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Company Number:3218746

Registered Charity Number:1057130

**NEW SADLER'S WELLS
(LIMITED BY GUARANTEE)**

REPORT AND FINANCIAL STATEMENTS

31st MARCH 1998



**New Sadler's Wells
(Limited by Guarantee)**

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**New Sadler's Wells
(Limited by Guarantee)**

Directors, Officers and Administrative Information

Directors

Andrew Huntley (Chairman)
Ian Hay Davison
Ian Farnsworth
Philip Jones

Secretary

Peter Allanson

Auditors

Moore Stephens
Chartered Accountants
St. Paul's House
Warwick Lane
London
EC4P 4BN

Registered Office

369 St John Street
London
EC1V 4LB

Solicitors

Clifford Chance
200 Aldersgate Street
London
EC1A 4JJ

Bankers

Coutts & Co
Media Banking Office
440 Strand
London
WC2R 0QS

**New Sadler's Wells
(Limited by Guarantee)**

Directors' Report

The Directors submit their report and the financial statements of New Sadler's Wells Ltd for the year ended 31st March 1998.

Principal Activities

The principal activity of the company during the year was managing the development of the new Sadler's Wells theatre complex.

Review of the Business and Recent Developments

During the year the company continued to manage the construction of the new Sadler's Wells theatre which opened on 10 October 1998. The redevelopment on the remainder of the Sadler's Wells theatre complex is proceeding according to plan.

Directors

The following directors served the company during the year:

Andrew Huntley(Chairman)

Ian Hay Davison

Ian Farnsworth

Philip Jones

Michael Woolley

resigned 10 September 1998

**New Sadler's Wells
(Limited by Guarantee)**

Year 2000

The directors are continuing to review the risks associated with the Year 2000 problem, both with regard to internal use of computer systems and embedded chips and in connection with relationships with third parties. They are satisfied that these steps will be completed in sufficient time to eliminate any potential problems. The total costs of ensuring Year 2000 compliance have not yet been quantified, but are not expected to be significant.

Taxation Status

The company is a registered charity and as such, is entitled to exemptions from taxation under the Income and Corporation Taxes Act 1988.

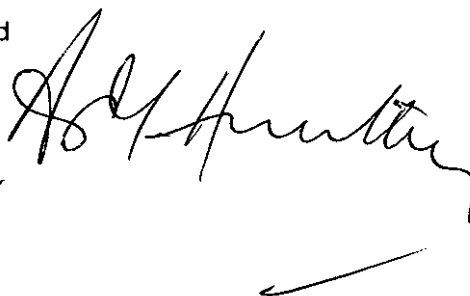
Auditors

A resolution to reappoint Moore Stephens, Chartered Accountants, as auditors will be put to the members at the Annual General Meeting.

By Order of the Board

ANDREW HUNTLEY

Director

A handwritten signature in black ink, appearing to read 'A. Huntley', is written over the printed name 'ANDREW HUNTLEY'. Below the signature is a single horizontal line.

**New Sadler's Wells
(Limited by Guarantee)**

Statement of Directors' Responsibilities

The directors are required to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company. 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.

**Report of the Auditors to the Directors of
New Sadler's Wells (Limited by Guarantee)**

We have audited the financial statements on pages 7 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective Responsibilities of Directors and Auditors

As described on page 5 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

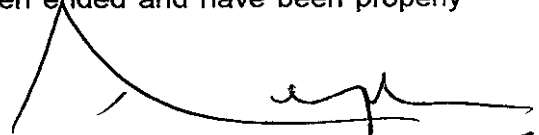
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1998 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
Warwick Lane,
London, EC4P 4BN

21st December 1998


MOORE STEPHENS

Chartered Accountants
Registered Auditor

**New Sadler's Wells
(Limited by Guarantee)**

**Statement of Financial Activities
For the year ending 31st March 1998**

	Note	Total Funds 1998	Total Funds 1997
		£	£
Total Incoming Resources	1(d)	7,201	15,049
Resources Expended			
Direct Charitable Expenditure:			
Depreciation charges	1(c)	7,101	15,011
Management and administration		100	38
Total Resources Expended		7,201	15,049
Net Movement in Funds and balance carried forward at 31 March 1998		-	-

The company has no recognised gains or losses other than those dealt with in the above statement of financial activities.

Restricted funds have been applied only for the purposes for which income was received.

**New Sadler's Wells
(Limited by Guarantee)**

Balance Sheet - 31st March 1998

	Note	<u>1998</u>	<u>1997</u>
		£	£
Fixed Assets			
Tangible assets	3	<u>20,645,592</u>	<u>7,283,426</u>
Current Assets			
Debtors and prepayments	4	1,069,038	1,591,718
Cash at bank and in hand	5	<u>455,856</u>	<u>337,873</u>
		1,524,894	1,929,591
Liabilities : amounts falling due within one year	6	<u>(22,170,486)</u>	<u>(9,213,017)</u>
Net Current Liabilities		(20,645,592)	(7,283,426)
Total Assets less Current Liabilities	7	<u>-</u>	<u>-</u>
Funds			
Unrestricted		-	-
Restricted	8	<u>-</u>	<u>-</u>
		-	-

These financial statements were approved by the Directors on 21st December 1998


 ANDREW HUNTLEY
 Director

**New Sadler's Wells
(Limited by Guarantee)**

**Notes to the Financial Statements
For the year ended 31st March 1998**

1. Accounting Policies

(a) Basis of accounting

These financial statements have been prepared under the historical cost convention in accordance with applicable Accounting Standards and follow the provisions of the Statement of Recommended Practice: Accounting by Charities issued in October 1995.

(b) Tangible fixed assets

Fixed assets are stated at cost or valuation.

Depreciation is provided on a straight line basis to write down the book value over the estimated useful lives of the assets as follows:

Equipment	25%
Computer Software	50%

(c) Redevelopment costs, fundraising expenditure and donated consultancy services

Directly attributable costs incurred are capitalised on the basis that the Sadler's Wells site will receive the necessary funding to enable the proposed redevelopment to proceed and expenditure incurred in 1995, 1996 and 1997 has now been taken to tangible fixed assets.

Fundraising expenditure relating to the development has been deferred to future accounting periods and will be capitalised when the building is complete (note 4).

Fixed assets relating to the development have been capitalised and depreciated in accordance with note 1(b) above.

The company has also included donated consultancy services within tangible fixed assets as these services would have had to be paid for elsewhere. They therefore represent the true cost of the rebuilding project. The costs are only included when the amounts can be assessed accurately (note 9).

Amortisation will commence after the redevelopment has been completed.

**New Sadler's Wells
(Limited by Guarantee)**

**Notes to the Financial Statements
For the period ended 31st March 1998 (Continued)**

(d) Deferred income

Grants and donations received in respect of the rebuilding have been capitalised and will be released over the life of the rebuilt theatre to cover the depreciation charges in accordance with note 1(c) for fixed assets relating to the development.

These funds are set against the cost of fixed assets when the expenditure is incurred.

(e) Cash flow statement

The company is entitled to the exemption available under paragraph 8(b) Financial Reporting Statement No 1 - Cash Flow Statement, from the requirement to prepare a cash flow statement and accordingly no cash flow statement is included in the financial statements.

2. Taxation

The company is a registered charity and as such, is entitled to exemption from taxation under the Income and Corporation Taxes Act 1988.

3. Tangible Fixed Assets

	Redevelop - ment Expenditure £	Equipment £	Computer Software £	Total £
<u>Cost</u>				
At 1 April 1997	7,269,223	28,405	15,819	7,313,447
Additions	13,369,267	-	-	13,369,267
At 31 March 1998	<u>20,638,490</u>	<u>28,405</u>	<u>15,819</u>	<u>20,682,714</u>
<u>Depreciation</u>				
At 1 April 1997	-	14,202	15,819	30,021
Charge for the year	-	7,101	-	7,101
At 31 March 1998	<u>-</u>	<u>21,303</u>	<u>15,819</u>	<u>37,122</u>
<u>Net Book Value</u>				
At 31 March 1998	<u>20,638,490</u>	<u>7,102</u>	<u>-</u>	<u>20,645,592</u>
At 31 March 1997	<u>7,269,223</u>	<u>14,203</u>	<u>-</u>	<u>7,283,426</u>

**New Sadler's Wells
(Limited by Guarantee)**

**Notes to the Financial Statements
For the period ended 31st March 1998 (Continued)**

4. Debtors

	1998	1997
	£	£
Trade debtors	560	5,250
Fundraising expenditure	736,802	512,204
VAT recoverable	313,824	1,039,478
Other debtors	5,693	2,555
Prepayments	12,159	32,231
	<u>1,069,038</u>	<u>1,591,718</u>

**5. Analysis of Cash Balances and
Cash Equivalents as shown in the
Balance Sheet**

	1998	1997
	£	£
Cash at bank	455,229	337,078
Cash in hand	627	795
	<u>455,856</u>	<u>337,873</u>

**New Sadler's Wells
(Limited by Guarantee)**

**Notes to the Financial Statements
For the period ended 31st March 1998 (Continued)**

6. Creditors, amounts falling due within one year

	1998 £	1998 £
Trade creditors	2,058,108	504,261
Bank overdraft	-	38
PAYE & NI	1,396	-
Amounts owed to related undertakings	191,000	1,165,499
Accruals	325,541	187,513
Deferred income	19,594,441	7,355,706
	<u>22,170,486</u>	<u>9,213,017</u>

Deferred income is made up as follows:

	£
The Arts Council of England grant	16,601,809
Other grants and donations	2,277,110
Gifts and donations in kind	715,522
	<u>19,594,441</u>

7. Analysis of Net Assets between Funds

	Tangible Fixed Assets £	Net Current Liabilities £	Total £
Restricted Funds			
Redevelopment Fund	20,645,592	(20,645,592)	-
	<u>20,645,592</u>	<u>(20,645,592)</u>	<u>-</u>
Unrestricted Funds	-	-	-
	<u>20,645,592</u>	<u>(20,645,592)</u>	<u>-</u>

**New Sadler's Wells
(Limited by Guarantee)**

**Notes to the Financial Statements
For the period ended 31st March 1998 (Continued)**

8. Restricted Funds

	Balance 1 April 1997	Incoming Resources	Outgoing Resources	Balance 31 March 1998
	£	£	£	£
Redevelopment Fund	-	7,201	(7,201)	-
	-	7,201	(7,201)	-

9. Gifts in Kind

The company has received consultancy assistance in a form other than grants and in accordance with Statement of Standard Accounting Practice number 4, the value derived of £86,018 (1997:£38,983) has been capitalised in the balance sheet.

10. Employees

The company employs one member of staff. Staff employed by Sadler's Wells Trust (Limited by Guarantee) are seconded for the purposes of project management and fundraising. The costs of these staff are capitalised and cumulatively amount to:

	1998	1997
	£	£
Wages and salaries	410,771	101,260
Social security costs	39,434	9,726
Pension costs	4,593	1,522
	454,798	112,508

The directors receive no remuneration for the services they provide to the company.

(Limited by Guarantee)

**Notes to the Financial Statements
For the period ended 31st March 1998 (Continued)**

11. Connected Parties

All entities within the Sadler's Wells group of connected charities are limited by guarantee other than Sadler's Wells Limited with a share capital of £2 and Sadler's Wells Foundation, a charitable trust, which is not covered by the Companies Act requirements.

The controlling entity is the Sadler's Wells Foundation which provides a majority of the guaranteeing members for New Sadler's Wells, Sadler's Wells Theatre Appeal Fund, and Sadler's Wells Trust and therefore has ultimate responsibility for the appointment of directors of the three companies.

Sadler's Wells Foundation owns freehold and leasehold properties. New Sadler's Wells is responsible for the Sadler's Wells theatre development and Sadler's Wells Theatre Appeal Fund is responsible for the raising and administration of appeal funds in support of the Sadler's Wells group theatre development and its theatre activities. Sadler's Wells Trust is a company whose principal activity is to encourage the understanding and appreciation of the performing arts, and Sadler's Wells Limited is a wholly owned subsidiary of Sadler's Wells Trust which has not commenced to trade.