- Investment in features to allow Group theatres to open Covid safely as soon as possible has already taken place and will continue.

The directors also believe that the iconic nature of the Group's venues and current show portfolio gives the Group the best possible chance of a full recovery once venues can re-open. Ticket sales for future events and shows are still strong and demand for re-scheduled events is high.

The reasonable worst case scenario envisaged by the directors has sufficient financial headroom to cope with further significant disruptions to ticket sales and re-opening of Group venues.

As a result of the above measures and factors, the Group's forecasts and projections, taking account of the reasonable worst case scenario referred to above, show that the group is able to operate within the level of its current facilities and has adequate resources to continue in operational existence for the next 12 months. The Directors therefore continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation is provided on all tangible fixed assets, other than the residual value of freehold and long leasehold theatres, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Plant and equipment	3 - 5 years
Theatre refurbishment	25 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The company holds freehold theatres and other properties within land and buildings. The properties are regularly maintained to a high standard and the costs of maintenance are charged to the profit and loss account as incurred. Certain expenditure is capitalised if it is deemed to enhance the economic benefits of the theatres. These capitalised amounts are depreciated over their economic useful life.

The directors believe that, after taking into account the residual value of the properties based on prices prevailing at the date of acquisition or subsequent revaluation, any element of depreciation on the residual value would be immaterial. An impairment review of the theatres is carried out annually by the directors. Any impairment would be charged through the profit and loss account in the period in which it was identified.

Non depreciation of land and buildings represents a departure from the Companies Act 2006. The directors believe that this treatment ensures that the financial statements show a true and fair view.

e. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

1. **Principal accounting policies (continued)**

   e. **Financial instruments (continued)**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction cost), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.

1. **Principal accounting policies (continued)**

e. Financial instruments (continued)

(ii) Derivative financial instruments (continued)

Derivatives are initially recognised at fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

f. Investments

In the company balance sheet investments (including investments in associates) are measured at costs less impairment. For investments in subsidiaries acquired for the consideration including issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

g. Stocks

Stocks, which relate to food, liquor and beverages held for resale, are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

h. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that results in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely that not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for an assets (other than goodwill) that is recognised in a business combination in less (more) that the value at which it is recognised, deferred tax liability (asset) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax relating to property, plant and equipment is measured using the revaluation model and investment property measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

Current tax assets and liability are offset only when there is a legally enforceable right to set off the amounts and the company intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and liabilities are offset only if: a) the company had a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

1. **Principal accounting policies (continued)**

h. Taxation (continued)

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of the funds to a tax authority. The provisions are measured at the best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

The company and its related companies utilise the application of group relief whereby current year tax losses from one company will be surrendered to a company with the current year taxable profits. The amount surrendered from the loss-making company will not exceed the amount of the profit-making company's taxable profits.

To the extent that losses are surrendered to shelter profits recognised in the accounts, the profit-making company will utilise the tax loss surrendered and book an amount equivalent to the tax saving in its intercompany account.

i. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the services provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

j. Employee benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

k. Leases

The company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

1. Principal accounting policies (continued)

k. Leases (continued)

The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

l. Provisions

Provisions are only recognised in the financial statements when a past event has created a present obligation at the reporting date, an outflow of economic benefits is probable and the amount of the obligation can be estimated reliably.

2. Critical accounting judgements and key sources of estimation uncertainty

The following critical judgement has been made in the process of applying the group's accounting policies and has the most significant effect on the amounts recognised in the financial statements.

Impairment of investment

On 23 December 2015 the group purchased the entire issued share capital of Entertainment Theatres Limited and recognised a total investment value of £5.539m. At the financial year end there were no indicators of impairment and an impairment review was deemed unnecessary. In the application of the company's accounting policies, which are described in note 1, the directors have not needed to provide estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

UK withdrawal from the EU

It is not expected that the group will face any specific challenges associated with the UK's withdrawal from the EU. The group's trading operations are entirely based in the UK and key supply chains are UK or US based.

3. Turnover

An analysis of the company's turnover is shown by class of business below:

	30 June 2019 £'000	1 July 2018 £'000
Theatre operations	46,866	45,249
	46,866	45,249

An analysis of the company's turnover is shown by geographical origin below:

	30 June 2019 £'000	1 July 2018 £'000
United Kingdom	46,866	45,249
	46,866	45,249

An analysis of the company's turnover is as follows:

	30 June 2019 £'000	1 July 2018 £'000
Admissions	34,670	32,025
Recoveries	5,366	6,083
Retail	3,977	4,118
Restoration levy	924	1,060
Rental income	542	488
Other	1,387	1,475
	46,866	45,249

4. Finance costs (net)

	30 June 2019 £'000	1 July 2018 £'000
Interest payable and similar expenses	2,206	3,657
Bank interest received	(3)	(3)
	2,203	3,654

Interest payable and similar expenses

	30 June 2019 £'000	1 July 2018 £'000
Bank loan and overdrafts	2,306	3,557
Net interest on defined benefit liability	(100)	100
	2,206	3,657

5. Loss / (profit) before taxation

Loss / (profit) before taxation is stated after charging / (crediting):

	30 June 2019 £'000	1 July 2018 £'000
Depreciation of tangible assets (see note 9)	738	767
Operating lease rentals	161	126
Gain on disposal of fixed assets (note 9)	-	(1,143)
	899	(250)

The analysis of the auditor's remuneration is as follows:

	30 June 2019 £'000	1 July 2018 £'000
Fees payable to the company's auditor for the audit of the company's annual accounts	3	3
Fees payable to the company's auditor and their associates for other services to the group:		
- The audit of the company's subsidiaries	135	111
Total audit fees	138	114
- Tax services	51	53
- Banking covenant compliance	4	4
- Other taxation advisory services	54	-
Total non-audit fees	109	57

6. Staff numbers and costs

The average monthly number of employees (including executive directors) was:

	30 June 2019 Number	1 July 2018 Number
Theatre ownership and management	209	241

Their aggregate remuneration comprised:

	30 June 2019 £'000	1 July 2018 £'000
Wages and salaries	8,763	9,023
Social security costs	921	952
Other pension costs	1,528	605
	11,212	10,580

The company operates both a defined benefit scheme (note 19) and a defined contribution scheme, for which the pension cost charged for the period amounted to £328,000 (2018: £299,000).

Other pension costs include Guaranteed Minimum Pension (GMP) equalisation costs of £800,000 (2018: £nil).

7. Directors' remuneration and transactions

	30 June 2019 £'000	1 July 2018 £'000
Directors' remuneration:		
Emoluments	1,337	862
Company pension contributions	44	37
	1,381	899

	No.	No.
Number of directors who are members of a defined contribution pension scheme	4	2

The amounts paid to the highest paid director are as follows:

	30 June 2019 £'000	1 July 2018 £'000
Emoluments	520	349
	520	349

LW Theatres Group Limited

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For the 52 week period ended 30 June 2019

8. Tax on profit / (loss)

The tax credit comprises:

	30 June 2019 £'000	1 July 2018 £'000
Current tax on profit / (loss)		
UK corporation tax – prior year adjustment	(3)	-
Group relief payable / (receivable)	(666)	(924)
Group relief – prior period adjustment	(92)	-
Consortium relief payable / (receivable)	(221)	(209)
Consortium relief – prior period adjustment	-	(2)
Total current tax	(982)	(1,135)
Deferred tax		
Prior year adjustment	32	80
Change in rate	33	(7)
Deferred taxation charge / (credit) on theatre DTL	10	2
Deferred taxation charge / (credit) on theatre DTL – prior year adjustment	289	-
Deferred taxation (credit) /charge	(312)	83
Total deferred tax (see notes 15 and 16)	52	158
Total tax	(930)	(977)
Total current and deferred tax relating to items of other comprehensive income (see note 16)	(1,542)	(793)

The difference between the total tax charge shown above and the amount calculated by applying the standard rate of UK corporation tax to the profit before tax is as follows:

	30 June 2019 £'000	1 July 2018 £'000
(Loss) / profit before tax	(7,170)	9,293
Tax on (loss) / profit at standard UK corporation rate of 19% (2018: 19%)	(1,362)	1,766
Effects of:		
- Expenses not deductible for tax purposes	302	(53)
- Dividend income not subject to corporation tax	(124)	(2,850)
- Chargeable gains	-	90
- Land remediation relief claimed	(14)	(2)
- Rate difference	33	(7)
- Prior year adjustments	226	77
- Movement in deferred tax on inherited gain in revalued property	11	2
- Rate difference arising on revalued property	(1)	-
- Other	(1)	-
Total tax for period	(930)	(977)

8. Tax on profit / (loss) (continued)

In recent years, the UK Government has steadily reduced the rate of UK corporation tax, with the latest rates substantively enacted being 19% with effect from 1 April 2017 and 17% with effect from 1 April 2020. The closing deferred tax assets and liabilities have been calculated at 17% in accordance with the rates enacted at the balance sheet date.

9. Tangible fixed assets

	Freehold building £'000	Plant and equipment £'000	Theatre refurbishment £'000	Total £'000
Cost or valuation:				
As at 2 July 2018	54,875	6,034	3,322	64,231
Additions	-	704	7,053	7,757
As at 30 June 2019	54,875	6,738	10,375	71,988
Depreciation:				
As at 2 July 2018	-	(2,040)	(953)	(2,993)
Charge for the period	-	(605)	(133)	(738)
Disposals	-	-	-	-
As at 30 June 2019	-	(2,645)	(1,086)	(3,731)
Net book value:				
As at 30 June 2019	54,875	4,093	9,289	68,257
As at 1 July 2018	54,875	3,994	2,369	61,238

The company has retained the book amounts (£51.63m) of the land and buildings revalued in 1999 prior to the implementation of FRS 15. The freehold additions during the current year are stated at cost.

The land and buildings were valued by Colliers International in July 2017 on the basis of open market valuation in accordance with *The Royal Institution of Chartered Surveyors valuation standards – Global and UK, 7th edition*. This valuation supported the book value recorded above and the directors consider the book values above not to be impaired.

Freehold buildings with a carrying amount of £54.9 million (2018: £54.9 million) have been pledged to secure borrowings of the group. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity without consent from Handelsbanken.

On a historical cost basis, freehold land and buildings would have been included as follows:

	Freehold land and buildings £'000
Historical cost	
At 1 July 2018 and at 30 June 2019	3,410

10. Investments

	Shares in subsidiary companies £'000	Works of Art £'000	Total £'000
Cost and net book value:			
At 2 July 2018	91,812	516	92,328
Additions	-	9	9
As at 30 June 2019	91,812	525	92,337

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows. All companies are incorporated in the United Kingdom unless otherwise stated. The registered head office is 65 Drury Lane, London WC2B 5SP.

Name of company	Holding	Proportion of voting rights and shares held	Nature of business
GL Theatre Limited	Ordinary shares	100%	Theatre management
LW Theatres Limited	Ordinary shares	100%	Theatre management
Entertainment Theatres Limited	Ordinary shares	100%	Theatre management
New London Theatre Limited	Ordinary shares	100%	Holding company
Cats Palladium Limited	Ordinary shares	100%	Theatre productions
Stoll Moss Theatres (Pension Trustees) Limited	Ordinary shares	100%	Dormant
*The Adelphi Theatre Company Limited	Ordinary shares	50%	Theatre management

* Held by a subsidiary undertaking.

11. Stocks

	30 June 2019 £'000	1 July 2018 £'000
Goods for resale	64	90

There is no material difference between the balance sheet value of stocks and their replacement cost.

12. Debtors

	30 June 2019 £'000	1 July 2018 £'000
Trade debtors	2,597	2,485
Amounts owed by parent undertakings	60,793	60,793
Amounts owed by other group undertakings	2,855	8,668
Corporation tax debtor	300	297
Other debtors	1,897	1,459
Prepayments and accrued income	575	480
Derivative financial instruments (see note 17)	57	1,288
Deferred tax asset (see note 16)	-	158
	69,074	75,628

13. Creditors (amounts falling due within one year)

	30 June 2019 £'000	1 July 2018 £'000
Payments on account	14,445	12,631
Trade creditors	2,678	2,559
Amounts owed to subsidiary undertakings	63,284	58,700
Social security and other taxes	2,898	3,175
Other creditors	430	540
Accruals and deferred income	2,981	2,585
	86,716	80,190

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

	30 June 2019 £'000	1 July 2018 £'000
Bank loans	74,319	74,644
Derivative financial instruments (see note 17)	473	339
Deferred tax liabilities (see note 16)	1,137	-
	75,929	74,983

The value of bank loans shown above is presented net of financing costs of £1,022k (2018: £888k).

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

The bank loan is secured on properties of certain subsidiary undertakings with a carrying value of £155m (2018: £148m). The terms of the loan restrict the company from making significant acquisitions or disposals without the consent of the lender. Interest rate is payable on the bank loan at a variable rate of LIBOR + 1.95% on the principal amount. This note expresses the total carrying value of the loan by allocating the total expected finance costs payable over the life of the loan using a fixed effective annual interest rate of 3.60% (2018: 3.42%).

Bank loans

	30 June 2019 £'000	1 July 2018 £'000
Between one and two years	(212)	(266)
Between two and five years	75,553	(69)
Over five years	-	75,867
	75,341	75,532
On demand or within one year	(341)	(532)
	75,000	75,000

On 29 August 2017, LW Theatres Group Limited entered into a new term and ancillary credit facility with Handelsbanken. LW Theatres Group Limited (the "Borrower") borrowed aggregate term facilities of £75,000,000. The debt is not due for repayment until 2023. The rate of interest on the loan is the aggregate of LIBOR, the applicable margin and mandatory costs, if any. A charge over the assets of the group is held by Handelsbanken.

An Ancillary Facility allowed the group to utilise a £35,000,000 credit facility. This facility is available for the group's general working capital purposes. The rate of interest is the aggregate of LIBOR, the applicable margin and mandatory costs, if any..

15. Provision for liabilities

	Deferred tax £'000	Total £'000
At 2 July 2018	2,000	2,000
Current year credit to profit and loss	11	11
Prior year adjustment	289	289
Effect of change in tax rate	(1)	(1)
At 30 June 2019	2,299	2,299

Provision for deferred tax

A deferred tax liability has been recognised in line with FRS 102 due to the potential capital gain on sale of the company's theatre property.

Deferred tax assets and liabilities are offset only where the group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

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For the 52 week period ended 30 June 2019

16. Deferred taxation

	30 June 2019 £'000	1 July 2018 £'000
Opening deferred tax balance	158	1,106
Deferred tax movement – current year	312	(83)
Deferred tax movement – prior year	(32)	(79)
Deferred tax movement – current year to Comprehensive Income	(1,542)	(793)
Change in rate	(33)	7
Deferred tax (liabilities) / asset	(1,137)	158

Deferred tax assets and liabilities are offset only where the company has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity. The deferred tax balances described above comprise of capital allowances in excess of depreciation £1,000k (2018: £914k); short-term timing differences £9k (2018: £14k); pension surplus £2,300k (2018: asset £640k); interest rate swap £103k (2018: asset £129k).

17. Financial instruments

Financial assets

	30 June 2019 £'000	1 July 2018 £'000
Measured at fair value through profit and loss		
Derivative financial asset (note 12)	57	1,288

Financial liabilities

	30 June 2019 £'000	1 July 2018 £'000
Measured at fair value through profit and loss		
Derivative financial liabilities (note 14)	473	339
Measured at amortised cost		
Loans payable (note 14)	74,319	74,644
Measured at undiscounted amount payable		
Trade and other creditors (note 13)	6,006	6,274
	80,798	81,257

17. Financial instruments (continued)

The company's income, expense, gains and losses in respect of financial instruments are summarised below:

	30 June 2019 £'000	1 July 2018 £'000
Interest expense		
Total interest expense for financial liabilities at amortised cost (note 4)	2,306	3,557
Fair value losses / (gains)		
On derivative financial assets / liabilities measured at fair value through profit and loss	1,364	(905)

At 30 June 2019 the company had an interest rate swap contract with a principal amount of £30m (2018: £40m) with a liability fair value of £0.1m (2018: liability fair value of £0.3m), whereby interest is payable at a fixed interest rate of 1.45% (2018: 1.45%). The interest rate swap settles against the appropriate prevailing LIBOR rate. The interest rate swap matures on 28 February 2020.

At 30 June 2019 the company has an interest rate swap contract with a principal amount of £35m (2018: £25m) with an asset fair value of £0.1m (2018: £1.3m), whereby interest is payable at a fixed interest rate of 0.785% (2018: 0.785%). The interest rate swap settles against the appropriate prevailing LIBOR rate. The interest rate swap matures on 25 August 2023.

At 30 June 2019 the company has an interest rate swap contract with a principal amount of £10m (2018: £nil) with a liability fair value of £0.3m (2018: £nil), whereby interest is payable at a fixed interest rate of 1.39% (2018: n/a). The interest rate swap settles against the appropriate prevailing LIBOR rate. The interest rate swap matures on 25 August 2023.

18. Called up share capital and reserves

	30 June 2019 £	1 July 2018 £
Allotted, called up and fully paid:		
1,177 ordinary shares of £1 each	1,177	1,177

The company has one class of ordinary share which carry no right to fixed income.

The company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The pension reserve represents the cumulative changes in actuarial valuation of the company's defined benefit pension scheme.

19. Retirement benefit schemes

Defined contribution scheme

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 30 June 2019 was £328,000 (2018: £299,000).

Defined benefit schemes

The company operates a defined benefit multi employer scheme, the assets and liabilities for which are held independently from the company. The scheme closed to future accrual as at 30 June 2012. The company became the principal employer of the scheme on 7 April 2011. As the company is the principal employer, full FRS 102 disclosure of the scheme is presented.

The scheme is a funded scheme and the Trustees' funding objective is to hold assets which are at least equal to the technical provisions, i.e. to meet the statutory funding objective. The contributions paid to the scheme are agreed by the trustees and company every three years, after obtaining the actuarial advice of the scheme actuary. The current schedule of contributions agreed in July 2019 states that the company will not make any further contributions until at least 1 January 2022.

The scheme does not own any of the company's own financial instruments or property.

The most recent comprehensive actuarial valuation of scheme was carried out by Mr. Ben Knight, Fellow of the Institute and Faculty of Actuaries as at 31 December 2018 for funding purposes using scheme membership data at that date. This membership data has been used to calculate the 30 June 2019 benefit obligations for the Scheme as set out in this note. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

	Valuation at	
	2019	**2018**
Key assumptions used:		
Discount rate	2.55%	2.55%
Pension increases for in-payment benefits	3.05%/5%	3.1%/5%
Pension increases for deferred benefits	2.30%	2.40%
Inflation	2.30%	2.40%

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the company's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2019 years	**2018 years**
Retiring today:		
Males	22.1	22.8
Females	24.4	25.0
Retiring in 20 years:		
Males	23.4	25.0
Females	25.8	27.3

19. Retirement benefit schemes (continued)

Amounts recognised in the profit and loss account in respect of these defined benefit schemes are as follows:

	2019 £m	2018 £m
Net interest on net defined benefit (asset) / liability	(0.1)	0.1
Administration costs incurred during the period	0.4	0.3
	0.3	0.4

Recognised in other comprehensive income:

	2019 £m	2018 £m
Total cost relating to defined benefit scheme	(9.1)	(4.7)

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2019 £m	2018 £m
Present value of defined benefit obligations	(73.4)	(76.2)
Fair value of scheme assets	86.8	80.0
Net asset / (liability) recognised in the balance sheet	13.4	3.8

Reconciliation of net assets / (liability) position:

	2019 £m	2018 £m
Balance brought forward	3.8	(2.1)
Net interest on net defined benefit asset / (liability)	0.1	(0.1)
Remeasurement effect recognised in OCI	9.1	4.7
Plan introductions, changes, curtailments and settlements	(0.8)	-
Employer contributions	1.6	1.6
Administration costs incurred in the period	(0.4)	(0.3)
Net asset / (liability) recognised in the balance sheet	13.4	3.8

The Trust Deed provides LW Theatres Group Limited with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustee had no rights to unilaterally wind-up, or otherwise augment the benefits due to members of, the scheme. Based on these rights, any net surplus in the UK scheme is recognised in full.

19. Retirement benefit schemes (continued)

Movements in the fair value of scheme assets were as follows:

	2019 £m	2018 £m
Balance brought forward	80.0	76.3
Interest income on scheme assets	2.0	1.9
Return on plan assets (excluding amounts included in net interest cost)	6.3	3.1
Contributions from the employer	1.6	1.6
Benefits paid	(2.7)	(2.6)
Administrative costs paid	(0.4)	(0.3)
Balance carried forward	86.8	80.0
Total return on scheme assets	8.3	4.9

The analysis of the scheme assets at the balance sheet date was as follows:

	Fair value of assets	
	2019 £m	2018 £m
Equity instruments	24.6	34.3
Debt instruments	58.1	39.9
Cash	4.1	5.8
	86.8	80.0

20. Ultimate parent company and controlling party

The immediate parent company is Really Useful Theatres Entertainment Limited, a company incorporated in the United Kingdom.The ultimate parent company and the largest and smallest group for which group accounts are prepared, of which the company is a member, is LW Theatres Holdings Limited, registered address 65 Drury Lane, London WC2B 5SP, incorporated in the United Kingdom. A copy of these group accounts may be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The ultimate controlling party is Lord A Lloyd Webber, who is the owner of the ultimate parent company.

21. Related party transactions

Current period results included £525k (2018: £328k) to The Really Useful Group Limited, a related party, for director remuneration and associated occupancy costs.

The company has taken advantage of exemptions from disclosure granted by FRS 102 paragraph 33.1A *Related Party Disclosures* not to disclose transactions with other wholly-owned group companies. The exemptions taken relate to the disclosure of intra-company transactions only.

22. Subsequent events

As a result of the Covid-19 pandemic the company temporarily closed all its theatres on 16 March 2020. As at the time of writing the theatres remain closed. Given the uncertainty as to when the theatres will be able to reopen, it has not yet been possible to estimate the financial effect.