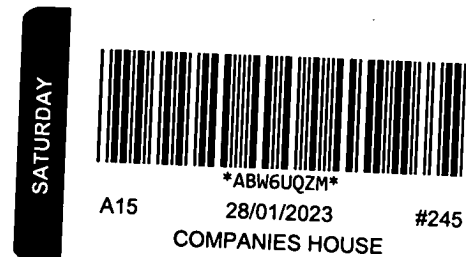


LW Theatres Group Limited

Annual Report and Financial Statements For the period ended 3 July 2022



LW Theatres Group Limited

Annual report and financial statements for period ended 3 July 2022

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LW Theatres Group Limited

Annual report and financial statements for period ended 3 July 2022

Officers and professional advisers

Directors

J L Arnott
D P Atkins
L I Chapman

Registered Office

65 Drury Lane
London
WC2B 5SP

Bankers

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

Auditor

Deloitte LLP
London
United Kingdom

LW Theatres Group Limited

Strategic report for the period ended 3 July 2022

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

Introduction and principal activities

The company is a wholly-owned subsidiary of Really Useful Theatres Entertainment Limited, which is part of the LW Theatres Holdings Limited group. The principal activities of the company are the ownership, management, maintenance and refurbishment of the London Palladium and the Theatre Royal Drury Lane and the provision of theatre related services to producers and promoters. The company also provides head office functions and ticketing services to the other theatres within the LW Theatres group.

The company's activities are expected to continue for the foreseeable future.

Operating and business review

The London Palladium reopened shortly before the start of the financial period with a limited run of *Andrew Lloyd Webber's Joseph and The Amazing Technicolour Dreamcoat* and went on to have a successful year of gigs and concerts either side of the Christmas pantomime, *Pantoland*.

Disney's production of *Frozen* opened to the public at the newly restored Theatre Royal Drury Lane on 25 August 2021.

The company's staff increased by 197 to 330 in preparation for reopening who, together, welcomed over nearly 1.3 million visitors (2021: 28 thousand) to the theatres.

The return to trading after a prolonged period of closure due to the pandemic and for refurbishment generated a 19-fold increase in revenues in 2022 to £88.0m (2021: £4.5m) and resulted in a retained profit of £0.5m (2021: retained loss of £15.2m). These profits, together with an increase in the company's defined benefit pension surplus of £4.4m (2021: decrease £7.8m) meant net assets increased to £57.7m (2021: £53.9m).

The beginning of the financial period was impacted by the lingering effects of Covid-19 as performances and audiences were either initially subject to social distancing requirements, or performances were cancelled due to the need for cast and crew to isolate as a result of either direct infection or close contact with someone infected.

As the isolation rules eased we then faced the impact of the Omicron variant over the Christmas period and the Government's call for a return to working from home which led to a one week closure of *Frozen*.

Our focus is now on the dealing with the effect of rising utility costs, inflation and interest rates, and the impact that these economic conditions will have on our producers, staff and customers.

We continue to scrutinise our business to ensure we offer the best product and value for money for customers and producers alike so our theatres are able to weather the prevailing economic headwinds.

Key performance indicators

The company uses a number of indicators to track the company's performance. Key areas of focus include the following metrics, and how they compare throughout the year with the budget set by the directors:

- Number of performances
- Attendance figures
- Average ticket price

LW Theatres Group Limited

Strategic report for the period ended 3 July 2022 (continued)

- Box office takings
- Advance bookings
- In-theatre spend per head

From the list above, the most important drivers of our business are attendance (2022: 1.281m; 2021: 0.028m) and box office takings (2022: £65.7m; 2021 £1.4m). The increase in the period was due to the reopening of the theatres for almost the entirety of the reporting period.

Future developments and events after the balance sheet date

We expect a full year of trading next year but anticipate our turnover and profitability will be impacted by the cost of living crisis, rising inflation and rising interest rates. On 28 September 2022 the company entered into an Amendment and Restatement Agreement with Handelsbanken plc extending its bank facilities through to August 2026.

Principal risks and uncertainties

The company faces competitive pressures from other theatre owning companies in London to attract and stage successful productions. To mitigate this risk the company ensures its theatres are well maintained and that it provides a high quality service to producers, promoters and customers.

The company is also impacted by the broader economic environment and its impact on demand for theatre tickets. The company mitigates this risk by continually monitoring and adjusting ticket prices and marketing strategies and maintaining stringent control of overheads.

Financial risks

The main financial risks associated with the company's activities are credit risk, interest rate risk and liquidity risk. These risks are managed in line with the group's treasury policy. The company's transactions are conducted almost entirely in sterling so the company is not exposed to foreign exchange risk.

Credit risk

A significant portion of the company's turnover is received from customers who acquire tickets directly through the company's website or other products in-theatre. Similarly, amounts owing from producers to the company are settled out of ticket receipts which are held by the company. Where the company offers credit to suppliers, the company's policy is to deal with established, reputable companies. The company regularly assesses the creditworthiness of its counterparty under its interest rate swaps. Credit risk is not considered to be significant as a result of these mitigations.

Interest rate risk

The group is financed through a third party lender, Handelsbanken. The group's borrowings have a variable interest rate. However, exposure to movements in interest rates is reduced as the group has hedging arrangements in the form of interest rate swaps which fix the interest rate on a significant part of the borrowings. These swaps are in place until maturity of the facilities.

LW Theatres Group Limited

Strategic report for the period ended 3 July 2022 (continued)

Liquidity risk

The company operates as part of the LW Theatres group. In order to ensure that sufficient funds are available for ongoing operations and future developments, the company uses a mixture of term and revolving credit facilities. The company also monitors its liquidity position closely through the use of regular short term cash flows and longer term forecasts.

Environment

The company recognises the importance of its environmental responsibilities which are covered in more detail in the s172 statement below.

Section 172 (1) statement

Section 172 (1) (a) to (f) of the Companies Act 2006 requires that directors must act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

(a) *the likely consequences of any decision in the long term*

The Board meets regularly to discuss and make decisions on matters of strategic importance to the business, to promote the long-term success of the company and to consider the likely long-term impact of any such decisions.

(b) *the interests of the company's employees*

The enthusiasm, creativity, hard work and commitment of the company's employees form the backbone of our business. The company has a number of policies in place to ensure the well-being of its staff and provides training across a wide range of areas in order for them to develop and grow. The company operates a management structure that ensures staff are aware of strategic decisions and current performance and likewise provide a forum for matters arising from staff to be escalated and dealt with appropriately.

(c) *the need to foster the company's relationships with suppliers, customers and others*

The company works hard to establish and maintain strong relationships with its producers, suppliers, landlords, tenants and customers. Representatives of the company meet regularly with these stakeholders to develop and strengthen these relationships for the benefit of the company. In addition, the company seeks and collates customer feedback in order to continuously improve its guest customer experience.

(d) *the impact of the company's operations on the community and the environment*

The company is committed to enhancing and having a positive impact upon the local communities of which it is a part. The company engages regularly with residents and resident associations, and community and business forums.

The company considers the impact of its decisions on the environment. We aim not to send any waste to landfill, have phased out the use of single use plastics wherever possible, and partner with green energy suppliers. The company has an environmental committee who monitor and champion best practice across our business. We train and inspire our teams to work in a sustainable manner and communicate with our customers, encouraging them to support our endeavours.

LW Theatres Group Limited

Strategic report for the period ended 3 July 2022 (continued)

The company actively promotes theatre as a potential career through engagement with the Society of London Theatre's initiatives.

(e) *the desirability of the company maintaining a reputation for high standards of conduct*

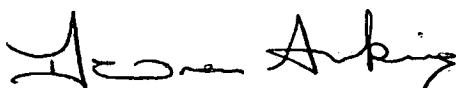
The company expects the highest standards of conduct from its employees, business partners and suppliers with which it engages.

The company complies with all relevant legislation including those targeted at preventing discrimination, such as equal opportunities, anti-bribery, health and safety and dignity at work. Such principles are embedded through the company's policies. The company is committed to ensuring the health and safety of its employees and all those who visit or work in its theatre.

(f) *the need to act fairly between members of the company*

The Board engages regularly with the shareholder about the affairs of the company and seeks to take decisions in the best interests of the shareholder.

Approved by the Board and signed on its behalf by:



Darren P Atkins

Director

11 January 2023

LW Theatres Group Limited

Directors' report for the period ended 3 July 2022

The directors present their annual report on the affairs of LW Theatres Group Limited, together with the audited financial statements for the 53 weeks ended 3 July 2022. Comparative information is provided for the 52 week period ended 27 June 2021.

Principal activities, future developments and events after the balance sheet date

Details of principal activities, future developments and events that have occurred after the balance sheet date can be found in the Strategic report on pages 2 to 5 and form part of this report by cross-reference.

Principal risks and uncertainties, and financial risks

The risks faced by the company and the policies set out to mitigate those risks are set out in the Strategic report on pages 2 to 5 and form part of this report by cross-reference.

Dividends

The directors do not recommend the payment of a dividend (2021: £nil). No dividends have been paid or declared post period end.

Directors

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

J L Arnott

D P Atkins

L I Chapman

M G Wordsworth (resigned 3 July 2022)

R Kane Burton (resigned 6 September 2021)

Going concern

After making reasonable enquiries and considering the trading forecasts of the company, the directors have a reasonable expectation that the company and group have adequate resources to continue in operational existence for at least twelve months from the signing of these financial statements. Accordingly, they 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 in note 1.3 of the financial statements.

Directors' indemnities

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

LW Theatres Group Limited

Directors' report for the period ended 3 July 2022 (continued)

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 company continues and that appropriate training is arranged. It is the policy of the company 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 7 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 with the company's business objectives. Senior staff participate in a discretionary bonus scheme linked to group performance. 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 communication. Employee representatives are consulted regularly on a wide range of matters affecting their interests and the group's policies and practices are reviewed and updated where appropriate.

Engagement with employees, customers, suppliers and other stakeholders

Disclosure in relation to the group's engagement with employees, customers, suppliers and other stakeholders can be found in the s172 statement in the strategic report on pages 4 and 5 above.

During the period, senior management consulted with employees in a number of key areas, including: a root and branch review of the company's benefit offering; updating arrangements for working from home and returning to work post-Covid; and the launch of a new business blueprint setting out the company's key strategic priorities and cultural principles.

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.

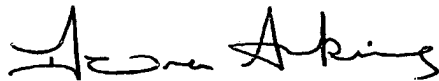
This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

LW Theatres Group Limited

Directors' report for the period ended 3 July 2022 (continued)

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:



Darren P Atkins

Director

11 January 2023

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.

LW Theatres Group Limited

Independent auditor's report to the members of LW Theatres Group Limited

Report on the audit of the financial statements

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 3 July 2022 and of its profit 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; and
- 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

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.

LW Theatres Group Limited

Independent auditor's report to the members of LW Theatres Group Limited (continued)

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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.

Extent to which the audit was considered 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.

LW Theatres Group Limited

Independent auditor's report to the members of LW Theatres Group Limited (continued)

We considered the nature of the group's industry and its control environment, and reviewed the group's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the group operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pensions legislation, tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included Health and Safety at Work Act, employment legislation and data protection act.

We discussed among the audit engagement team regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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

LW Theatres Group Limited

Independent auditor's report to the members of LW Theatres Group Limited (continued)

Matters on which we are required to report by exception

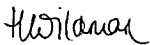
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

DocuSigned by:

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Helen Wildman ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

11 January 2023

LW Theatres Group Limited
Profit and loss account for the period ended 3 July 2022

	Notes	Period ended 3 July 2022 £'000	Period ended 27 June 2021 £'000
Turnover	3	88,002	4,518
Cost of sales		(71,023)	(9,396)
Gross profit / (loss)		16,979	(4,878)
Administrative expenses		(12,869)	(9,761)
Other operating expenses		-	(3,298)
Other operating income	6	3	751
Operating profit / (loss)		4,113	(17,186)
Net profit on derivatives at fair value	17	2,527	860
Finance costs (net)	4	(5,426)	(3,833)
Profit / (loss) before taxation	5	1,214	(20,159)
Tax (charge) / credit	8	(727)	4,974
Profit / (loss) for the financial period		487	(15,185)

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 period ended 3 July 2022

	Notes	3 July 2022 £'000	27 June 2021 £'000
Profit / (loss) for the financial period		487	(15,185)
Re-measurement of net defined benefit asset	19	4,400	(7,800)
Tax relating to components of other comprehensive income	8	(1,100)	846
Other comprehensive income / (expense)		3,300	(6,954)
Total comprehensive income / (expense) attributable to shareholders of the company		3,787	(22,139)

LW Theatres Group Limited

Balance sheet as at 3 July 2022

	Notes	3 July 2022 £'000	27 June 2021 £'000
Fixed assets			
Tangible assets	9	101,873	103,504
Investments	10	87,496	89,737
		<u>189,369</u>	<u>193,241</u>
Current assets			
Stocks	11	203	100
Debtors	12	64,990	67,558
Cash at bank and in hand		5,907	2,744
		<u>71,100</u>	<u>70,402</u>
Creditors: Amounts falling due within one year	13	(132,781)	(137,167)
Net current liabilities		<u>(61,681)</u>	<u>(66,765)</u>
Retirement benefits assets	19	13,700	9,500
Debtors: amounts falling due after more than one year	12	1,493	-
Total assets less current liabilities		<u>142,881</u>	<u>135,976</u>
Creditors: amounts falling due after more than one year	14	(86,217)	(85,679)
Provision for liabilities	15	999	3,579
Net assets		<u>57,663</u>	<u>53,876</u>
Capital and reserves			
Called up share capital	18	1	1
Share premium		81,123	81,123
Pension reserve		1,415	(1,885)
Profit and loss account		(24,876)	(25,363)
Shareholders' funds		<u>57,663</u>	<u>53,876</u>

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

The financial statements of LW Theatres Group Limited, registered number 06958072, were approved by the board of directors and authorised for issue on 11 January 2023.

They were signed on its behalf by:



L I Chapman
Director

LW Theatres Group Limited

Statement of changes in equity as at 3 July 2022

	Called up share capital £'000	Share premium £'000	Pension reserve £'000	Profit and loss account £'000	Total £'000
At 28 June 2020	1	81,123	5,069	(10,178)	76,015
Loss for the financial year	-	-	-	(15,185)	(15,185)
Remeasurement of defined benefit scheme	-	-	(7,800)	-	(7,800)
Tax relating to items of other comprehensive expense	-	-	846	-	846
Total comprehensive expense	-	-	(6,954)	(15,185)	(22,139)
At 27 June 2021	1	81,123	(1,885)	(25,363)	53,876
Profit for the financial year	-	-	-	487	487
Remeasurement of defined benefit scheme	-	-	4,400	-	4,400
Tax relating to items of other comprehensive expense	-	-	(1,100)	-	(1,100)
Total comprehensive income	-	-	3,300	487	3,787
At 3 July 2022	1	81,123	1,415	(24,876)	57,663

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022

1. Principal accounting policies

The principal accounting policies applying to the LW Theatres group, of which the company is a part, are summarised below. These policies are applied, where relevant, by each of the group's subsidiaries, including the company. They have been applied consistently throughout the period and the preceding period.

1.1 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 to 5.

The financial statements have been prepared under the 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 sterling because that is the currency of the primary economic environment in which the company operates.

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 financial statements. The company is consolidated in the financial statements of LW Theatres Holdings Limited, which may be obtained at Companies' House, Crown Way, Maindy, Cardiff, CF14 3UZ and is therefore exempt from the obligation to prepare and deliver consolidated 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.

1.2 Business combinations

Business combinations are accounted for under the purchase method. Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. In accordance with Section 35 of FRS 102, Section 19 of FRS 102 has not been applied in these financial statements in respect of business combinations effected prior to the date of transition.

1.3 Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position, principal and financial risks are set out in the strategic report, together with a description of how the company manages those risks.

When considering going concern, the directors have prepared forecasts that take into account i) current trading levels, ii) reasonable expectations as to future trading performance based on the current and future programming of the theatres, iii) the impact of the current exceptional inflationary pressures, including interest rate rises, on our customers, producers and cost base and iv) the potential but receding risk of a re-emergence of Covid.

The company is reliant for its day-to-day liquidity upon bank facilities provided to the LW Theatres group. In September 2022 these facilities were extended through to August 2026.

The trading forecasts prepared show that the group is able to operate within the current committed bank facilities and comply with all financial covenants throughout the period.

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

1. Principal accounting policies (continued)

1.3 Going concern (continued)

The directors have a reasonable expectation that the group and the company have adequate resources to continue in operational existence for at least twelve months from the signing of these financial statements. As a result, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.4 Intangible assets – goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

1.5 Tangible fixed assets, depreciation

Tangible fixed assets are stated at historical cost or valuation, net of accumulated depreciation and any accumulated impairment provisions. Our properties are maintained to a high standard and typically any refurbishment or maintenance costs are charged to the profit and loss account as incurred, unless the work is deemed structural.

Depreciation is provided to write off the carrying value of all tangible fixed assets (other than freehold and leasehold land and buildings) on a straight-line basis over their estimated useful life, taking into account any final estimated residual value, as follows:

Plant and equipment:	3-25 years
Motor vehicles:	4 years
Structural refurbishments:	up to 25 years

Freehold land and the freehold theatre buildings are not depreciated. 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, no depreciation of freehold and leasehold theatre buildings is required. An impairment review of the theatres is carried out annually by the directors. Any impairment would be charged through the consolidated profit and loss account in the period in which it was identified.

The profit or loss on disposal of tangible fixed assets is calculated using the net book value of the assets, with any revaluation surplus or deficit being transferred directly from the revaluation reserve to the profit and loss reserve.

1.6 Financial instruments

Except for derivative instruments entered into to reduce the group's exposure to interest rate movements, the group only enters into basic financial instruments (financial assets, financial liabilities and equity) such as trade and other accounts receivable and payable, loans or deposits from banks and other third parties, and loans from related parties.

All basic financial assets and liabilities are initially measured at their transaction price (including transaction costs) and subsequently held at cost, adjusted for any impairment or accrued interest.

Derivative instruments are recognised at fair value at each reporting date. The resulting gain or loss is recognised as a profit or loss in the period. The group does not hold or issue derivative financial instruments for speculative purposes.

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

1. Principal accounting policies (continued)

1.7 Stocks

Stock is stated at the lower of cost or net realisable value and is calculated using the FIFO method. Provision is made for slow-moving, out of date or defective items.

1.8 Impairment of assets

Assets, investments and works of art, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

1.9 Taxation

The current tax charge 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 balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, other than:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against future taxable profits or the reversal of deferred tax liabilities
- Balances are reversed only when all conditions for retaining associated tax allowances have been met; and
- If timing differences relate to interests in subsidiaries and joint ventures controlled by the group and their reversal and such reversal is not considered probable in the foreseeable future

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 the timing difference.

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

1.10 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 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.

Turnover represents income derived from a number of sources, including: box office receipts; producer cost recharges; income from private property seats and restoration levy; ticketing commissions; food and beverage, front of house and hospitality sales to theatre customers; hire fees; rental income due under leases where the group is lessor; management fees; and sundry income.

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

1. Principal accounting policies (continued)

1.11 Pension schemes

Defined benefit scheme

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the group, 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 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 contribution scheme

For defined contribution schemes the amount charged to the consolidated 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.

1.12 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.

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.

1.13 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.

1.14 Government grants

Government grants are recognised based on the accrual model and are measured at the fair value of receivable. Grants are classified as relating to revenue. Grants relating to revenue are recognised in income over the period in which the related costs are recognised.

During the financial period the company has taken advantage of government support through the Coronavirus Job Retention Scheme and various local authority grants set out in note 6 below.

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

2. Critical accounting judgements and key sources of estimation uncertainty

The directors believe no critical judgement is required in the application of the group's accounting policies to the company in the current period. The following is considered by the directors as a key source of estimation uncertainty:

Defined benefit scheme

The net asset position of the company's defined benefit retirement scheme is determined based on actuarial advice received from an independent actuary. The calculation is significantly affected by relatively small changes in the actuarial assumptions concerning future inflation, discount rates and mortality. As set out in note 19 below, the net assets of the company's defined benefit retirement scheme are £13.7m (2021: £9.5m) after recognising actuarial gains in the year of £4.4m (2021: £7.8m losses).

3. Turnover

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

	3 July 2022 £'000	27 June 2021 £'000
Theatre operation all in United Kingdom	88,002	4,518

Turnover is analysed as follows:

	3 July 2022 £'000	27 June 2021 £'000
Admissions (including ticketing commissions)	65,681	1,381
Recoveries	8,256	1,842
Retail	9,680	223
Restoration levy	1,748	38
Rental income	575	311
Other	2,062	723
	88,002	4,518

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

3. Turnover (continued)

The company holds tenancy agreements for space at the London Palladium for which the company had future minimum lease income due under non-cancellable operating leases for each of the following periods:

	3 July 2022 £'000	27 June 2021 £'000
Not later than one year	427	417
Later than 1 year and not later than 5 years	1,706	1,666
Later than 5 years	3,836	-
	<u>5,969</u>	<u>2,083</u>

The company also rents out residential property which does not form part of the operating lease.

4. Finance costs (net)

	3 July 2022 £'000	27 June 2021 £'000
Interest payable and similar expenses	5,428	3,833
Bank interest received	(2)	-
	<u>5,426</u>	<u>3,833</u>

Interest payable and similar expenses

	3 July 2022 £'000	27 June 2021 £'000
Bank loans	4,828	3,811
Intercompany loan	800	322
Net interest on defined benefit pension scheme	(200)	(300)
	<u>5,428</u>	<u>3,833</u>

5. Profit / (loss) before taxation

Profit / (loss) before taxation is stated after charging:

	3 July 2022 £'000	27 June 2021 £'000
Provision for impairment (see note 10)	-	3,298
Depreciation of tangible assets (see note 9)	2,621	918
Lease rentals	101	108
	<u>2,722</u>	<u>4,324</u>

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

5. Profit / (loss) before taxation (continued)

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

	27 June 2021 £'000	27 June 2021 £'000
Staff numbers and costs		
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	122	94
- Tax compliance services	48	51
- Banking covenant compliance	4	4
- Other taxation advisory services	78	61
- Other accounting advisory services	18	-
Total non-audit fees	148	116

6. Staff numbers and costs

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

	3 July 2022 Number	27 June 2021 Number
Theatre ownership and management	330	133

Their aggregate remuneration comprised:

	3 July 2022 £'000	27 June 2021 £'000
Wages and salaries	12,791	6,291
Social security costs	1,377	733
Other pension costs	842	713
	15,010	7,737

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 £442,000 (2021: £413,000).

The group received contributions from the Government for the Coronavirus Job Retention Scheme, for which the income recognised for the period amount to £3,000 (2021: £707,000). This income is reported under other operating income in the profit and loss account. No other forms of Government support were received by the group (2021: £44,000).

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

7. Directors' remuneration and transactions

	3 July 2022	27 June 2021
	£'000	£'000
Directors' remuneration:		
Emoluments	1,509	1,279
Company pension contributions	20	40
	<u>1,529</u>	<u>1,319</u>

	No.	No.
Number of directors who are members of a defined contribution pension scheme	<u>1</u>	<u>2</u>

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

	3 July 2022	27 June 2021
	£'000	£'000
Emoluments	<u>380</u>	<u>388</u>

8. Tax on profit / (loss)

The tax charge / (credit) comprises:

	3 July 2022	27 June 2021
	£'000	£'000
Current tax on profit / (loss)		
Group relief payable / (receivable)	(753)	(95)
Group relief - prior year adjustment	-	38
Total current year tax	<u>(753)</u>	<u>(57)</u>
Deferred tax		
Prior year adjustment	190	(157)
Change in tax rate	310	(1,544)
Deferred taxation charge / (credit) on theatre DTL - rate difference	-	48
Deferred taxation (credit) / charge on theatre DTL	-	(735)
Deferred taxation (credit) / charge	980	(2,529)
Total deferred tax (see note 15)	<u>1,480</u>	<u>(4,917)</u>
Total tax charge / (credit)	<u>727</u>	<u>(4,974)</u>
Total current and deferred tax relating to items of other comprehensive income (see note 15)	1,100	(846)

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

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

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

	3 July 2022	27 June 2021
	£'000	£'000
Profit / (loss) before tax	1,214	(20,159)
Tax on profit / (loss) at standard UK corporation rate of 19% (2021: 19%)	231	(3,830)
Effects of:		
- Expenses not deductible for tax purposes	78	863
- Land remediation relief claimed	(84)	1
- Rate difference	310	(1,544)
- Prior year adjustments	190	(119)
- Movement in deferred tax on inherited gain in revalued property	-	(735)
- Rate difference arising on revalued property	-	48
- Movement in unrecognised deferred tax	3	344
- Other	(1)	(2)
Company total tax for period	727	(4,974)

In the March 2021 Budget, the UK Government announced that legislation would be introduced in the Finance Bill 2021 to increase the main rate of UK Corporation Tax from 19% to 25%, effective 1 April 2023. The new legislation was substantively enacted in May 2021 and was fully enacted on 10 June 2021. In calculating the deferred tax assets and liabilities across the group we have used the rate substantively enacted at the balance sheet date of 25%.

9. Tangible fixed assets

	Freehold land and buildings £'000	Plant and equipment £'000	Structural refurbishment £'000	Total £'000
Cost or valuation:				
As at 28 June 2021	54,875	7,606	46,501	108,982
Additions	-	990	-	990
As at 3 July 2022	54,875	8,596	46,501	109,972
Depreciation:				
As at 28 June 2021	-	(3,943)	(1,535)	(5,478)
Charge for the period	-	(761)	(1,860)	(2,621)
As at 3 July 2022	-	(4,704)	(3,395)	(8,099)
Net book value:				
As at 3 July 2022	54,875	3,892	43,106	101,873
As at 27 June 2021	54,875	3,663	44,966	103,504

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

9. Tangible fixed assets (continued)

The land and buildings were valued by CBRE Limited in September 2022 on the basis of open market valuation in accordance with *The Royal Institution of Chartered Surveyors valuation standards – Global and UK, in effect from 31 January 2020*. This valuation supported the book value recorded above and the directors consider the book values above not to be impaired. The directors believe the conditions prevailing at the period end were materially the same as at the date of the valuation.

Freehold land and buildings with a carrying amount of £54.9 million (2021: £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.

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

	Freehold land and buildings £'000
Historical cost	
At 27 June 2021 and at 3 July 2022	3,410

10. Investments

	Shares in subsidiary companies £'000	Works of Art £'000	Total £'000
Cost:			
At 28 June 2021	91,812	1,223	93,035
Disposal	(5,539)	-	(5,539)
As at 3 July 2022	86,273	1,223	87,496
Provisions for impairment:			
At 28 June 2021	(3,298)	-	(3,298)
Provision disposed of	3,298	-	3,298
As at 3 July 2022	-	-	-
Net book value:			
As at 3 July 2022	86,273	1,223	87,496
As at 27 June 2021	88,514	1,223	89,737

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

In October 2021 the company disposed of its 100 per cent shareholding in Entertainment Theatres Limited. An impairment was recognised in the prior year in anticipation of the disposal.

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

10. Investments (continued)

Name of company	Holding	Proportion of voting rights and shares	Nature of business
GL Theatre Limited	Ordinary shares	100%	Theatre management
LW Theatres Limited	Ordinary shares	100%	Theatre management
New London Theatre Limited	Ordinary shares	100%	Theatre management
Stoll Moss Theatres (Pension Trustees) Limited	Ordinary shares	100%	Corporate pension trustee
The Adelphi Theatre Company Limited*	Ordinary shares	50%	Theatre management

* Held by a subsidiary undertaking.

11. Stocks

	3 July 2022 £'000	27 June 2021 £'000
Goods for resale	203	100

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

12. Debtors

	3 July 2022 £'000	27 June 2021 £'000
Trade debtors	2,028	329
Amounts owed by parent undertakings	60,793	60,793
Amounts owed by other group undertakings	688	2,758
Corporation tax	23	172
VAT	-	296
Producer account bookings	1,062	2,694
Prepayments and accrued income	396	516
	<u>64,990</u>	<u>67,558</u>

The amounts owed by parent or group undertakings represent intercompany unsecured trading balances with other group companies. Intercompany balances are repayable on demand and no interest is charged.

	3 July 2022 £'000	27 June 2021 £'000
Amounts receivable after more than one year	<u>1,493</u>	<u>-</u>

Amounts receivable after more than one year represents the mark to market valuation of the derivative financial instruments held by the company.

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

13. Creditors (amounts falling due within one year)

	3 July 2022 £'000	27 June 2021 £'000
Bank loans	35,000	45,000
Ticket advance	17,709	23,212
Trade creditors	5,697	2,525
Amounts owed to subsidiary undertakings	62,956	61,406
Social security and other taxes	4,681	896
Other creditors	3,898	980
Accruals and deferred income	2,840	3,148
	<u>132,781</u>	<u>137,167</u>

The amounts owed to subsidiary undertakings represents intercompany unsecured trading balances with other group companies. Intercompany balances are repayable on demand and no interest is charged.

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

	3 July 2022 £'000	27 June 2021 £'000
Bank loans	75,095	74,323
Parent company loan	11,122	10,322
Derivative financial instruments (see note 17)	-	1,034
	<u>86,217</u>	<u>85,679</u>

The company is the borrower under banking facilities totalling £118.8m provided by Handelsbanken plc. These facilities comprise a £75m term loan and £43.8m (2021: £45m) committed revolving credit facility, which is available for the group's general working capital purposes. The rate of interest on the loans is the aggregate of SONIA, the applicable margin, and mandatory costs and fees, if any. SONIA has been fixed on the term loan through to August 2023 (see note 17).

The facilities are secured on properties owned by the company and certain subsidiary undertakings. The terms of the loan restrict the company from making significant acquisitions or disposals without the consent of the lender.

The total carrying value of the loan is expressed by allocating the total expected finance costs payable over the life of the loan using a fixed effective annual interest rate of 3.10% (2021: 2.79%).

On 28 September 2022 the company entered into an Amendment and Restatement Agreement with Handelsbanken plc extending its bank facilities through to August 2026.

The parent company loan is a £10m, 8% (2021: 8%) interest-bearing loan from LW Theatres Holdings Limited and is repayable in December 2030. The loan is unsecured and subordinated to the company's bank borrowings.

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

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

Bank loans

	3 July 2022 £'000	27 June 2021 £'000
Between one and two years	75,095	-
Between two and five years	-	74,323
	<u>75,095</u>	<u>74,323</u>

Total borrowings

	3 July 2022 £'000	27 June 2021 £'000
Between one and two years	75,095	-
Between two and five years	-	74,323
After five years	11,122	10,322
	<u>86,217</u>	<u>84,645</u>

15. Provision for liabilities

	Deferred tax £'000
At 28 June 2021	3,579
Charged to profit and loss account	(1,480)
Charged to other comprehensive income	(1,100)
At 3 July 2022	<u>999</u>

In line with FRS 102 Section 29 the company has recognised a deferred tax liability relating to the potential gain on the sale of the company's theatre assets.

Deferred tax assets and liabilities are offset only where there is 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.

	3 July 2022 £'000	27 June 2021 £'000
Opening deferred tax balance	3,579	(2,184)
Deferred tax movement – current year	(980)	2,529
Deferred tax movement – prior year	(190)	157
Effect of change in tax rate	(310)	1,544
Deferred tax movement – current year to Comprehensive Income	(1,100)	846
Theatre assets	-	687
Closing deferred tax balance	<u>999</u>	<u>3,579</u>

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

16. Deferred taxation

An analysis of the deferred tax asset is shown below:

	3 July 2022 £'000	27 June 2021 £'000
Capital allowances in excess of depreciation	231	1,029
Short-term timing differences	(246)	481
Pension surplus	(3,425)	(2,375)
Losses	4,642	4,645
Theatre assets	(201)	(201)
Deferred tax	<u>999</u>	<u>3,579</u>

The directors are of the opinion that based on recent and forecast trading, it is more likely than not that the level of profits in future periods will be sufficient to enable the deferred tax asset to be recovered.

17. Financial instruments

Financial assets

	3 July 2022 £'000	27 June 2021 £'000
Measured at fair value through profit and loss:		
Derivative financial instruments (note 12)	<u>1,493</u>	<u>-</u>

Financial liabilities

	3 July 2022 £'000	27 June 2021 £'000
Measured at fair value through profit and loss:		
Derivative financial instruments (note 14)	-	1,034
Measured at amortised cost:		
Bank loans (note 14)	75,095	74,323
Measured at undiscounted amount payable:		
Bank loans (note 13)	35,000	45,000
Trade, social security and tax and other creditors (note 13)	<u>14,276</u>	<u>4,401</u>
	<u>124,371</u>	<u>124,758</u>

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

17. Financial instruments (continued)

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

	3 July 2022 £'000	27 June 2021 £'000
Interest income		
Total interest income for financial assets at amortised cost (note 4)	2	-
Interest expense		
Total interest expense for financial liabilities at amortised cost (note 4)	5,626	4,133
Fair value gains		
Total gains on derivative financial instruments measured at fair value through profit and loss	2,527	860

At 3 July 2022 the company has an interest rate swap contract with a principal amount of £60m (2021: £60m) with an asset fair value of £1.28m (2021: £0.66m liability), whereby interest is payable at a fixed interest rate of 0.785% (2021: 0.785%). The interest rate swap settles against the appropriate prevailing SONIA rate. The interest rate swap matures on 25 August 2023.

At 3 July 2022 the company had an interest rate swap contract with a principal amount of £15m (2021: £15m) with an asset fair value of £0.21m (2021: £0.37m liability), whereby interest is payable at a fixed interest rate of 1.39% (2021: 1.39%). The interest rate swap settles against the appropriate prevailing SONIA rate. The interest rate swap matures on 25 August 2023.

18. Called up share capital and reserves

	3 July 2022 £	27 June 2021 £
<i>Allotted, called up and fully paid:</i>		
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 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 the actuarial valuation of the company's defined benefit pension scheme.

19. Retirement benefit schemes

Defined contribution scheme

The company operates a defined contribution benefit scheme for all qualifying employees. The total expense charged to profit or loss in the period ended 3 July 2022 was £1,025,000 (2021: £713,000).

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

19. Retirement benefit schemes (continued)

Defined benefit scheme

The company operates a defined benefit multi-employer scheme, the assets and liabilities for which are held independently from the company. 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 closed to future accrual as at 30 June 2012. The scheme does not own any of the company's own property or financial instruments.

The scheme is a funded scheme and the trustees' funding objective is to hold assets which are at least equal to the technical provisions, that is, to meet the statutory funding objective. The contributions paid to the scheme are agreed by the trustees and the principal employer every three years, after obtaining the actuarial advice from the scheme actuary. The current schedule of contributions states that the company will not make any further contributions until at least 1 January 2025.

The most recent comprehensive actuarial valuation of scheme was carried out by an independent actuary, Mr. Ben Knight, Fellow of the Institute and Faculty of Actuaries for funding purposes using scheme membership data at the period end. This membership data has been used to calculate the 3 July 2022 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	
	2022	2021
Key assumptions used:		
Discount rate	3.70%	1.55%
Pension increases for in-payment benefits	3.15%/5%	2.85%/5%
Pension increases for deferred benefits	2.90%	2.30%
Inflation	2.90%	2.30%

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	
	2022 years	2021 years
<i>Retiring today:</i>		
Males	21.7	21.7
Females	24.2	24.1
<i>Retiring in 20 years:</i>		
Males	23.0	23.0
Females	25.6	25.5

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

19. Retirement benefit schemes (continued)

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

	Current service cost	
	2022	2021
	£m	£m
Net interest on net defined benefit (asset)	(0.2)	(0.3)
Administration costs incurred during the period	0.4	0.3
	<u>0.2</u>	<u>-</u>
Recognised in other comprehensive income:		
Total (income) / cost relating to defined benefit scheme	<u>(4.4)</u>	<u>7.8</u>

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:

	2022	2021
	£m	£m
Present value of defined benefit obligations	(53.4)	(77.0)
Fair value of scheme assets	<u>67.1</u>	<u>86.5</u>
Net asset recognised in the balance sheet	<u>13.7</u>	<u>9.5</u>

Reconciliation of net assets position:

	2022	2021
	£m	£m
Balance brought forward	9.5	17.3
Net interest on net defined benefit asset	0.2	0.3
Remeasurement effect recognised in OCI	4.4	(7.8)
Administration costs incurred in the period	<u>(0.4)</u>	<u>(0.3)</u>
Net asset recognised in the balance sheet	<u>13.7</u>	<u>9.5</u>

Reconciliation of net liability position:

	2022	2021
	£m	£m
Balance brought forward	77.0	79.7
Interest costs on the defined benefit obligation	1.4	1.2
Administration costs and taxes	0.4	0.3
Net actuarial (gain) / losses	<u>(22.7)</u>	<u>(0.5)</u>
Disbursements from plan assets	<u>(2.7)</u>	<u>(3.7)</u>
Net asset recognised in the balance sheet	<u>53.4</u>	<u>77.0</u>

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

19. Retirement benefit schemes (continued)

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 Trustees have 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.

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

	2022 £m	2021 £m
Balance brought forward	86.5	97.0
Interest income on scheme assets	1.6	1.5
Return on plan assets (excluding net interest cost)	(18.3)	(8.3)
Benefits paid	(2.3)	(3.4)
Administrative costs paid	(0.4)	(0.3)
Balance carried forward	<u>67.1</u>	<u>86.5</u>
 Total return on scheme assets	 <u>(16.7)</u>	 <u>(6.8)</u>

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

	Fair value of assets	
	2022 £m	2021 £m
Diversified growth funds	4.2	8.1
Debt instruments	59.9	64.5
Cash	0.4	13.9
Other quoted securities	2.6	-
	<u>67.1</u>	<u>86.5</u>

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.

LW Theatres Group Limited

Notes to the financial statements for the period ended 3 July 2022 (continued)

21. Related party transactions

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.

Current period results included payment of £545k (2021: £617k) made to The Really Useful Group Limited, a related party, for directors remuneration, salary recharges and occupancy costs. Amounts owed to this related party from the company at the reporting date were £59k (2021: £7k) and are included in creditors.

During the period the company charged The Really Useful Group Limited for services in the ordinary course of business at a cost of £17k (2021: £122k). Amounts owed by this related party to the company at the reporting date were £11k (2021: £33k) and are included in debtors.

The company made a loan to Lord A Lloyd Webber of £112k (2021: £nil) during the period, which is included in debtors.

22. Subsequent events

On 28 September 2022 the group entered into an Amendment and Restatement Agreement with Handelsbanken plc extending its bank facilities through to August 2026.