

The Theatre Royal Bath Limited

(Registered Charity Number: 277723)

(Company Number: 1416448)

*Trustees' Report and Consolidated
Financial Statements*

Year ended 31 May 2002



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The Theatre Royal Bath Limited

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The Theatre Royal Bath Limited

Trustees' Report

For the year ended 31 May 2002

Trustees' Report

The trustees present their annual report and the audited consolidated financial statements for the year ended 31st May 2002.

Objectives and Policies

The Theatre Royal Bath Limited is a registered charity whose objects, as defined by its Memorandum of Association, are to present theatre at the Theatre Royal Bath throughout the year. Theatre productions are predominantly financed by ticket sales and related charges as well as subscriptions, donations and grants.

The freehold of the Theatre was acquired by Jeremy Fry in 1981 and placed in the hands of the Bath Theatre Trust who lease it to the Theatre Royal Bath Limited at a peppercorn rent.

The Theatre's aim is to be the pre-eminent receiving house in the country, presenting a wide range of drama, opera, ballet, comedy and musicals of the highest quality, and to encourage future audiences through an extensive education programme and a vibrant youth theatre.

The appeal of the theatre to producers is based on a combination of its attractive setting, its effectiveness as a performing space especially for drama, and its ability to attract a consistently large and discerning audience.

Current Focus

During the year the Theatre carried out complete refurbishment of the principal dressing rooms. This work was possible through the generous support of the Theatre Royal Bath Fundraisers who have donated the total cost of the project. The Front of House also received refurbishment this year with newly appointed lavatories on all levels.

The Theatre has had another successful year both artistically and financially, playing host to many varied theatrical events.

The main auditorium events included three visits from The Royal National Theatre with their award winning production of *Copenhagen* and the controversial new play *Mother Clap's Molly House*, and the remarkable co-production with the Market Theatre of Johannesburg of *The Island*. Throughout the year there was a diverse mix of drama, ballet, opera, musicals, pop concerts, with appearances from many well loved celebrities including Jane Asher, Stephanie Cole, Joan Collins, Susan Hampshire, Penelope Keith, Neil Pearson, Leslie Phillips, Vanessa Redgrave and Joely Richardson.

The Ustinov Studio delivered an exciting programme of work which included the now regular Celebrity Music Series, comedy from Not the Edinburgh Festival and the sensational Bath International Puppet Festival now in its third year.

The Theatre Royal Bath Limited

Trustees' Report (continued)

This whole programme is complemented by extensive educational activities, lectures and workshops, run both in-house by the Theatre's own Education Department and by visiting producers. This year saw the second successful tour of the Education Department's own company Theatre in a Box with an innovative production of Shakespeare's Twelfth Night delivered to schools and community centres throughout the region. There was also another hugely successful Storm on the Lawn at Prior Park with 50 young people involved in open air performances of The Dispute by Marivaux.

A number of individuals, trusts, foundations and companies have donated significant sums of money to support the education and youth work taking place in the theatre over the last year. These include:

- ◆ The Arts Council Lottery
- ◆ Mackintosh Foundation
- ◆ Bath & North East Somerset Council
- ◆ Spielman Charitable Trust
- ◆ Rayne Foundation
- ◆ Sheila Hasler Charitable Trust
- ◆ Happold Trust
- ◆ Clifton Trust

Our grateful thanks go to everyone who has supported the work of the Youth Theatre and Education Workshops.

The fifth International Bath Shakespeare Festival showcased a diverse programme ranging from the Kaos Theatre's *Titus Andronicus* to the DRAK Puppet Theatre and the Japan Foundations' *Romeo and Juliet*.

The subsidiary company, Theatre Royal Bath Productions Limited, has been involved with the generation and presentation of several new productions in the year including tremendously successful tours of Noel Coward's *Relative Values* with Susan Hampshire and Alan Bennett's *Single Spies* with Robert Powell and Liza Goddard

Future Plans

The Theatre will continue to programme its very successful mix of main house shows. These traditionally cover lyric work, drama, comedy, opera, light opera and ballet. It will also build on the success of the popular music shows on Sunday nights.

During 2000 the Robins Cinema, which is adjacent to the theatre, was purchased with the intention of creating a dedicated theatre for children and young people. This exciting project will take several years to come to fruition and Theatre Royal Bath has a dedicated development team in place to oversee its funding.

The Theatre Royal Bath Limited

Trustees' Report (continued)

Organisation and governance

Corporate governance

The Theatre Royal Bath Limited is a company limited by guarantee and a registered charity (number 277723 registered in May 1979) under the Charities Act 1960-1992. Its governing instrument is the Memorandum of Articles of Association. Its governing body is a Board of Directors whose members are invited to serve on the Board and retire periodically by rotation. Representatives of local businesses, people involved in the wider theatre world and council members from Bath & North East Somerset are represented on the Board.

None of the Directors or the Chairperson receives any remuneration for services to the Company.

Internal control

The Board of Directors is ultimately responsible for ensuring that the charity has in place an appropriate system of controls, financial and otherwise, to provide reasonable assurance that:

- ◆ The charity is operating effectively and efficiently;
- ◆ Its assets are safeguarded against unauthorised use or disposition;
- ◆ Proper records are maintained and financial information used within the charity or for publication is reliable;
- ◆ The charity complies with relevant laws and regulations

In assessing what constitutes reasonable assurance, the Board of Directors has regard to the materiality of any financial risks incurred, the likelihood of such risks crystallising and the costs and benefits from particular aspects of the internal control system.

Organisation and trading structure

The Theatre Royal Bath Limited has three wholly owned trading subsidiaries:

- ◆ Theatre Royal Bath (Trading) Limited;
- ◆ Theatre Royal Bath (Garrick's Head) Limited;
- ◆ Theatre Royal Bath Productions Limited

The first of these is responsible for overseeing all aspects of the catering operation within the Theatre. This was franchised to Milburns Restaurants Limited following a competitive tender. This company also procures sponsorship for the Theatre and runs a ticket booking agency for local events and Festivals.

As in previous years, Theatre Royal Bath (Garrick's Head) Ltd runs The Garrick's Head public house adjacent to the Theatre.

Theatre Royal Bath Productions Limited is a wholly owned subsidiary formed in February 1998, which is referred to above.

All three of these subsidiaries donate their profits back to the theatre.

The Theatre Royal Bath Limited

Trustees' Report (continued)

Planning and consultation

All the activities at the Theatre Royal Bath Ltd are carried out under the auspices of the Theatre's Director and in accordance with the framework and aspirations identified in the business plan. This plan is drawn up after consultation with all interested parties and staff approved by the Board. Progress against the plan is reviewed at six monthly intervals.

The charity does not rely upon the services of unpaid volunteers but is grateful for their help in a number of areas. In particular, the Friends and the Youth Theatre Fundraisers donate their efforts in order to support the Theatre's work.

Finance

Reserves policy

The Theatre has developed a reserves policy based on the objective of achieving a balance between the need to continue to present high quality theatre throughout each of the 52 weeks of the year and the need to maintain the Grade II* listed building in which it is housed. Consequently, a building development fund was set up last year to meet the costs of future building and renovation work. This year the fund was used to augment those raised for the refurbishment of the auditorium and to decorate the 1805 Rooms.

The Theatre has used its programming fund to finance the Bath Shakespeare Festival and has been able to increase the fund over the level of last year.

Both of these funds have been classed as designated reserves in the consolidated statement of financial activities.

Risk Management

As with any historic building the Trustees are aware of the risk of unforeseen maintenance problems with the theatre, however, through a rolling programme of repairs and the designation of funds to the Building Development Reserve, the Trustees believe that they have adequately provided for this contingency.

Investments

The Directors have the power to invest funds not immediately required for operational use in such ways as they consider appropriate. This predominantly takes the form of money market deposits operated by the major clearing banks.

The Theatre Royal Bath Limited

Trustees' Report (continued)

Review of transactions and financial position

The consolidated statement of financial activities shows that charitable income for the year was £6.5 million (2001: £6.9 million). Total income for the year was £6.7 million (2001: £7.2 million) for unrestricted funds and £63,202 (2001: £22,000) for restricted funds.

Net incoming resources relating to undesignated funds (ie all income except that applied for capital purposes or designated as building and development or production fund) at 31 May 2002 were £6.6 million (2001: £7.1 million).

The Directors are satisfied with the Company's performance in the year under review.

Valuation of land and building

As the freehold to the Theatre is owned by Bath Theatre Trust, no valuation of the premises occupied by the Theatre is included in the accounts. The values included, therefore, relate only to the actual cost of leasehold improvements carried out and the actual costs of the Ustinov and rear stage development work as they were incurred. These are depreciated over the life of the lease.

Auditors

KPMG resigned as auditors during the year. O'Hara Wood were appointed in their place.

Finally on behalf of the Board, I would like to thank Danny Moar and the rest of his staff for making 2000/01 such an exciting and successful year.

Trustees and trustees' interests

The Trustees, who are also the Directors of the Company, who held office during the period were as follows:

S Ross	(Chairman)
Cllr B Barrett	- resigned 25 September 2002
G Breakwell	- appointed 29 May 2002
S Cole	- resigned 11 February 2002
M Dickson	
Cllr M Hanney	- resigned 26 September 2001
Lady Happold	
Lady Harlech	- appointed 26 September 2001
M Harvey	
M Jackaman	
K Waterhouse	
D Worthington	
KP Skene (Wray)	

All Trustees are also members and thus undertake to contribute the sum of £100 each to the assets of the company in the event of it being wound up during the time that they are members or within one year thereafter.

The Theatre Royal Bath Limited

Trustees' Report (continued)

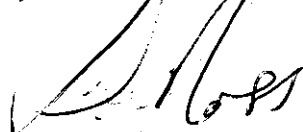
Principal professional advisers during the period:

Auditors: O'Hara Wood
29 Gay Street
Bath
BA1 2NT

Bankers: National Westminster Bank plc
Bath, Old Bank Branch
Bath Business Centre
15 High Street
Bath
BA1 5AH

Solicitors: Veale Wasbrough
Orchard Court
Orchard Lane
Bristol
BS1 5DT

By order of the Board



Stephen Ross
Chairman

Sawclose
Bath

5 December 2002

The Theatre Royal Bath Limited

Statement of trustees' responsibilities

For the year ended 31 May 2002

Law applicable to incorporated charities in England and Wales requires the trustees, who are also the directors for the purpose of company law, to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charity and of the group at the end of the year and of its financial activities during the year then ended. In preparing those financial statements, the trustees 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 charity and the group will continue in operation.

The trustees are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the charity and which enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

The Theatre Royal Bath Limited

Independent auditors' report to the members of The Theatre Royal Bath Limited

We have audited the financial statements of The Theatre Royal Bath Limited on pages 10 to 27 for the year ended 31 May 2002 which comprise of the Statement of Financial Activities, Income and Expenditure Account and the Balance Sheet and related notes. These Financial Statements have been prepared under the historical cost convention and the accounting policies set out on pages 15 and 16.

Respective responsibilities of trustees and auditors

The trustees' (who are also the directors of The Theatre Royal Bath Limited for the purposes of company law) responsibilities for preparing the Trustees' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Trustees' Responsibilities. Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with Companies Act 1985. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the charity has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding trustees' remuneration and transactions with the charitable company is not disclosed.

We read other information contained in the Trustees' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

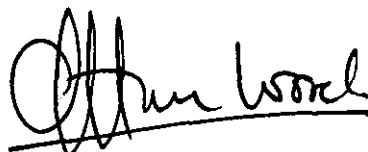
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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.

*Independent auditors' report to the members of The Theatre
Royal Bath Limited (continued)*

Opinion

In our opinion the financial statements give a true and fair view of the state of the charitable company and the group as at 31 May 2002 and the groups incoming resources and application of resources including its income and expenditure, in the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'O'Hara Wood', written over a horizontal line.

O'Hara Wood
Chartered Accountants and
Registered Auditors
29 Gay Street
Bath
BA1 2NT

17 January 2003

The Theatre Royal Bath Limited

Consolidated Statement of Financial Activities

For the year ended 31 May 2002

		2002				2001
	Notes	Unrestricted funds Undesignated £	Designated £	Restricted Funds £	Total Funds £	Total Funds £
Incoming resources:						
<i>Activities in furtherance of the charity's objects</i>						
Box office income		5,964,525	-	-	5,964,525	6,456,601
Grants receivable	22	104,141	-	22,864	127,005	106,944
Covenants (gross) and donations	23	131,038	-	40,338	171,376	134,695
<i>Activities for generating funds</i>						
Other income		150,206	103,125	-	253,331	201,837
Net income from trading subsidiaries		208,682	-	-	208,682	262,802
Total incoming resources		6,558,592	103,125	63,202	6,724,919	7,162,879
Resources expended:						
<i>Charitable expenditure</i>						
Cost of productions		(4,674,687)	(133,725)	-	(4,808,412)	(5,324,612)
Costs of management and administration	24	(1,090,021)	(4,747)	(42,966)	(1,137,734)	(1,145,716)
Costs for generating funds						
Fundraising and publicity		(28,406)	-	-	(28,406)	(42,261)
Total resources expended	4	(5,793,114)	(138,472)	(42,966)	(5,974,552)	(6,512,589)
Net incoming resources before interest and tax						
Interest and tax		765,478	(35,347)	20,236	750,367	650,290
Bank interest receivable		53,817	-	6	53,823	65,644
Interest payable on other loans		(1,525)	-	-	(1,525)	(2,892)
Taxation		3,050	-	-	3,050	(3,050)
Net incoming (outgoing) resources before transfers		820,820	(35,347)	20,242	805,715	709,992
Production fund		(250,000)	250,000	-	-	-
Building development fund		(500,000)	500,000	-	-	(79,224)
Front of house and backstage refurbishment		-	(177,814)	(51,787)	(229,601)	-
Contribution to acquisition of freehold property		-	-	-	-	(178,750)
Net incoming/ (outgoing) resources – note (c)	5-7	70,820	536,839	(31,545)	576,114	452,018
Fund balances brought forward		(157,159)	1,123,620	1,803,008	2,769,469	2,317,451
Fund balances carried forward		(86,339)	1,660,459	1,771,463	3,345,583	2,769,469

- (a) There are no recognised gains and losses, in either year, other than those included above.
- (b) The restricted funds relate to fund raising for the specific purposes of refurbishing and developing the Theatre building.
- (c) Net incoming resources for 2001 can be analysed as follows:
- | | |
|---|----------------|
| Unrestricted funds, undesignated | 41,230 |
| Unrestricted funds, designated | 470,574 |
| Restricted funds (capital fund raising) | (59,786) |
| | <u>452,018</u> |

The Theatre Royal Bath Limited

Consolidated summary income and expenditure account

For the year ended 31 May 2002

	2002 £	2001 £
Gross income of continuing operations	6,516,237	6,900,077
Non-charitable trading activities	208,682	262,802
	<hr/>	<hr/>
Total income of continuing operations	6,724,919	7,162,879
Total expenditure of continuing operations	(6,204,153)	(6,512,589)
Auditorium and 1805 Rooms refurbishment	-	(79,224)
Contribution to acquisition of freehold property	-	(178,750)
	<hr/>	<hr/>
Net income for the year before interest and tax	520,766	392,316
Net interest and tax	55,348	59,702
	<hr/>	<hr/>
Net income for the year	576,114	452,018
	<hr/>	<hr/>

The summary income and expenditure account is presented in order to ensure compliance with the Companies Act 1985.

Total income comprises £6,558,592 (2001: £7,071,815) for unrestricted funds, £103,125 (2001: £68,750) designated funds and £63,202 (2001: £22,314) for restricted funds. A detailed analysis of income by source is provided in the Consolidated Statement of Financial Activities.

A detailed analysis of the non-charitable trading results is shown in note 3.

Detailed analyses of the expenditure are provided in the Statement of Financial Activities and note 4.

The summary consolidated income and expenditure account is derived from the Statement of Financial Activities on page 10, which together with the notes to the accounts on pages 15 to 27, provides full information on the movements during the year on all the funds of the group.

There is no material difference between the results as reported and the results on a historical cost basis. Accordingly, no note of historical cost income and expenditure is included.

The Theatre Royal Bath Limited

Consolidated Balance Sheet

As at 31 May 2002

	Notes	2002		2001	
		£	£	£	£
Fixed assets					
Intangible assets	8		13,794		17,305
Tangible assets	9		2,840,565		2,913,205
Investments	10		1		3
			<u>2,854,360</u>		<u>2,930,513</u>
Current assets					
Stocks	11	6,446		5,408	
Debtors	12	367,981		490,173	
Cash at bank and in hand		1,729,962		1,676,296	
		<u>2,104,389</u>		<u>2,171,877</u>	
Creditors – amounts falling due within one year	13	<u>(1,317,402)</u>		<u>(2,019,127)</u>	
Net current assets			<u>786,987</u>		<u>152,750</u>
Total assets less current liabilities			<u>3,641,347</u>		<u>3,083,263</u>
Creditors – amounts falling due after more than one year	14		<u>(295,764)</u>		<u>(313,794)</u>
Net assets			<u>3,345,583</u>		<u>2,769,469</u>
Income funds					
Restricted funds	15		1,771,463		1,803,008
Unrestricted funds	16		1,372,749		963,214
Non charitable trading funds			201,371		3,247
Total funds	17		<u>3,345,583</u>		<u>2,769,469</u>

These financial statements were approved by the board of trustees on 5 December 2002 and were signed on its behalf by



S Ross
Trustee

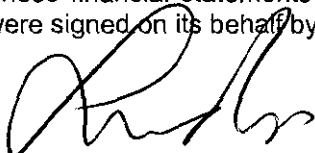
The Theatre Royal Bath Limited

Company Balance Sheet

At 31 May 2002

	Notes	2002		2001	
		£	£	£	£
Fixed assets					
Intangible assets	8		13,794		17,305
Tangible assets	9		2,836,438		2,910,348
Investments	10		10,004		10,004
			<u>2,860,236</u>		<u>2,937,657</u>
Current assets					
Debtors	12	242,240		472,109	
Cash at bank and in hand		<u>1,624,430</u>		<u>1,496,101</u>	
		1,866,670		1,968,210	
Creditors – amounts falling due Within one year	13	<u>(1,101,467)</u>		<u>(1,825,851)</u>	
Net current assets			765,203		142,359
Total assets less current liabilities			3,625,439		3,080,016
Creditors – amounts falling due after more than one year	14		<u>(295,764)</u>		<u>(313,794)</u>
Net assets			<u>3,329,675</u>		<u>2,766,222</u>
Income funds					
Restricted funds	15		1,771,463		1,803,008
Unrestricted funds			<u>1,558,212</u>		<u>963,214</u>
Total funds			<u>3,329,675</u>		<u>2,766,222</u>

These financial statements were approved by the board of directors on 5 December 2002 and were signed on its behalf by:



S Ross
Trustee

The Theatre Royal Bath Limited

Consolidated cash flow statement

For the year ended 31 May 2002

	Notes	2002 £	2001 £
Cash flow from operating activities	18	40,978	872,812
Returns on investment and servicing of finance	19	52,298	62,752
Taxation refund		3,050	-
Capital expenditure and financial investment	19	(17,496)	(359,728)
Acquisitions and disposals	19	2	-
Cash inflow before financing		78,832	575,836
Financing	19	(25,166)	(23,974)
Increase in cash in the year		<u>53,666</u>	<u>551,862</u>

Reconciliation of net cash flow to movement in net funds

	Notes	2002 £	2001 £
Increase in cash in the year		53,666	551,862
Cash outflow from loan repayments		<u>25,166</u>	<u>23,974</u>
Change in net funds		78,832	575,836
Net funds at 31 May 2001		<u>1,337,482</u>	<u>761,646</u>
Net funds at 31 May 2002	20	<u>1,416,314</u>	<u>1,337,482</u>

The Theatre Royal Bath Limited

Notes

(Forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group's financial statements.

Basis of preparation

The financial statements have been prepared under the historic cost convention and in accordance with the Statement of Recommended Practice (SORP) 2000 'Accounting and Reporting by Charities', applicable accounting standards and the Companies Act 1985.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 May 2002. The acquisition method of accounting has been adopted. In the company's financial statements, investments in subsidiary undertakings are stated at cost. The trading results of the subsidiary undertakings, Theatre Royal Bath (Trading) Limited and Theatre Royal Bath (Garrick's Head) Limited are disclosed in a single line in the consolidated statement of financial activities. The turnover of Theatre Royal Bath (Productions) Limited is included in box office income, and its operating costs and other expenses are also included in the consolidated statement of financial activities, as appropriate. Under Section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

The trustees believe that this method of consolidation best presents a true and fair view of the group's trading and charitable activities.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Box office computer	-	4 years
Equipment	-	3 years
Motor vehicles	-	4 years
Leasehold improvements	-	50 years

Freehold property is not depreciated as the trustees do not believe its residual value to be significantly lower than its cost. Freehold property is carefully maintained in order to ensure that this approach remains appropriate.

Amortisation is provided to write off the cost less the estimated residual value of intangible fixed assets by equal instalments over their economic lives as follows:

Software licenses	-	15 years
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Realised gains and losses on disposal of fixed assets are shown in the company's income and expenditure account. Unrealised gains and losses are accounted for in accordance with FRS 15, "tangible fixed assets".

The Theatre Royal Bath Limited

Notes(continued)

1 Accounting policies (continued)

Leases

All leases currently in operation are operating leases. Rentals are charged to the income and expenditure account on a straight-line basis over the period of the lease.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Income

Box office income represents amounts received from customers, net of VAT. Grants are accounted for at the time of receipt and are accounted for on an accruals basis if they are not received in the period to which they relate. Covenants and donations are accounted for at the time of receipt.

Expenditure

All expenditure is accounted for on an accruals basis. Expenditure categories include salaries, depreciation and other costs as analysed by note 4.

Fund accounting

The Charity has various types of funds for which it is responsible, and which require separate disclosure. These are as follows:

Restricted funds

The restricted funds relate to fund-raising for the specific purposes of refurbishing and developing the theatre building.

Designated funds

The Charity may at its discretion set aside funds for specific purposes, which would otherwise form part of the general reserves of the organisation. Specifically, the Charity sets aside funds for building development and production.

Unrestricted funds

Funds which are expendable at the discretion of the trustees in furtherance of the objects of the charity. Those funds earmarked for particular projects are designated as separate funds. However, the trustees' discretion to apply such funds is not legally restricted.

Taxation

The Theatre Royal Bath Limited is a registered charity. Under S505 ICTA 1988, the charity is not subject to taxation on its charitable activities. The profits of the non-charitable subsidiaries are normally remitted to the parent charity as gift aid, therefore, the group generally suffers a nil taxation charge on its trading activities.

The Theatre Royal Bath Limited

Notes_(continued)

2 Status of company

The company is limited by guarantee of the members. At 31 May 2002 there were 11 members who were together liable to contribute a maximum of £1,100 in the event of a winding up.

3 Income from trading activities of subsidiaries

The charity has three wholly owned trading subsidiaries which are incorporated in the UK. The Theatre Royal Bath (Trading) Limited procures sponsorship for The Theatre Royal Bath and operates the 1805 Entertaining Suite and a ticket booking agency. The Theatre Royal Bath (Garrick's Head) Limited operates a public house adjacent to The Theatre Royal Bath. The Theatre Royal Bath (Productions) Limited generates and presents theatrical productions. These companies gift aid their taxable profits and pay management charges to The Theatre Royal Bath Limited. Audited accounts are filed with the Registrar of Companies. A summary of their trading results is shown below. In the consolidated statement of financial activities, the turnover of TRB Productions is included in box office income. Other income, after eliminating intra-group transactions, is included as net income from trading subsidiaries.

Profit and loss account	TRB Productions £	TRB Trading £	TRB Garrick's Head £	Total 2002 £	Total 2001 £
Turnover	1,991,350	237,596	288,072	2,517,018	3,156,987
Cost of sales	(1,597,223)	(4,340)	(121,809)	(1,723,372)	(2,302,534)
Gross profit	394,127	233,256	166,263	793,646	854,153
Administration and other costs	(42,862)	(40,486)	(151,114)	(234,462)	(247,273)
Interest receivable	-	621	407	1,028	4,055
Interest payable	-	-	(18)	(18)	
Tax	2,080	-	970	3,050	(3,050)
Net income	353,345	193,391	16,508	563,244	607,885
Charitable transfers to The Theatre Royal Bath	(167,276)	(79,040)	(10,992)	(257,308)	(211,342)
Management charges paid to The Theatre Royal Bath	(177,340)	(114,751)	(1,184)	(293,275)	(397,281)
Retained in subsidiaries	8,729	(400)	4,332	12,661	(738)

The Theatre Royal Bath Limited

Notes_(continued)

4 Analysis of total resources expended

	Staff costs £	Other £	Depreciation £	Total £
2002				
Cost of productions	485,002	4,323,410	-	4,808,412
Management and administrative expenses	644,091	401,121	92,522	1,137,734
Fundraising and publicity	-	28,406	-	28,406
Total	1,129,093	4,752,937	92,522	5,974,552
2001				
Cost of productions	552,802	4,771,947	-	5,324,749
Management and administrative expenses	600,394	437,739	107,583	1,145,716
Fundraising and publicity	-	42,261	-	42,261
Total	1,153,196	5,251,947	107,583	6,512,726

5 Net incoming/(outgoing) resources

	2002 £	2001 £
Net incoming/ (outgoing) resources are stated after charging:		
Amortisation of intangible fixed assets	3,511	3,901
Depreciation of tangible fixed assets	90,136	103,682
Auditors' remuneration:		
Audit	8,000	15,000
Other services	-	12,335
Rental income	103,125	68,750

6 Remuneration of trustees

None of the trustees and directors receive any fees or emoluments from the group.

7 Staff numbers and costs

The average number of persons employed by the group during the year was as follows:

	2002	2001
Company:		
Production	14	14
Box office	11	11
Fundraising	3	3
Publicity	3	3
Management	7	7
Administration	21	21
Subsidiary undertakings – administrative	5	8
	64	67

The Theatre Royal Bath Limited

Notes_(continued)

7 Staff numbers and costs (continued)

The aggregate payroll costs of these persons were as follows:

	2002 £	2001 £
Wages and salaries	1,084,550	1,180,890
Social security costs	89,176	58,757
Pension costs	12,955	11,283
	<u>1,186,681</u>	<u>1,250,930</u>

The company contributes to the personal pension schemes of some of its employees. These personal pension schemes are operated by Scottish Widows' Fund and Life Assurance Society.

The trustees received no remuneration for their services. The company reimbursed expenses of £706 to one trustee. No other trustees received expense reimbursements.

The emoluments excluding pension contributions of higher paid employees were within the following ranges:

	2002	2001
£90,000-£100,000	1	-
£120,000-£130,000	-	1
	<u>1</u>	<u>1</u>

8 Intangible fixed assets

	2002 £
Software licences – group and company	
Cost	
At beginning of year	50,038
Additions	-
At end of year	<u>50,038</u>
Amortisation	
At beginning of year	32,733
Charge for year	3,511
At end of year	<u>36,244</u>
Net book value	
At end of year	<u>13,794</u>
At beginning of year	<u>17,305</u>

The Theatre Royal Bath Limited

Notes_(continued)

9 Tangible fixed assets

	Long Leasehold Improvements	Freehold Property	Motor Vehicles	Equipment	Total
	£	£	£	£	£
Group					
Cost					
At beginning of year	2,677,799	653,600	7,000	537,201	3,875,600
Additions	-	-	-	17,496	17,496
Disposals	-	-	-	(1,295)	(1,295)
Less contribution from Building Development Fund	-	-	-	-	-
At end of year	2,677,799	653,600	7,000	553,402	3,891,801
Depreciation					
At beginning of year	565,212	-	1,750	395,433	962,395
Charge for year	53,556	-	1,750	34,830	90,136
Disposals	-	-	-	(1,295)	(1,295)
At end of year	618,768	-	3,500	428,968	1,051,236
Net book value					
At end of year	2,059,031	653,600	3,500	124,434	2,840,565
At beginning of year	2,112,587	653,600	5,250	141,768	2,913,205
Company					
Cost					
At beginning of year	2,677,799	653,600	7,000	456,412	3,794,811
Additions	-	-	-	14,581	14,581
Disposals	-	-	-	(1,295)	(1,295)
At end of year	2,677,799	653,600	7,000	469,698	3,808,097
Depreciation					
At beginning of year	565,212	-	1,750	317,501	884,463
Charge for year	53,556	-	1,750	33,185	88,491
Disposals	-	-	-	(1,295)	(1,295)
At end of year	618,768	-	3,500	349,391	971,659
Net book value					
At end of year	2,059,031	653,600	3,500	120,307	2,836,438
At beginning of year	2,112,587	653,600	5,250	138,911	2,910,348

The Theatre Royal Bath Limited

Notes_(continued)

9 Tangible fixed assets (continued)

The company's leasehold interest in The Theatre Royal is subject to charges, details of which are disclosed in note 14 to these accounts. The property is leased under a long leasehold agreement from the Bath Theatre Trust, at a peppercorn rent.

No depreciation has been charged on the freehold property as the building which was purchased during the prior year will be redeveloped in the coming year.

The fixed assets are held for charitable activities.

10 Fixed asset investments

Group

Shares at cost in joint ventures:

	2002 £
At beginning of year – at cost	3
Disposals	(2)
	<hr/>
At end of year	1
	<hr/>

The joint venture, which is held by The Theatre Royal Bath (Productions) Limited, is as follows:

Joint venture	Country of Incorporation	Principal activity	Class and percentage Of shares held
Birthday Party Productions Limited	England and Wales	Production of theatre performances	Ordinary 50%

In accordance with indicators set out in FRS 9, the transactions of the above joint ventures have been classified as joint arrangements. Accordingly, the attributable assets and liabilities of the joint ventures are included in the consolidated balance sheet and the share of results is included in the consolidated statement of financial activities.

Company	2002 £
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Shares at cost in group undertakings:

At beginning and end of year – at cost	10,004
	<hr/>

The Theatre Royal Bath Limited

Notes^(continued)

10 Fixed asset investments (continued)

Details of consolidated subsidiary undertakings, which are all registered in England and Wales, as follows:

Subsidiary undertaking	Country of Incorporation	Principal activity	Class and percentage Of shares held
The Theatre Royal Bath (Trading) Limited	Great Britain	Procurement of sponsorship and operation of 1805 Suite	Ordinary 100%
The Theatre Royal Bath (Garrick's Head) Limited	Great Britain	Public house adjacent to The Theatre Royal Bath	Ordinary 100%
The Theatre Royal Bath (Productions) Limited	Great Britain	Development of theatre productions	Ordinary 100%

11 Stocks – group only

	2002 £	2001 £
Goods for resale	6,446	5,408

The company does not hold any stocks (2001: nil).

12 Debtors

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Trade debtors	70,658	114,503	27,649	8,462
Amounts owed by group undertakings	-	-	112,615	346,961
Other debtors	108,244	192,309	11,752	17,502
Prepayments and accrued income	189,079	183,361	90,224	99,184
	<u>367,981</u>	<u>490,173</u>	<u>242,240</u>	<u>472,109</u>

The Theatre Royal Bath Limited

Notes_(continued)

13 Creditors: amounts falling due within one year

	Note	Group		Company	
		2002 £	2001 £	2002 £	2001 £
Loans:					
Bath and North East Somerset Council	(i)	10,000	10,000	10,000	10,000
Bristol and West Building Society	(ii)	7,884	15,020	7,884	15,020
Trade creditors		296,675	393,735	252,188	332,492
Amounts owed to group undertakings			-	-	-
Taxation and social security		189,534	164,500	93,813	107,807
Other creditors		34,914	2,464	2,324	2,464
Accruals		172,098	739,699	128,961	664,359
Advance ticket sales and other deferred income		606,297	693,709	606,297	693,709
		<u>1,317,402</u>	<u>2,019,127</u>	<u>1,101,467</u>	<u>1,825,851</u>

14 Creditors: amounts falling due after more than one year

	Note	Group		Company	
		2002 £	2001 £	2002 £	2001 £
Loans:					
Bath and North East Somerset Council	(i)	295,764	305,764	295,764	305,764
Bristol and West Building Society	(ii)	-	8,030	-	8,030
		<u>295,764</u>	<u>313,794</u>	<u>295,764</u>	<u>313,794</u>

Analysis:

Debts can be analysed as falling due:

Between one and two years	10,000	18,030	10,000	18,030
Between two and five years	30,000	30,000	30,000	30,000
in five years or more	255,764	265,764	255,764	265,764
	<u>295,764</u>	<u>313,794</u>	<u>295,764</u>	<u>313,794</u>

The Theatre Royal Bath Limited

Notes *(continued)*

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

- (i) The total amount of £305,764 owing to Bath and North East Somerset Council ("B&NES") (formerly owing to Avon County Council) is secured by a second charge on the leasehold of the Theatre. Repayments commenced in 1998 at the rate of £10,000 per annum. Since the year end, B&NES has, with the agreement of the Trustees, utilised a grant due from itself to the company, to reduce the outstanding loan balance to £138,500. For the following 13 years, £10,000 per annum of annual grants due from the council to the company will be utilised in this way, with a residue of £9,230 per annum payable to the company. A final amount of £8,500 will be utilised to reduce the outstanding loan balance to nil in the twelve month period commencing on 1 June 2016. There is no interest payable unless repayments are not made on time, in which case B&NES may seek to recover the loan with interest at 4% above base rate.
- (ii) The loan from Bristol and West Building Society is a mortgage for 20 years, of which 1 year is still outstanding. It is secured by a first charge on the company's lease of The Theatre Royal. Interest is charged at the society's current rate. B&NES have agreed to pay a grant equal to the repayments on the loan.

15 Restricted funds

The income funds of the charity include restricted funds comprising the following unexpended balances of donations and grants held on trusts to be applied for specific purposes.

	Balance at beginning of year £	Incoming Resources £	Expenditure And Depreciation £	Balance at end of year £
Restoration reserve	1,802,702	63,202	(94,753)	1,771,151
Endowment fund	306	6	-	312
	<u>1,803,008</u>	<u>63,208</u>	<u>(94,753)</u>	<u>1,771,463</u>

The Restoration reserve represents the balance of various Appeal Accounts established in 1982 and subsequently, for renovation and development work to the Theatre. The corresponding costs are included in fixed assets. £42,966 has been released from the provision during the year (2001: £42,966). The release is calculated at a rate of 2% per annum to match the depreciation rate applied to these leasehold improvements.

The Theatre Royal Bath Limited

Notes_(continued)

16 Unrestricted funds

	Balance at beginning of year £	Incoming Resources £	Utilised £	Balance at end of year £
Undesignated	(160,406)	(127,304)	-	(287,710)
Designated:				
Building development fund	933,909	603,125	(182,561)	1,354,473
Production fund	189,711	250,000	(133,725)	305,986
	<u>963,214</u>	<u>725,821</u>	<u>(316,286)</u>	<u>1,372,749</u>

17 Analysis of group net assets between funds

	Fixed assets £	Net current assets £	Long-term liabilities £	Total £
Restricted funds				
Restoration reserve	1,659,174	111,977	-	1,771,151
Endowment fund	-	312	-	312
	<u>1,659,174</u>	<u>112,289</u>	<u>-</u>	<u>1,771,463</u>
Unrestricted funds and non charitable trading funds				
	1,195,186	674,698	(295,764)	1,574,120
	<u>2,854,360</u>	<u>786,987</u>	<u>(295,764)</u>	<u>3,345,583</u>

In the opinion of the trustees, sufficient resources are held in an appropriate form for each fund to be applied in accordance with any restrictions imposed.

18 Reconciliation of changes in resources to operating cash flows

	2002 £	2001 £
Changes in resources	520,766	571,066
Depreciation and amortisation charges	93,647	107,583
(Increase)/ decrease in stocks	(1,038)	2,997
Decrease/ (increase) in debtors	122,192	(60,984)
(Decrease)/ increase in creditors	(694,589)	252,150
Net cash inflow from operating activities	<u>40,978</u>	<u>872,812</u>

The Theatre Royal Bath Limited

Notes(continued)

19 Analysis of cash flow for headings netted in the cash flow statement

	2002	2001
	£	£
Returns on investments and servicing of finance		
Interest received	53,823	65,644
Interest paid	(1,525)	(2,892)
	<u>52,298</u>	<u>62,752</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(17,496)	(344,966)
Payments to acquire intangible fixed assets	-	(14,762)
	<u>(17,496)</u>	<u>(359,728)</u>
Acquisitions and disposals		
Disposal of investment in joint ventures	2	-
	<u>2</u>	<u>-</u>
Financing		
Repayment of loan capital	(25,166)	(23,974)
	<u>(25,166)</u>	<u>(23,974)</u>

20 Analysis of changes in net funds

	At 31 May 2001	Cash flows	Other changes	At 31 May 2002
	£	£	£	£
Cash in hand and at bank	1,676,296	53,666	-	1,729,962
Debt due within one year	(25,020)	-	7,136	(17,884)
Debt due after one year	(313,794)	25,166	(7,136)	(295,764)
	<u>1,337,482</u>	<u>78,832</u>	<u>-</u>	<u>1,416,314</u>

The Theatre Royal Bath Limited

*Notes*_(continued)

21 Capital commitments

There were no contracted capital commitments at the end of the financial year for both group and company (2001: none).

22 Grants receivable

During the year, the company received a grant of £22,864 from the Arts Council Lottery Fund.

23 Covenants and donations

	2002 £
Membership income	128,638
Donations received	42,738
	<hr/>
	171,376
	<hr/>

24 Costs of management and administration

	2002 £
Depreciation and amortisation	92,522
Programme costs	21,313
Stationery and other administrative expenses	136,460
Office maintenance	186,228
Educational and youth theatre costs	20,983
Front of house sundries	324
Personnel costs	17,980
Sales costs	23,326
Technical running costs	12,235
Administrative staff costs	326,157
Development staff costs	20,500
Educational staff costs	60,264
Technical staff costs	71,233
Other staff costs	148,209
	<hr/>
	1,137,734
	<hr/>