
LONDON THEATRE COMPANY HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021



LONDON THEATRE COMPANY HOLDINGS LIMITED

COMPANY INFORMATION

Directors	J D S Booth L M Dorfman N R Hytner N F Starr G H Weston T Yeung Siu Tung
Company secretary	A I M Leveson
Registered number	09073223
Registered office	7 Savoy Court London WC2R 0EX
Independent auditors	BKL Audit LLP Chartered Accountants & Statutory Auditor 35 Ballards Lane London N3 1XW

LONDON THEATRE COMPANY HOLDINGS LIMITED

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LONDON THEATRE COMPANY HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

Introduction

The Directors present their strategic report on the affairs of London Theatre Company group (the Group) for the 52-week period to 30 September 2021 (the period).

Business review

The principal activity of the Group continued to be that of producing theatrical productions and operating the Bridge Theatre. The period was the fourth year of operations at the Bridge since its opening in October 2017 as London's first new commercial theatre of scale in 50 years.

2020/21 was a period of heightened turbulence from Covid, not just for the Bridge, its employees and the freelancers who create and deliver our work, but also for our audiences, whose confidence is key to our ability to trade and generate income. Our resourcefulness was tested to the full as we found the balance in re-opening the theatre and returning to production, protecting the theatre's financial position, and carrying the support and confidence of the public.

Prior to the period beginning 1 October 2020, the Bridge had been amongst the very first theatres to re-open on 27 August 2020 after the initial lock-down, with Ralph Fiennes on stage in a world premiere monologue *Beat The Devil* (subsequently filmed by Annapurna), and then a multi show per day repertory of Alan Bennett's *Talking Heads* (following from our producing new TV versions of these for the BBC during the initial lockdown), Inua Ellams' *An Evening with an Immigrant*, Yolanda Mercy's *Quarter Life Crisis* and Zodwa Nyoni's *Nine Lives* playing through to the end of October 2020. The Bridge's innovative and flexible seating allowed us to respond to the measurement criteria for social distancing and create an atmosphere with an audience capacity of no more than 265. The second national lock-down introduced on 5 November pushed the opening of *A Christmas Carol* back to early December, and the third, introduced a few weeks later, brought that production to an early close after only 17 performances. As the new period of social restrictions was extended through the spring of 2021, productions planned had to be serially cancelled and it wasn't until May 2021 that we were able to open the diorama show *Flight*, and not until late June that we could open the new play *Bach & Sons*, with Simon Russell Beale in the lead; although legal capacity restrictions were removed at this point, audience confidence remained low; and the production's run was interrupted for 10 days with an outbreak of Covid amongst the acting company.

Such disruptions continued following the end of the period: although the short run for the UK premiere of Suzan-Lori Parks' *White Noise* was presented without interruption in October 2021, the Omicron variant caused a cancellation of crucial Christmas sales of Philip Pullman's *La Belle Sauvage - Book of Dust* shortly after its well-received opening. Only with *Straight Line Crazy* led by Ralph Fiennes, which opened in March 2022 and ran extremely successfully for 14-weeks to early summer, was the theatre able to enjoy the sustained fruits of critical and public acclaim once more.

Box office income was significantly impacted by Government enforced lockdowns. We were limited in the number of performances that we were able to present: excluding the diorama show *Flight*, which we co-presented with the Barbican, there were 170 performances (74 in the initial reopening monologue season, where we could play up to 3 performances/day; 17 of *A Christmas Carol*; and then once we reopened in June 2021, 79 performances of *Bach and Sons*). There were around 75,000 tickets sold across the year, representing 77% of available (socially distanced) physical capacity, and generating total gross ticket sales of £2.11m (broadly 66% of financial capacity). Theatre tax credits are also a significant contributor to our financial model, though reduced production activity meant a lower claim for the year of £225k (2019/20: £330k).

Trading operations likewise suffered from the extended closure and from the need to adjust to operating in a Covid-secure landscape: indications of this are food and bar sales of £197k (even 2019/20, half of which was impacted by Covid, saw £534k sales), and a disappearance of events income (£4k; 2019/20: £115k).

LONDON THEATRE COMPANY HOLDINGS LIMITED

GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

Our priority throughout this period was to ensure our immediate survival, and then to re-establish financial viability against a constantly shifting environment. Building on the rationalisation of costs that we had undertaken following the first lockdown, which included significant executive voluntary pay cuts as well as some administrative and operational redundancies, and further negotiation of supplier relationships to facilitate cash flow management, we were grateful for further Government support in the form of the Coronavirus Job Retention Scheme and reduced VAT rates on theatre tickets.

As our operating costs are largely fixed (subject to external market pressures, such as the recent crisis in energy costs) and we are entirely dependent upon earned income from box office, bar and catering, and ancillary exploitation, we remain reliant on the ability to open the theatre for performances. Both the impact of the extended lockdowns in 2021 and the challenges posed to advance planning and creation of productions by the stop-start nature of the disruptions over this period, meant that our cash position was heavily impacted over the period. In late 2020, we secured repayable finance of £5m from the Government's Culture Recovery Fund to support our cash shortfall and help a return to financial viability. The emergence of the Omicron variant in autumn 2021, following the end of the financial period contained in these accounts, had an equally severe impact and saw this loan increased by a further £1.5m, drawn at the end of March 2022. We remain grateful for this support and are focused on plans oriented towards the repayment of this debt.

Overall, while turnover in 2020/21 was down by £2.93m against 2019/20, reductions in production and operational costs, including salary cuts and suspensions by the leadership team, along with support realised through the Government's furlough scheme, limited the annual operating loss to £2.64m (2019/20: operating loss of £2.02m).

Notwithstanding the annual financial result, we feel we have good grounds for optimism in the future prospects for London Theatre Company as a resilient, inventive and entrepreneurial organisation. The Bridge is popular, flexible and capacious and can produce effectively and economically. It has proved particularly successful, critically and financially, when playing in an immersive format, with audience and actors sharing the space, and this format will put to good service for a major new production directed by Nicholas Hytner of *Guys and Dolls*, opening in February 2023.

At the time of writing, we have recently completed the investment round for Lightroom, a joint venture with 59 Productions that will open an immersive/projected art and exhibition space at our exceptionally exciting new premises at King's Cross in late 2022, with the initial show created in collaboration with David Hockney.

Principal risks and uncertainties

Commercial risk & financial sustainability

The Group's principal risk is a downturn in theatre attendance and the failure to achieve box office targets, through programming, weak productions or – as has been apparent throughout the pandemic – the wider impact of the economic climate on the theatre-going public.

The impact of other social and political factors is also a risk here, in particular the speed with which the sector is able to recover more thoroughly from the Covid-19 pandemic and reattract audiences, particularly in the face of a rising cost of living crisis: although legal capacity limits were withdrawn by the time the Bridge reopened in June 2021, audience figures remained low, with a clear hesitancy to return to public spaces; and the impact of the current precipitous rises in inflation and energy prices, alongside the ongoing economic impact of Brexit, are likely to further impact on audience numbers.

Financial risk also impacts us in the context of the requirement to repay the Culture Recovery Fund loan.

Whilst theatre attendances have historically weathered economic downturns, we are committed to attracting customers with distinctive and high-quality productions; and our revised strategy for the Bridge in future years

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GROUP STRATEGIC REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

puts significant weight on the uniqueness of the theatre's auditorium. We are confident that our investment in developing new shows should help to mitigate the impact of market uncertainties, enabling us to take a longer-term strategic view.

Further mitigation comes through annual budgeting, monthly management reporting, regular reviews of pricing strategy and reviews of our business model with our board.

Cash flow risk

The Group is reliant upon advance box office to support positive cash flow. This risk is monitored regularly and the company has control over when future productions are announced and put on sale, allowing a degree of flexibility in managing cash flow. The receipt of the Group's loan from the Culture Recovery Fund (given their maturity profiles) should ensure longer-term cash flow stability.

Credit risk

Credit risk is mitigated as the Group largely operates its own ticketing, with sales to the general public settled at the point of purchase and low credit risk on its merchant provider. A small number of sales are made via third party agents, though strong contractual protection and close monitoring of debtors limits risk.

Health, safety & security risk

The Group mitigates the inherent risks of theatre production and presentation (e.g. manual handling) and the challenges of operating a busy public venue through a robust management and reporting structure for safety issues, staff training and investigation of near misses and incidents, drawing on specialist external support where required. Significant work has been done on Covid-safe operational protocols.

Financial key performance indicators

The Group considers its key performance indicators to be turnover and profit before tax. Details of these can be found on page 10 of these financial statements.

Other key performance indicators

The directors also examine the performance and position of the business by reference to a range of non-financial metrics, including productions and overall performance numbers, attendances and occupancy (touched upon above) and total ticket sales.

Occupancy figures have been touched upon above, though in light of the disruption presented by the pandemic, the directors regard the other metrics as of limited utility in assessing the period presented in these accounts.

This report was approved by the board and signed on its behalf.

Nicholas Starr

N F Starr
Director

Date: 28/09/2022

LONDON THEATRE COMPANY HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2021

The directors present their report and the audited financial statements for the year ended 30 September 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group 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 the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principal activity of the Company is that of a holding company for the London Theatre Company group, set up to develop and run independent theatres in London and produce new and distinctive theatrical productions.

Results and dividends

The loss for the year, after taxation, amounted to £2,866,135 (2020 - loss £1,736,428).

Directors

The directors who served during the year were:

J D S Booth
L M Dorfman
N R Hytner
N F Starr
G H Weston
T Yeung Siu Tung

LONDON THEATRE COMPANY HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2021

Future developments

The directors remain optimistic about the continued growth of the business in future years. The year saw two key strategic steps being taken - first, the scheduling of a longer run of Guys and Dolls at the Bridge for 2023; and second, the diversification of the Group's activities within the live entertainment space through raising new finance to utilise the Group's lease at King's Cross. Whilst Covid-19 resulted in some challenges across the industry and led to the Group's increasing its leverage with a loan from the Culture Recovery Fund, the executive remains confident in the longer-term health of its business.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditors are unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditors are aware of that information.

Post balance sheet events

Subsequent to the year end, practical completion of the lease held in a subsidiary company at Kings Cross took place in October 2021. Following practical completion a pre-construction service agreement was signed with expenditure to December 2022 forecast to be £4,400,000.

Auditors

During the year, Berg Kaprow Lewis LLP acted as auditor to the company until 31 March 2022. On 31 March 2022, Berg Kaprow Lewis LLP transferred its audit business to a new LLP, BKL Audit LLP. The directors consented to treating the appointment of Berg Kaprow Lewis LLP as extending to BKL Audit LLP with effect from 1 April 2022.

Under section 487(2) of the Companies Act 2006, BKL Audit LLP will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.

Nicholas Starr

N F Starr
Director

Date: 28/09/2022

LONDON THEATRE COMPANY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON THEATRE COMPANY HOLDINGS LIMITED

Opinion

We have audited the financial statements of London Theatre Company Holdings Limited (the 'parent Company') and its subsidiaries (the 'Group') for the year ended 30 September 2021, which comprise the Group Statement of Comprehensive Income, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows, the Group and Company Statement of Changes in Equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 30 September 2021 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 Group's or 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.

LONDON THEATRE COMPANY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON THEATRE COMPANY HOLDINGS LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditors' 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.

Opinion 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 Group 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 Group Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

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

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

LONDON THEATRE COMPANY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON THEATRE COMPANY HOLDINGS LIMITED (CONTINUED)

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Auditors' 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 Auditors' 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 Group financial statements.

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:

- Enquiring of management around actual and potential litigation and claims;
- Reviewing minutes of meetings of those charged with governance;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Performing audit work over the risks of management override of controls, including testing of journal entries and other adjustments for appropriateness, evaluating business rationale of significant transactions outside the normal course of business and reviewing accounting estimates for bias.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

As part of an audit in accordance with ISAs (UK), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion of the effectiveness of the Company's internal control.

LONDON THEATRE COMPANY HOLDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF LONDON THEATRE COMPANY HOLDINGS LIMITED (CONTINUED)

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 Auditors' 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.

M Neville

Myfanwy Neville FCA (Senior Statutory Auditor)

for and on behalf of
BKL Audit LLP

Chartered Accountants
Statutory Auditor

Date: 28/09/2022

LONDON THEATRE COMPANY HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	Note	2021 £	As restated 2020 £
Turnover	4	4,191,748	7,455,947
Cost of sales		(2,957,625)	(4,228,560)
Gross profit		1,234,123	3,227,387
Charitable donation		(300,000)	(1,147,406)
Administrative expenses		(4,232,005)	(4,936,327)
Other operating income	6	577,344	837,024
Operating loss	7	(2,720,538)	(2,019,322)
Interest receivable and similar income		206	530
Interest payable and similar expenses	11	(160,774)	(65,029)
Loss before taxation		(2,881,106)	(2,083,821)
Tax on loss	12	14,971	347,393
Loss for the financial year		(2,866,135)	(1,736,428)
(Loss) for the year attributable to:			
Owners of the parent Company		(2,866,135)	(1,736,428)
		(2,866,135)	(1,736,428)

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 17 to 39 form part of these financial statements.

LONDON THEATRE COMPANY HOLDINGS LIMITED
REGISTERED NUMBER: 09073223

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	2021 £	As restated 2020 £
Fixed assets			
Intangible assets	13	26,595	35,494
Tangible assets	14	14,979,744	14,937,991
		<u>15,006,339</u>	<u>14,973,485</u>
Current assets			
Stocks		16,875	10,109
Debtors	16	1,471,448	1,564,125
Cash at bank and in hand	17	2,000,679	334,321
		<u>3,489,002</u>	<u>1,908,555</u>
Creditors: amounts falling due within one year	18	(3,953,902)	(4,535,053)
Net current liabilities		<u>(464,900)</u>	<u>(2,626,498)</u>
Total assets less current liabilities		<u>14,541,439</u>	<u>12,346,987</u>
Creditors: amounts falling due after more than one year	19	(5,959,521)	(912,317)
Net assets		<u><u>8,581,918</u></u>	<u><u>11,434,670</u></u>
Capital and reserves			
Called up share capital	21	885	885
Share premium account	22	15,999,135	15,999,135
Capital redemption reserve	22	15	15
Other reserves	22	50,267	36,884
Profit and loss account	22	(7,468,384)	(4,602,249)
		<u><u>8,581,918</u></u>	<u><u>11,434,670</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

Nicholas Starr

N F Starr
Director

Date: 28/09/2022

The notes on pages 17 to 39 form part of these financial statements.

LONDON THEATRE COMPANY HOLDINGS LIMITED
REGISTERED NUMBER: 09073223

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	15	104	103
		<u>104</u>	<u>103</u>
Current assets			
Debtors	16	20,777,583	17,321,582
Cash at bank and in hand	17	1,553,494	175,501
		<u>22,331,077</u>	<u>17,497,083</u>
Creditors: amounts falling due within one year	18	(1,577,554)	(1,628,754)
Net current assets		<u>20,753,523</u>	<u>15,868,329</u>
Total assets less current liabilities		<u>20,753,627</u>	<u>15,868,432</u>
Creditors: amounts falling due after more than one year	19	(5,061,095)	-
Net assets		<u><u>15,692,532</u></u>	<u><u>15,868,432</u></u>
Capital and reserves			
Called up share capital	21	885	885
Share premium account	22	15,999,135	15,999,135
Capital redemption reserve	22	15	15
Other reserves	22	50,267	36,884
Profit and loss account brought forward		(168,487)	(88,443)
Loss for the year		(189,283)	(80,044)
Profit and loss account carried forward		(357,770)	(168,487)
		<u><u>15,692,532</u></u>	<u><u>15,868,432</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
Nicholas Starr

N F Starr
Director 28/09/2022

The notes on pages 17 to 39 form part of these financial statements.

LONDON THEATRE COMPANY HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Equity attributable to owners of parent Company £	Total equity £
At 1 October 2019 (as previously stated)	885	15,999,135	15	24,317	(2,821,428)	13,202,924	13,202,924
Prior year adjustment	-	-	-	-	(44,393)	(44,393)	(44,393)
At 1 October 2019 (as restated)	885	15,999,135	15	24,317	(2,865,821)	13,158,531	13,158,531
Loss for the year	-	-	-	-	(1,736,428)	(1,736,428)	(1,736,428)
Credit relating to equity-settled share based payment	-	-	-	12,567	-	12,567	12,567
At 1 October 2020 (as previously stated)	885	15,999,135	15	36,884	(4,740,690)	11,296,229	11,296,229
Prior year adjustment	-	-	-	-	138,441	138,441	138,441
At 1 October 2020 (as restated)	885	15,999,135	15	36,884	(4,602,249)	11,434,670	11,434,670
Loss for the year	-	-	-	-	(2,866,135)	(2,866,135)	(2,866,135)
Credit relating to equity-settled share based payment	-	-	-	13,383	-	13,383	13,383
At 30 September 2021	885	15,999,135	15	50,267	(7,468,384)	8,581,918	8,581,918

The notes on pages 17 to 39 form part of these financial statements.

LONDON THEATRE COMPANY HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	Called up share capital £	Share premium account £	Capital redemption reserve £	Other reserves £	Profit and loss account £	Total equity £
At 1 October 2019	885	15,999,135	15	24,317	(88,443)	15,935,909
Comprehensive income for the year						
Loss for the year	-	-	-	-	(80,044)	(80,044)
Total comprehensive income for the year	-	-	-	-	(80,044)	(80,044)
Credit relating to equity-settled share based payment	-	-	-	12,567	-	12,567
At 1 October 2020	885	15,999,135	15	36,884	(168,487)	15,868,432
Comprehensive income for the year						
Loss for the year	-	-	-	-	(189,283)	(189,283)
Total comprehensive income for the year	-	-	-	-	(189,283)	(189,283)
Contributions by and distributions to owners						
Credit relating to equity-settled share based payment	-	-	-	13,383	-	13,383
At 30 September 2021	885	15,999,135	15	50,267	(357,770)	15,692,532

The notes on pages 17 to 39 form part of these financial statements.

LONDON THEATRE COMPANY HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

	2021 £	As restated 2020 £
Cash flows from operating activities		
Loss for the financial year	(2,866,135)	(1,736,428)
Adjustments for:		
Amortisation of intangible assets	28,899	28,899
Depreciation of tangible assets	476,422	474,792
Loss on disposal of tangible assets	415	11,007
Income received under the Coronavirus Job Retention Scheme	(525,492)	(701,021)
Interest paid	160,774	65,029
Interest received	(206)	(530)
Taxation charge	(14,971)	(347,394)
(Increase)/decrease in stocks	(6,766)	2,069
(Increase)/decrease in debtors	(134,323)	620,186
(Decrease)/increase in creditors	(428,427)	849,228
Corporation tax received	329,833	603,635
Net cash generated from operating activities	(2,979,977)	(130,528)
Cash flows from investing activities		
Purchase of intangible fixed assets	(20,000)	(20,000)
Purchase of tangible fixed assets	(518,173)	(545,288)
Sale of tangible fixed assets	(415)	(9,255)
Income received under the Coronavirus Job Retention Scheme	-	701,021
Government grants received	525,492	-
Purchase of fixed asset investments	(1)	-
Interest received	206	530
Net cash from investing activities	(12,891)	127,008
Cash flows from financing activities		
Receipt of Culture Recovery Fund loan	5,000,000	-
Repayment of shareholder loans	(180,000)	-
Interest paid	(160,774)	(65,029)
Net cash used in financing activities	4,659,226	(65,029)
Net increase/(decrease) in cash and cash equivalents	1,666,358	(68,549)

LONDON THEATRE COMPANY HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2021

	2021 £	As restated 2020 £
Cash and cash equivalents at beginning of year	334,321	402,870
Cash and cash equivalents at the end of year	2,000,679	334,321
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	2,000,679	334,321
	2,000,679	334,321

The notes on pages 17 to 39 form part of these financial statements.

LONDON THEATRE COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

1. General information

The principal activity of the Company is that of a holding company for the London Theatre Company group, set up to develop and run independent theatres in London and produce new and distinctive theatrical productions.

The Company is a private company limited by shares and is incorporated in England and Wales.

The registered office address is 7 Savoy Court, London, WC2R 0EX.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of Financial Position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

LONDON THEATRE COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.3 Going concern

The directors have assessed whether the Company and the Group have adequate resources to meet their obligations as they fall due and beyond the 12 months from the date of the approval of these financial statements, considering in particular the challenges that the past 2 years have posed for the Company and the wider Group's activities.

The Company has an outstanding shareholder loan, advanced pre-pandemic to facilitate cash flow management, as well as £5m in debt from the Culture Recovery Fund. The disruption caused by the emergence of the Omicron variant in late 2021 led to the Company securing a further £1.5m loan from the Culture Recovery Fund, which was drawn down on 31 March 2022, intended to support the ongoing operations of the Group as a whole; monthly repayment instalments of this additional £1.5m do not start until early 2024, with repayments on the £5m original loan deferred until early 2025. In addition to this additional external support, the Company will not call in any amounts due from its subsidiaries until the Culture Recovery Fund and external shareholder loans are due for repayment at the earliest, but in reality will not call these debts in at any time that would prejudice its subsidiaries to make the repayments. In addition, the Culture Recovery Fund have confirmed that their intention is to support cultural organisations such as the London Theatre Company.

From early during the pandemic, the board have continued to review scenario planning and financial modelling on an ongoing basis and this has informed planning for the remainder of 2022 and for 2023. A revival of A Christmas Carol in December 2022 alongside the much awaited showing of Guys and Dolls in 2023 should maximise the potential for cash generation as winter turns to spring. Alongside the activity at The Bridge, the Group are due to commence construction on the Lightroom, an immersive projected art experience due to open in late 2022.

The Group has committed to lease and construction costs £4.4m due to be completed in December 2022 for the building intended to house the Lightroom project and the investment completed for this in mid-August 2022, raising a total of £7.5m.

In light of all the above, the directors have prepared these accounts on a going concern basis.

LONDON THEATRE COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Sale of tickets

Revenue from ticket sales is recognised on the date of the performance for which the tickets were purchased.

Membership sales

Revenue from membership sales accrues evenly over the period of membership.

Other income

Other income relates to food, beverage and merchandise sales. Revenue is recognised at the point of sale.

Cinema streaming

Revenue from cinema streaming is recognised on the date the income is received and settled by the broadcast partner.

BBC Production income

Income in relation to the BBC production contract is recognised in accordance with the various phases of the project as detailed in the legal agreement.

Foreign transmission income

Income from the foreign transmission of the Talking Heads productions is recognised on receipt under the relevant distribution contract.

Theatre commission income

Revenue is recognised on a production by production basis, on the date of the press night, as this is when the Company has fulfilled its obligation under the terms of the production commissioning agreement.

2.5 Coronavirus Job Retention Scheme income and expenditure

Furlough income is receivable as compensation for salary expenses already incurred and to give immediate financial support to the Company with no future related costs. This income is recognised in the Statement of Income and Retained Earnings in the same period as the related expenditure.

LONDON THEATRE COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

Temporary rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised on a systematic basis over the periods that the change in lease payments is intended to compensate. This is conditional on:

- the change in lease payments resulting in revised consideration for the lease that is less than the consideration for the lease immediately preceding the change;
- any reduction in lease payments affecting only payments originally due on or before 30 June 2022;
- there being no significant change to other terms and conditions of the lease.

2.7 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Borrowing costs

All borrowing costs are recognised in profit or loss in the year in which they are incurred.

2.9 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Group in independently administered funds.

LONDON THEATRE COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.10 Share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

The fair value of the award also takes into account non-vesting conditions. These are either factors beyond the control of either party (such as a target based on an index) or factors which are within the control of one or other of the parties (such as the Group keeping the scheme open or the employee maintaining any contributions required by the scheme).

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, profit or loss is charged with fair value of goods and services received.

The Group has taken advantage of the exemption available on transition to FRS 102 under FRS 102 section 35.10(b) to account for share warrants entered into before the transition date of 10 October 2015.

2.11 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

LONDON THEATRE COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

2. Accounting policies (continued)

2.12 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The Group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold improvements	- 5-50 years straight line
Fixtures and fittings	- 3-50 years straight line
Computer equipment	- 3 year straight line
Theatre technical equipment	- 5 year straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

LONDON THEATRE COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.15 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

2.16 Production costs

Production costs, including rehearsal costs, are recognised in the Consolidated Statement of Income and Retained Earnings on the date of the press night performance, on the assumption that the production income is expected to exceed the costs incurred.

Should costs be incurred in excess of what is expected to be recouped through box office sales, these costs are then expensed immediately to the Consolidated Statement of Income and Retained Earnings.

2.17 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

LONDON THEATRE COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

2. Accounting policies (continued)

2.18 Financial instruments

The Group only enters into basic financial instruments and transactions that result in the recognition of financial assets and other debtors and creditors and loans to and from related parties.

(i) Financial assets

Basic financial assets, including other debtors, and amounts due from related companies are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

Such assets are subsequently carried at amortised cost using the effective interest method.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in the Statement of Income and Retained Earnings.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party or (c) control of the asset has been transferred to another party who has the practical ability to unilaterally sell the asset to an unrelated third party without imposing additional restrictions.

(ii) Financial liabilities

Basic financial liabilities, including accruals, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

(iii) Offsetting

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

LONDON THEATRE COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2021

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

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of Financial Position date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

(i) Share-based payments

Certain employees have been granted share options that require a fair value methodology to value the options at the date of grant as detailed in accounting policy 2.10 and note 23.

(ii) Useful economic life of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are reassessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets. See note 14 for the carrying amount of the property, plant and equipment and accounting policy 2.13 for the useful economic lives for each class of assets.

(iii) Useful economic life of intangible assets

The annual amortisation charge for intangible assets is sensitive to technological advances. The useful economic life of the capitalised website costs is reassessed annually and is amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the changing need for the website's offering. See note 13 for the carrying amount of the website costs and accounting policy 2.12 for the useful economic lives for each class of assets.

(iv) Recognition of a deferred tax asset

A deferred tax asset is recognised in these financial statements arising from accumulated trading losses that will be used against future profits. The extent to which this asset is recognised is based on an estimation of expected future profits, calculated using the most recent cashflow forecasts projections prepared by management. The estimation of these is therefore judgemental by nature.

LONDON THEATRE COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	As restated 2020 £
Box office income	2,118,530	4,487,600
Cinema streaming income	14,575	35,858
Membership income	102,868	130,564
Membership income	196,677	533,923
BBC production income	1,728,054	2,058,088
BBC production income	4,000	115,154
Trading and other income	27,044	94,760
	<u>4,191,748</u>	<u>7,455,947</u>

All turnover arose within the United Kingdom.

5. Charitable donation

	2021 £	2020 £
NHS Charities Together	300,000	1,147,406
	<u>300,000</u>	<u>1,147,406</u>

The above donation was a result of the activity of a newly formed subsidiary, LTC Talking Heads Limited. The Company was established at the start of the Covid pandemic to produce a remake of Alan Bennett's original Talking Heads monologues, together with two new pieces, in accordance with social distancing rules, with its collective of writer, actors, directors, producer and heads of department waiving usual fees to facilitate a donation of over £1m to NHS Charities Together.

6. Other operating income

	2021 £	2020 £
Other operating income	51,852	136,003
Government grants receivable	525,492	701,021
	<u>577,344</u>	<u>837,024</u>

LONDON THEATRE COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

7. Operating loss

The operating loss is stated after charging:

	2021 £	2020 £
Amortisation	28,899	28,899
Depreciation	(476,421)	474,792
Other operating lease rentals	405,625	298,495
Share based payment	13,383	12,567
	<u> </u>	<u> </u>

8. Auditors' remuneration

	2021 £	2020 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	10,950	10,600
	<u> </u>	<u> </u>

Fees payable to the Group's auditor and its associates in respect of:

Audit-related assurance services	39,235	37,500
Taxation compliance services	8,000	8,000
All other services	1,300	-
	<u> </u>	<u> </u>
	<u>48,535</u>	<u>45,500</u>

LONDON THEATRE COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

9. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Wages and salaries	2,134,919	2,741,204	-	-
Social security costs	175,270	177,233	-	-
Cost of defined contribution scheme	32,924	42,170	-	-
	<u>2,343,113</u>	<u>2,960,607</u>	<u>-</u>	<u>-</u>

The average monthly number of employees, including the directors, during the year was as follows:

	Group 2021 No.	<i>Group 2020 No.</i>	Company 2021 No.	<i>Company 2020 No.</i>
Front of house	77	81	-	-
Head office	34	40	6	6
	<u>111</u>	<u>121</u>	<u>6</u>	<u>6</u>

10. Directors' remuneration

	2021 £	<i>2020 £</i>
Directors' emoluments	233,786	300,000
	<u>233,786</u>	<u>300,000</u>

The highest paid director received remuneration of £105,325 (2020 - £118,953).

11. Interest payable and similar expenses

	2021 £	<i>2020 £</i>
Other loan interest payable	160,774	65,029
	<u>160,774</u>	<u>65,029</u>

LONDON THEATRE COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

12. Taxation

	2021 £	2020 £
Corporation tax		
Current tax on profits for the year	(224,971)	(330,393)
	<u>(224,971)</u>	<u>(330,393)</u>
Total current tax	<u>(224,971)</u>	<u>(330,393)</u>
Deferred tax		
Origination and reversal of timing differences	210,000	(17,000)
Total deferred tax	<u>210,000</u>	<u>(17,000)</u>
Taxation on loss on ordinary activities	<u>(14,971)</u>	<u>(347,393)</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	2021 £	2020 £
Loss on ordinary activities before tax	(2,881,106)	(2,083,821)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	(547,410)	(395,926)
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	2,853	3,851
Capital allowances for year in excess of depreciation	17,055	11,489
Theatre tax credits receivable	(224,971)	(330,393)
Group relief	7,830	39,217
Adjustment deferred tax to closing rate 19%	(425,289)	(58,620)
Adjustments to tax charge in respect of prior periods	28,808	(26,345)
Movement in deferred tax not recognised	1,126,153	409,334
Total tax charge for the year	<u>(14,971)</u>	<u>(347,393)</u>

LONDON THEATRE COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

12. Taxation (continued)

Factors that may affect future tax charges

A deferred tax asset in relation to accumulated losses has been recognised in previous years to the extent that future projections and forecasts indicated that it will be used in the foreseeable future, which for the purpose of this estimate is within the next five years. Each year, projections and forecasts are reviewed to ensure any deferred tax asset recognised is reasonable in light of the Company's ability to use this against future profits in the foreseeable future. No deferred tax asset has been recognised for 2021.

Total group losses carried forward amount to £13.8m (2020: £10.5m) that can be offset against future taxable profits.

13. Intangible assets

Group and Company

	Development expenditure £
Cost	
At 1 October 2020	164,497
Additions	20,000
At 30 September 2021	184,497
Amortisation	
At 1 October 2020	129,003
Charge for the year	28,899
At 30 September 2021	157,902
Net book value	
At 30 September 2021	26,595
At 30 September 2020	35,494

LONDON THEATRE COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. Tangible fixed assets

Group

	Long-term leasehold property £	Fixtures and fittings £	Leasehold Improvements £	Computer equipment £
Cost or valuation				
At 1 October 2020	14,305,733	420,475	907,740	76,104
Additions	-	17,924	421,924	13,299
At 30 September 2021	14,305,733	438,399	1,329,664	89,403
Depreciation				
At 1 October 2020	773,932	213,142	-	51,283
Charge for the year	274,737	80,005	-	12,697
At 30 September 2021	1,048,669	293,147	-	63,980
Net book value				
At 30 September 2021	13,257,064	145,252	1,329,664	25,423
At 30 September 2020	13,531,801	207,333	907,740	24,821

LONDON THEATRE COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

14. Tangible fixed assets (continued)

	Other fixed assets £	Total £
Cost or valuation		
At 1 October 2020	522,865	16,232,917
Additions	65,027	518,174
At 30 September 2021	587,892	16,751,091
Depreciation		
At 1 October 2020	256,569	1,294,926
Charge for the year	108,982	476,421
At 30 September 2021	365,551	1,771,347
Net book value		
At 30 September 2021	222,341	14,979,744
At 30 September 2020	266,296	14,937,991

LONDON THEATRE COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

15. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost	
At 1 October 2020	103
Additions	1
At 30 September 2021	<u>104</u>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
London Theatre Company Productions Limited	7 Savoy Court, London, WC2R 0EX	Ordinary	100%
LTC Talking Heads Limited	7 Savoy Court, London, WC2R 0EX	Ordinary	100%
LTC OTB Limited	7 Savoy Court, London, WC2R 0EX	Ordinary	100%
LTC KX Limited	7 Savoy Court, London, WC2R 0EX	Ordinary	100%
KX Lightroom Limited	7 Savoy Court, London, WC2R 0EX	Ordinary	100%

Indirect subsidiary undertaking

The following was an indirect subsidiary undertaking of the Company:

Name	Registered office	Class of shares	Holding
London Theatre Company Staging Limited	7 Savoy Court, London, WC2R 0EX	Ordinary	100%

LONDON THEATRE COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

16. Debtors

	Group		Company	
	2021	<i>Group</i>	2021	<i>Company</i>
	£	<i>2020</i>	£	<i>2020</i>
		£		£
Due after more than one year				
Other debtors	25,000	43,731	-	-
	25,000	43,731	-	-
Due within one year				
Trade debtors	36,044	25,619	-	-
Amounts owed by group undertakings	-	-	20,776,199	17,320,042
Other debtors	842,784	851,030	15	170
Prepayments and accrued income	544,620	621,995	1,369	1,370
Tax recoverable	23,000	21,750	-	-
	1,471,448	1,564,125	20,777,583	17,321,582

Amounts owed by group undertakings due in less than one year are unsecured, interest-free, have no fixed repayment date and are repayable on demand.

17. Cash and cash equivalents

	Group		Company	
	2021	<i>Group</i>	2021	<i>Company</i>
	£	<i>2020</i>	£	<i>2020</i>
		£		£
Cash at bank and in hand	2,000,679	334,321	1,553,494	175,501
	2,000,679	334,321	1,553,494	175,501

LONDON THEATRE COMPANY HOLDINGS LIMITED

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18. Creditors: Amounts falling due within one year

	Group	Group	Company	Company
	2021	2020	2021	2020
	£	£	£	£
Trade creditors	558,444	928,070	-	-
Amounts owed to group undertakings	-	-	182,151	-
Other taxation and social security	69,597	38,074	3,183	-
Other creditors	1,464,902	1,573,455	1,380,000	1,560,000
Accruals and deferred income	1,860,959	1,995,454	12,220	68,754
	<u>3,953,902</u>	<u>4,535,053</u>	<u>1,577,554</u>	<u>1,628,754</u>

Amounts owed to group undertakings are unsecured, interest-free, have no fixed repayment date and are repayable on demand.

19. Creditors: Amounts falling due after more than one year

	Group	Group	Company	Company
	2021	2020	2021	2020
	£	£	£	£
Other loans	5,000,000	-	5,000,000	-
Other creditors	61,095	-	61,095	-
Accruals and deferred income	898,426	912,317	-	-
	<u>5,959,521</u>	<u>912,317</u>	<u>5,061,095</u>	<u>-</u>

In February 2021, the Company drew down £5m from the Culture Recovery Fund. The first repayment of this loan is not due until February 2025, and then will subsequently be repaid in 13 equal instalments. The balance accrues interest at 2% p.a.

LONDON THEATRE COMPANY HOLDINGS LIMITED

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20. Loans

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due after more than 5 years				
Other loans	5,000,000	-	5,000,000	-
	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>	<u>-</u>

21. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
513,750 (2020 - 513,750) A Preference shares of £0.001 each	514	514
371,250 (2020 - 371,250) Ordinary shares of £0.001 each	371	371
	<u>885</u>	<u>885</u>

The preference shares rank pari passu in all respects as Ordinary shares in the capital of the Company apart from on the distribution of assets on a return of capital on or following an exit event where they will rank above the Ordinary shares.

22. Reserves

Share premium account

The share premium reserve includes all amounts paid over and above par value for shares issued in the Company.

Other reserves

Other reserves consist of the unwinding of the fair value of share options issued as part of the share-based payment scheme run by the Company.

Profit and loss account

Includes all current period retained profits and losses.

LONDON THEATRE COMPANY HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021

23. Share based payments

The Company offers a share-based payment scheme for some of its employees.

Under this scheme, certain employees are granted share options in the Company. The options are granted with a fixed exercise price, are exercisable after the date of grant and expire 10 years after this date and are equity settled. The vesting conditions are split evenly between the date of grant, date of opening and upon and exit event.

A reconciliation of share option movements over the year to 30 September 2021 is shown below

	Weighted average exercise price (pence) 2021	Number 2021
Outstanding at the beginning of the year	7.99	60,000
Granted during the year		-
Outstanding at the end of the year		60,000

The total number of share options exercisable at the end of the period was 20,000 (2020: 20,000).

The total charge for the year in respect of these share-based payments was £13,383 (2020: £12,567).

The charge is treated as an expense in the financial statements of London Theatre Company Productions Limited, a company whose results are consolidated within these financial statements. The corresponding reserve is held within equity in these financial statements.

The fair value calculation has been provided by an expert third party and uses an average of the Black-Scholes and binomial option pricing models with the following parameters

	2021
Fair value at grant date	2.35
Share price at grant date	7.99
Exercise price (pence)	7.99
Option life	10 years
Expected volatility	Up to 20%
Expected dividend	None
Risk-free interest rate	1.27%

LONDON THEATRE COMPANY HOLDINGS LIMITED

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23. Share based payments (continued)

Warrants

In 2017 the Company issued share warrants to two individuals, one a former director of the Company, for a total of 15,000 Ordinary shares to be issued at the discretion of the warrant holders. The exercise price of these warrants is £13.33 Ordinary share.

The Company has taken advantage of the exemption to account for these warrants on transition to FRS 102 under FRS 102 section 35.10(b).

24. Prior year adjustment

The following prior year adjustments were made in two of the subsidiary companies.

A prior year adjustment has been made as a result of a change of accounting policy in respect of salaries recharged to group companies which the directors felt better reflected how head office staff spent their time.

This has resulted in a reduction to deferred income as previously reported for the year ended 30 September 2020 by £80,572 and a corresponding increase in other operating income for the same period. The impact on the net liability as previously stated is a £80,572 decrease and a corresponding decrease of the loss for the year by the same amount.

A prior year adjustment has been made to more accurately reflect a license period in place with regards to an overseas distributor. This has resulted in an increase in the turnover and accrued income figures previously reported to September 2021 of £58,088. The impact of the above adjustment has resulted in an increase of net assets and profits as previously reported by this amount.

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. Contributions totalling £12,342 (2020: £11,108) were payable to the fund at the Statement of Financial Position date and are included in creditors. The pension cost charge represents contributions payable by the Group and amounted to £38,721 (2020: £55,986).

LONDON THEATRE COMPANY HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2021**

26. Commitments under operating leases

At 30 September 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	<i>Group 2020 £</i>
Not later than 1 year	522,438	516,475
Later than 1 year and not later than 5 years	1,840,000	1,914,925
Later than 5 years	18,515,945	18,975,945
	<u>20,878,383</u>	<u>21,407,345</u>

In the 2018, the Company entered into an Agreement for Lease subject to certain conditions that fall outside the control of the Company. Upon all conditions being met, the Company will enter into an operating lease agreement for a period of twenty-five years for premises at King's Cross to house their planned new Lightroom Concept.

Rent payable under this agreement will total a minimum of £6,852,000 over twenty-five years, subject to rent reviews and additional turnover rent.

The following changes in lease payments arising from rent concessions occurring as a direct consequence of the COVID-19 pandemic have been recognised as a reduction in expense in profit or loss.

	Group 2021 £	<i>Group 2020 £</i>
Changes in lease payments arising from COVID-19 related rent concessions	<u>113,973</u>	<u>261,000</u>

27. Related party transactions

Where possible the Company and Group have taken advantage of the exemption conferred by FRS 102 section 33.1A from the requirement to disclose transactions with other wholly owned group undertakings on the grounds that the consolidated financial statements are prepared by the parent undertaking and are publicly available.

Key management personnel were paid remuneration of £346,234 (2020: £319,108).

Governance costs were paid to directors of the Company of £34,446, (2020: £57,457).

Loans due to shareholders were included in other creditors and amount to £1,380,000 (2020: £1,560,000). These amounts accrued interest at 6%.