

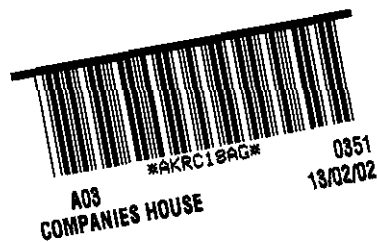
**The Theatre Royal Bath Limited**

**Trustees' report and consolidated  
financial statements**

Registered number 1416448

Registered charity number 277723

Year ended 31 May 2001



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## Trustees' report

The trustees present their annual report and the audited consolidated financial statements for the year ended 31st May 2001.

The trustees and the trustees' report constitute the directors and the directors' report for the purposes of company law.

### 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 the first phase of the disabled access plan by installing a disabled lavatory on the stalls level together with a chair lift in the foyer allowing wheel chair access to the royal circle area. This was made possible by generous support from theatre patrons who contributed £42,692.

The Theatre has had another successful year both artistically and financially, and has been visited by many established national companies including The Royal National Theatre, Royal Shakespeare Company, Northern Ballet Theatre and English Touring Opera.

This 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 together with a programme of small and middle scale theatre in the Ustinov Studio Theatre, now in its fourth year of operation.

The Education Department has been able to expand again this year with the addition of a Young Peoples' Theatre Officer to complement the existing three members of the department. This year also saw the first Theatre in a Box tour to schools and community centres with Ted Hughes' version of Spring Awakening. There was also another hugely successful Storm on the Lawn at Prior Park with 50 young people involved in open air performances of Electra.

The Ustinov Studio continues to deliver an exciting programme of work supported by its own seasonal brochure. This 140 seater purpose built theatre has a regular audience for its varied mix of music, dance, drama and puppetry, presenting work which would not have been viable on the main stage.

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:

- ◆ Mackintosh Foundation
- ◆ Bath & North East Somerset Council
- ◆ Mrs Margaret Guido's Charitable Trust

## Trustees' report (continued)

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

The third International Bath Shakespeare Festival showcased a diverse programme ranging from the Royal National Theatre's Hamlet to the Slovakian Andrej Bagar Theatre production of Macbeth

The subsidiary company, Theatre Royal Bath Productions Limited, has been involved with the generation and presentation of several new productions in the year including *The Browning Version* with Edward Fox, three of Alan Bennett's *Talking Heads* monologues and Joe Orton's *Entertaining Mr Sloane* which had a successful run at the Arts Theatre in London.

### 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 some years to come to fruition.

In 2001 the Theatre will carry out further refurbishment of the front of house facilities and improvements to the dressing rooms.

### 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.

## **Trustees' report** *(continued)*

### *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) Limited 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.

### *Planning and consultation*

All the activities at the Theatre Royal Bath Limited 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 Theatre Royal Bath 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.

### *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.

## Trustees' report *(continued)*

### *Review of transactions and financial position*

The consolidated statement of financial activities shows that charitable income for the year was £6.9 million (2000: £5.2 million). Total income for the year was £7.2 million (2000: £5.2 million) for unrestricted funds and £22,000 (2000: £164,000) 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) for the year ended 31 May 2001 were £7.1 million (2000: £5.2 million).

The Directors are satisfied with the charitable 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**

Pursuant to a members' resolution, the charitable company is not obliged to reappoint its auditors annually and KPMG will therefore continue in office.

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	- appointed 11 October 2000
M Bogdanov	- resigned 29 November 2000
S Cole	
M Dickson	
Cllr M Hanney	- resigned 26 September 2001
Lady Happold	
M Harvey	
M Jackaman	
P Metcalfe	- resigned 11 October 2000, re-appointed 26 September 2001
K Waterhouse	
D Worthington	
KP Skene (Wray)	

Since the year end Pamela, Lady Harlech was appointed to the Board on 26 September 2001. 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.

## Trustees' report *(continued)*

Principal professional advisors during the period:

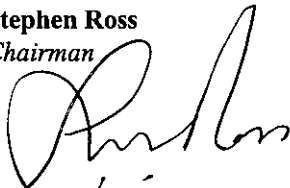
Auditors: KPMG  
100 Temple Street  
Bristol BS1 6AG

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

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

By order of the Board

Stephen Ross  
Chairman



Sawclose  
Bath

31 January 2002

## Statement of trustees' responsibilities

Law applicable to incorporated charities in England and Wales requires the trustees, who are also the directors for the purposes 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.





100 Temple Street  
Bristol  
BS1 6AG  
United Kingdom

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

We have audited the financial statements on pages 8 to 23.

### **Respective responsibilities of trustees and auditors**

As described on page 6, the trustees, who are also the directors of the Theatre Royal Bath Limited for the purposes of company law, are responsible for preparing the trustees' report and, as described on page 6, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 the Companies Act. 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, or if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

### **Basis of audit 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 trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the charitable group'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 affairs of the charitable company and the group as at 31 May 2001 and the group's incoming resources and application of resources, including its income and expenditure, in the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

31 January 2002

## Consolidated statement of financial activities

for the year ended 31 May 2001

		Unrestricted funds		Restricted funds	2001 Total funds	2000 Total funds
	Note	Undesignated £	Designated £	£	£	£
<b>Incoming resources:</b>						
Box office income		6,456,601	-	-	6,456,601	4,664,698
Other income		133,087	68,750	-	201,837	129,662
Net income from trading subsidiaries		262,802	-	-	262,802	223,364
Grants receivable		106,944	-	-	106,944	153,693
Covenants (gross) and donations		112,381	-	22,314	134,695	225,523
<b>Total incoming resources</b>		<b>7,071,815</b>	<b>68,750</b>	<b>22,314</b>	<b>7,162,879</b>	<b>5,396,940</b>
<b>Resources expended:</b>						
<i>Direct charitable expenditure</i>						
Cost of productions		(5,245,270)	(79,342)	-	(5,324,612)	(3,920,701)
<i>Other expenditure</i>						
Management and administrative expenses		(1,102,750)	-	(42,966)	(1,145,716)	(1,062,296)
Fundraising and publicity		(42,261)	-	-	(42,261)	(44,919)
<b>Total resources expended</b>	4	<b>(6,390,281)</b>	<b>(79,342)</b>	<b>(42,966)</b>	<b>(6,512,589)</b>	<b>(5,027,916)</b>
<b>Net incoming resources before interest and tax</b>		<b>681,534</b>	<b>(10,592)</b>	<b>(20,652)</b>	<b>650,290</b>	<b>369,024</b>
Bank interest receivable		65,638	-	6	65,644	43,398
Interest payable on other loans		(2,892)	-	-	(2,892)	(3,674)
Taxation		(3,050)	-	-	(3,050)	(790)
<b>Net incoming/(outgoing) resources before transfers</b>		<b>741,230</b>	<b>(10,592)</b>	<b>(20,646)</b>	<b>709,992</b>	<b>407,958</b>
Production fund		(100,000)	100,000	-	-	-
Building development fund		(600,000)	600,000	-	-	-
Auditorium and 1805 Rooms refurbishment		-	(40,084)	(39,140)	(257,974)	(560,410)
Contribution to acquisition of freehold property		-	(178,750)	-	(178,750)	-
<b>Net incoming/(outgoing) resources - note (c)</b>	5-7	<b>41,230</b>	<b>470,574</b>	<b>(59,786)</b>	<b>452,018</b>	<b>(152,452)</b>
Fund balances brought forward		(198,389)	653,046	1,862,794	2,317,451	2,469,903
<b>Fund balances carried forward</b>		<b>(157,159)</b>	<b>1,123,620</b>	<b>1,803,008</b>	<b>2,769,469</b>	<b>2,317,451</b>

- (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 outgoing resources for 2000 can be analysed as follows:
- |   |                   |
|---|-------------------|
| Unrestricted funds, undesignated        | 66,584            |
| Unrestricted funds, designated          | (206,328)         |
| Restricted funds (capital fund raising) | (12,708)          |
|   | <u>£(152,452)</u> |

**Consolidated summary income and expenditure account**  
*for the year ended 31 May 2001*

	2001 £	2000 £
Gross income of continuing operations	6,900,077	5,173,576
Non-charitable trading activities	262,802	223,364
	<hr/>	<hr/>
Total income of continuing operations	7,162,879	5,396,940
Total expenditure of continuing operations	(6,512,589)	(5,027,916)
Auditorium and 1805 Rooms refurbishment	(40,084)	(560,410)
Contribution to acquisition of freehold property	(178,750)	-
	<hr/>	<hr/>
Net income/(expenditure) for the year before interest and tax	392,316	(191,386)
Net interest and tax	59,702	38,934
	<hr/>	<hr/>
<b>Net income/(expenditure) for the year</b>	<b>452,018</b>	<b>(152,452)</b>
	<hr/>	<hr/>

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

Total income comprises £7,071,815 (2000: £5,233,059) for unrestricted funds, £68,750 (2000: £Nil) designated funds and £22,314 (2000: £163,881) 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 8, which, together with the notes to the accounts on pages 13 to 23, provides full information on the movements during the year on all the funds of the group.

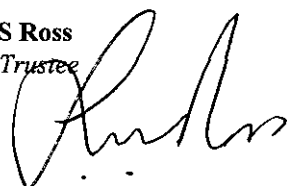
There is no material difference between the results as reported and the results on a historical cost basis. Accordingly, no note of historical cost income and expenditure is included.

**Consolidated balance sheet**  
*at 31 May 2001*

	<i>Note</i>	<b>2001</b>	<b>2000</b>
		£	£
<b>Fixed assets</b>			
Intangible assets	8	17,305	6,444
Tangible assets	9	2,913,205	2,340,670
Investments	10	3	3
		<hr/>	<hr/>
		2,930,513	2,347,117
<b>Current assets</b>			
Stocks	11	5,408	8,405
Debtors	12	490,173	429,189
Cash at bank and in hand		1,676,296	1,124,434
		<hr/>	<hr/>
		2,171,877	1,562,028
<b>Creditors: amounts falling due within one year</b>	13	(2,019,127)	(1,252,806)
		<hr/>	<hr/>
<b>Net current assets</b>		152,750	309,222
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		3,083,263	2,656,339
		<hr/>	<hr/>
<b>Creditors: amounts falling due after more than one year</b>	14	(313,794)	(338,888)
		<hr/>	<hr/>
<b>Net assets</b>		2,769,469	2,317,451
		<hr/>	<hr/>
<b>Income funds</b>			
Restricted funds	15	1,803,008	1,862,794
Unrestricted funds	16	963,214	450,672
Non charitable trading funds		3,247	3,985
		<hr/>	<hr/>
<b>Total funds</b>	17	2,769,469	2,317,451
		<hr/>	<hr/>

These financial statements were approved by the board of trustees on 31 January 2002 and were signed on its behalf by:

**S Ross**  
Trustee

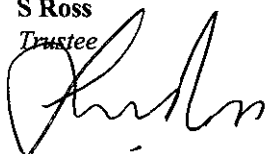


**Company balance sheet**  
*at 31 May 2001*

	Note	2001		2000	
		£	£	£	£
<b>Fixed assets</b>					
Intangible assets	8		17,305		6,444
Tangible assets	9		2,910,348		2,330,276
Investments	10		10,004		10,004
			<hr/>		<hr/>
			2,937,657		2,346,724
<b>Current assets</b>					
Debtors	12	472,109		397,439	
Cash at bank and in hand		1,496,101		1,056,649	
		<hr/>		<hr/>	
		1,968,210		1,454,088	
<b>Creditors: amounts falling due within one year</b>	13	(1,825,851)		(1,148,458)	
		<hr/>		<hr/>	
<b>Net current assets</b>			142,359		305,630
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			3,080,016		2,652,354
			<hr/>		<hr/>
<b>Creditors: amounts falling due after more than one year</b>	14		(313,794)		(338,888)
			<hr/>		<hr/>
<b>Net assets</b>			2,766,222		2,313,466
			<hr/>		<hr/>
<b>Income funds</b>					
Restricted funds	15	1,803,008		1,862,794	
Unrestricted funds	16	963,214		450,672	
		<hr/>		<hr/>	
<b>Total funds</b>			2,766,222		2,313,466
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 31 January 2002 and were signed on its behalf by:

S Ross  
Trustee



**Consolidated cash flow statement**  
*for the year ended 31 May 2001*

	<i>Note</i>	<b>2001</b> £	2000 £
Cash flow from operating activities	18	872,812	210,450
Returns on investments and servicing of finance	19	62,752	39,724
Taxation paid		-	(2,490)
Capital expenditure	19	(359,728)	(173,366)
Acquisitions and disposals	19	-	(1)
Cash inflow before financing		575,836	74,317
Financing	19	(23,974)	(23,179)
Increase in cash in the year		551,862	51,138

**Reconciliation of net cash flow to movement in net funds**

	<i>Note</i>	<b>2001</b> £	2000 £
Increase in cash in the year		551,862	51,138
Cash outflow from loan repayments		23,974	23,179
Change in net funds		575,836	74,317
Net debt at 31 May 2000		761,646	687,329
Net funds at 31 May 2001	20	1,337,482	761,646

## 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) 1995 'Accounting by Charities' and applicable accounting standards.

#### ***Basis of consolidation***

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 31 May 2001. 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 (Garriick'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. Under Section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account.

#### ***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

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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#### ***Leases***

All leases are accounted for as 'operating leases' and the rentals are charged to the income and expenditure account on a straight-line basis over the year of the lease.

#### ***Stocks***

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

## Notes (continued)

### 1 Accounting policies (continued)

#### *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, therefore the group generally suffers a nil taxation charge on its trading activities.

### 2 Status of company

The company is limited by guarantee of the members. At 31 May 2001 there were thirteen members who were together liable to contribute a maximum of £1,300 in the event of a winding up.



## Notes (continued)

### 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 accounts	TRB Productions £	TRB Trading £	TRB Garrick's Head £	Total 2001 £	Total 2000 £
Turnover	2,524,593	294,018	338,376	3,156,987	1,533,273
Cost of sales	(2,147,185)	(9,307)	(146,342)	(2,302,834)	(928,493)
Gross profit	377,408	284,711	192,034	854,153	604,780
Administration and other costs	(36,910)	(26,710)	(183,653)	(247,273)	(271,683)
Interest receivable	-	3,723	332	4,055	7,377
Tax	(2,080)	-	(970)	(3,050)	(790)
Net income	338,418	261,724	7,743	607,885	339,684
Charitable transfers to The Theatre Royal Bath	(132,871)	(70,631)	(7,840)	(211,342)	(220,500)
Management charges paid to The Theatre Royal Bath	(207,024)	(190,257)	-	(397,281)	(120,000)
Retained in subsidiaries	(1,477)	836	(97)	(738)	(816)

### 4 Analysis of total resources expended

	Staff costs £	Other £	Depreciation £	Total £
<b>2001</b>				
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
<b>Total</b>	<b>1,153,196</b>	<b>5,251,947</b>	<b>107,583</b>	<b>6,512,726</b>
<b>2000</b>				
Cost of productions	464,227	3,456,474	-	3,920,701
Management and administrative expenses	554,674	410,075	97,547	1,062,296
Fundraising and publicity	-	44,919	-	44,919
<b>Total</b>	<b>1,018,901</b>	<b>3,911,468</b>	<b>97,547</b>	<b>5,027,916</b>

## Notes (continued)

### 5 Net incoming/outgoing resources

	2001 £	2000 £
<i>Net incoming/outgoing resources are stated after charging:</i>		
Amortisation of intangible fixed assets	3,901	8,819
Depreciation of tangible fixed assets	103,682	92,164
Auditors' remuneration:		
Audit	15,000	17,100
Other services	12,335	3,500
Rental income	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:

	Number of employees	
	2001	2000
Company:		
Production	14	13
Box office	11	11
Fundraising	3	4
Publicity	3	3
Management	7	7
Administration	21	20
Subsidiary undertakings – administrative	8	5
	<u>67</u>	<u>63</u>

The aggregate payroll costs of these persons were as follows

	2001 £	2000 £
Wages and salaries	1,180,890	1,022,602
Social security costs	58,757	86,154
Pension costs	11,283	10,583
	<u>1,250,930</u>	<u>1,119,339</u>

## Notes (continued)

### 7 Staff numbers and costs (continued)

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 company reimbursed expenses of £84 to one trustee.

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

	2001 No	2000 No
£90,000 - £100,000	-	1
£120,000 - £130,000	1	-
	<hr/>	<hr/>

### 8 Intangible fixed assets

#### *Software licences*

Group and company	£
<b>Cost</b>	
At beginning of year	35,276
Additions	14,762
	<hr/>
At end of year	50,038
	<hr/>
<b>Amortisation</b>	
At beginning of year	28,832
Charge for year	3,901
	<hr/>
At end of year	32,733
	<hr/>
<b>Net book value</b>	
At end of year	17,305
	<hr/>
At beginning of year	6,444
	<hr/>

## Notes (continued)

### 9 Tangible fixed assets

	Long leasehold improvements	Freehold property	Motor vehicles	Equipment	Total
	£	£	£	£	£
<b>Group</b>					
<b>Cost</b>					
At beginning of year	2,677,799	-	-	521,585	3,199,384
Additions	-	832,350	7,000	15,616	854,966
Less contribution from Building Development Fund	-	(178,750)	-	-	(178,750)
At end of year	2,677,799	653,600	7,000	537,201	3,875,600
<b>Depreciation</b>					
At beginning of year	511,656	-	-	347,057	858,713
Charge for year	53,556	-	1,750	48,376	103,682
At end of year	565,212	-	1,750	395,433	962,395
<b>Net book value</b>					
At end of year	2,112,587	653,600	5,250	141,768	2,913,205
At beginning of year	2,166,143	-	-	174,527	2,340,670
<b>Company</b>					
<b>Cost</b>					
At beginning of year	2,677,799	-	-	441,487	3,119,286
Additions	-	832,350	7,000	14,925	854,275
Less contribution from Building Development Fund	-	(178,750)	-	-	(178,750)
At end of year	2,677,799	653,600	7,000	456,412	3,794,811
<b>Depreciation</b>					
At beginning of year	511,656	-	-	277,354	789,010
Charge for year	53,556	-	1,750	40,147	95,453
At end of year	565,212	-	1,750	317,501	884,463
<b>Net book value</b>					
At end of year	2,112,587	653,600	5,250	138,911	2,910,348
At beginning of year	2,166,143	-	-	164,133	2,330,276

## 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.

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

The fixed assets are held for charitable activities.

### 10 Fixed asset investments

<b>Group</b>	<b>£</b>
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*Shares at cost in joint ventures:*

At beginning and end of year	3
------------------------------	---

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

Joint venture	Country of incorporation	Principal activity	Class and percentage of shares held
Good Grief Productions Limited	Great Britain	Production of theatre performances	Ordinary 50%
Birthday Party Productions Limited	Great Britain	Production of theatre performances	Ordinary 50%
Red Hot Lovers Productions Limited	Great Britain	Production of theatre performances	Ordinary 50%

All joint ventures are registered in England and Wales.

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.

<b>Company</b>	<b>£</b>
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*Shares at cost in group undertakings:*

At beginning and end of year	10,004
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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 (Garriek'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%

## Notes (continued)

### 11 Stocks

Group	2001 £	2000 £
Goods for resale	<u>5,408</u>	<u>8,405</u>

### 12 Debtors

	Group		Company	
	2001 £	2000 £	2001 £	2000 £
Trade debtors	114,503	195,806	8,462	68,766
Amounts owed by group undertakings	-	-	346,961	174,152
Other debtors	192,309	74,209	17,502	7,886
Prepayments and accrued income	183,361	159,174	99,184	146,635
	<u>490,173</u>	<u>429,189</u>	<u>472,109</u>	<u>397,439</u>

### 13 Creditors: amounts falling due within one year

	Note	Group		Company	
		2001 £	2000 £	2001 £	2000 £
Loans:					
Bath & North East Somerset Council	(i)	10,000	10,000	10,000	10,000
Bristol and West Building Society	(ii)	15,020	13,900	15,020	13,900
Trade creditors		393,735	367,340	332,492	308,483
Amounts owed to group undertakings		-	-	-	3,809
Taxation and social security		164,500	112,528	107,807	101,356
Other creditors		2,464	2,116	2,464	2,110
Accruals		739,699	244,919	664,359	206,797
Advance ticket sales and other deferred income		693,709	502,003	693,709	502,003
		<u>2,019,127</u>	<u>1,252,806</u>	<u>1,825,851</u>	<u>1,148,458</u>

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

	Note	Group		Company	
		2001 £	2000 £	2001 £	2000 £
Loans:					
Bath & North East Somerset Council	(i)	305,764	315,764	305,764	315,764
Bristol and West Building Society	(ii)	8,030	23,124	8,030	23,124
		<u>313,794</u>	<u>338,888</u>	<u>313,794</u>	<u>338,888</u>

## Notes (continued)

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

Analysis	Group		Company	
	2001 £	2000 £	2001 £	2000 £
Debts can be analysed as falling due:				
between one and two years	18,030	24,500	18,030	24,500
between two and five years	30,000	30,000	30,000	30,000
in five years or more	265,764	284,388	265,764	284,388
	<hr/>	<hr/>	<hr/>	<hr/>
	313,794	338,888	313,794	338,888
	<hr/>	<hr/>	<hr/>	<hr/>

- (i) The total amount of £315,764 owing to Bath & 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 for 10 years, rising to £30,000 per annum thereafter until all the debt is repaid. 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 3 years are 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 & depreciation £	Balance at end of year £
Restoration reserve	1,862,494	22,314	(82,106)	1,802,702
Endowment fund	300	6	-	306
	<hr/>	<hr/>	<hr/>	<hr/>
	1,862,794	22,320	(82,106)	1,803,008
	<hr/>	<hr/>	<hr/>	<hr/>

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 (2000: £42,966). The release is calculated at a rate of 2% per annum to match the depreciation rate applied to these leasehold improvements.

## Notes (continued)

### 16 Unrestricted funds

	Balance at beginning of year £	Incoming resources £	Utilised £	Balance at end of year £
Undesignated	(202,374)	41,968	-	(160,406)
Designated:				
Building development fund	483,993	668,750	(218,834)	933,909
Production fund	169,053	100,000	(79,342)	189,711
	<u>450,672</u>	<u>810,718</u>	<u>(298,176)</u>	<u>963,214</u>

### 17 Analysis of group net assets between funds

	Fixed assets £	Net current assets £	Long-term liabilities £	Total £
<b>Restricted funds</b>				
Restoration reserve	1,650,258	152,444	-	1,802,702
Endowment fund	-	306	-	306
	<u>1,650,258</u>	<u>152,750</u>	<u>-</u>	<u>1,803,008</u>
<b>Unrestricted funds and non charitable trading funds</b>	1,280,255	-	(313,794)	966,461
	<u>2,930,513</u>	<u>152,750</u>	<u>(313,794)</u>	<u>2,769,469</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

	2001 £	2000 £
Changes in resources	571,066	(191,386)
Depreciation charges	107,583	100,983
Decrease in stocks	2,997	123
(Increase)/decrease in debtors	(60,984)	101,397
Increase in creditors	252,150	199,333
	<u>872,812</u>	<u>210,450</u>
Net cash inflow		



## Notes (continued)

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

	2001		2000
	£	£	£
<b>Returns on investments and servicing of finance</b>			
Interest received	65,644		43,398
Interest paid	(2,892)		(3,674)
	<u>62,752</u>		<u>39,724</u>
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets	(344,966)		(170,766)
Payments to acquire intangible fixed assets	(14,762)		(2,600)
	<u>(359,728)</u>		<u>(173,366)</u>
<b>Acquisitions and disposals</b>			
Investment in joint ventures		-	(1)
<b>Financing</b>			
Repayment of loan capital		(23,974)	(23,179)

### 20 Analysis of changes in net funds

	At 31 May 2000	Cash flows	Other changes	At 31 May 2001
	£	£	£	£
Cash in hand and at bank	1,124,434	551,862	-	1,676,296
Debt due within one year	(23,900)	23,974	(25,094)	(25,020)
Debt due after one year	(338,888)	-	25,094	(313,794)
	<u>761,646</u>	<u>575,836</u>	<u>-</u>	<u>1,337,482</u>

### 21 Commitments

There were no contracted capital commitments at the end of the financial year for both group and company (2000: None).