Company Registration No. 03987955

LW Theatres Group Limited

Annual Report and Financial Statements

For the 52 week period ended 27 June 2021

LW Theatres Group Limited

Annual report and financial statements for the 52 week period ended 27 June 2021

Content

LW Theatres Group Limited

Annual report and financial statements 2021

Officers and professional advisers

Directors

M G Wordsworth
D P Atkins
J L Arnott
L I Chapman

Registered office

65 Drury Lane
London
WC2B 5SP

Bankers

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

Auditor

Deloitte LLP
Statutory Auditor
London
United Kingdom

LW Theatres Group Limited

Strategic report

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

Introduction and principal activities

The company is a wholly-owned subsidiary of Really Useful Theatres Entertainment Limited, which is part of the LW Theatres Holdings Limited group. The directors are not aware, at the date of this report, of any likely major changes in the company's activities, of ownership and management of theatres, in the next financial period.

Operating and business review

The loss for the period, after taxation, amounted to £15,186,000 (2020: £7,136,000 loss).

Admissions revenue is down 94% and attendance is down 95% on the prior period. This is largely due to the Theatre Royal Drury Lane being closed for a major refurbishment project since January 2019 and The London Palladium being closed due to Covid-19 for majority of the financial period. Additionally, the company incurred significant refurbishment expenditure at the Theatre Royal Drury Lane of £18.6m (2020: £24.7m). Of this spend, £3.0m (2020: £4.2m) was charged to cost of sales and contributed to the stated loss.

The balance sheet on page 13 of the financial statements shows that the company's position at the period end, in net assets terms, has decreased compared to prior period. This is due to losses in the current period.

In the year the company received a £10m interest-bearing loan from LW Theatres Holdings Limited to assist with the company's liquidity requirements during the period the theatres were closed. The loan was funded from the proceeds of a preference share issue subscribed for by the group's sole shareholder, Lord A Lloyd Webber. The loan from LW Theatres Holdings Limited is subordinated to the company's secured bank borrowings.

Key performance indicators

Key performance indicators for the company are as follows:

	2021	2020
Admissions revenue	£1,381,000	£24,216,000
Total attendance	28,097	527,320
Average ticket price	£52.50	£41.63
Theatre open weeks	13	33
Theatre get out and get in weeks	7	4
Theatre dark weeks	47	52
Theatre closed weeks due to Covid–19 pandemic	37	15

The admissions revenue and total attendance decreased year on year at Theatre Royal Drury Lane due to planned refurbishment and as a result of the closure of The London Palladium since 16 March 2020.

The average ticket price is driven by customer demand for tickets at each of the company's theatres and the relative pricing of these tickets set in conjunction with the producers and promoters.

Theatre get in and get out weeks are periods when the theatre is closed to the public but the production company has access to it in order to prepare a new show in advance of opening, or vacate the premises after the run has ended. Theatre dark weeks are weeks where the theatre is available but there is no current show running nor a producer getting in or getting out. The reduction in open weeks and increase in closed weeks was due to the pandemic. The movement in dark and get in and get out weeks was due to the timing of show openings and closings at The London Palladium.

Principal risks and uncertainties

The company faces competitive pressures from other theatre and concert venue owning groups in London to attract and stage productions and concerts. The company has focused its attentions on owning and managing music houses and providing quality service to producers and promoters, to react quickly to their queries and maintaining and developing strong relationships with new and continuing producers and promoters.

Strategic report (continued)

The LW Theatres Holdings Limited group is financed through a third party lender, Handelsbanken. The group's borrowings have a variable interest rate. However, the group's interest rate exposure is reduced as the group has hedging arrangements in the form of an interest rate swap which fixes the interest rate of a significant part of the borrowings. The company holds all of the group's external debt and the interest rate swap mentioned above. Handelsbanken has a charge over the company's assets. Under the banking terms, the debt is not due for repayment until August 2023.

There are no foreign operations of the company and all transactions are conducted in pound Sterling. The company minimises any liquidity risk by using other group companies to fund any short-term operational deficiencies. The group has in place a £45m credit facility in order to meet its day-to-day working capital requirements, including those of the company.

Environment

The LW Theatres Holdings Limited group recognises the importance of its environmental responsibilities and implements policies to reduce any damage that might be caused by the group's activities. The company operates in accordance with group policies and initiatives designed to minimise the company's impact on the environment. These policies include recycling and reduction of energy consumption.

Future developments and events after the balance sheet date

The company's turnover will increase substantially in the 12 months following the reporting date of these financial statements as the result of reopening of the theatres and resumption of normal trading. On 28 October 2021 the company sold its entire investment in Entertainment Theatres Limited for a total consideration of £5.5m.

SECTION 172 (1) STATEMENT COMPANIES ACT 2006

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

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

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

(b) the interests of the company's employees

The company has approximately 133 members of staff (2020: 177) and they play a key part in achieving our objectives. The company ensures staff are aware of strategic decisions and likewise for matters arising from staff to be escalated to the appropriate committee. The company provides training across a wide range of risk and governance topics.

The company as a member of LW Theatres group organises regular meetings where it delivers a briefing on the group's performance and future plans and allows individuals to raise questions and concerns.

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

The company has strong and well established long term relationships with its suppliers, tenants and customers. Further details of our engagement with wider stakeholders is provided in the Directors' Report.

The company's belief in promoting excellence is demonstrated and supported by our senior leadership's active engagement across the industry bodies and our stakeholder community.

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

The company is committed to having a positive impact and enhancing the lives of those in the communities in which we live and work. The company aims to minimise any negative impact it has on the community and the environment by installing more energy efficient systems in our venues wherever possible, reducing landfill waste by recycling and responsible sourcing of resources.

Strategic report (continued)

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

The company expects the highest standards of conduct from its employees, business partners and suppliers with which it engages and ensures all subsidiaries conduct themselves by adhering to the highest standards of business conduct to promote the continued success of the company.

The company complies with all relevant legislation including those targeted at preventing discrimination. Such principles are embedded through its policies. The company is committed to ensuring the health and safety of its employees is practicable, ensures health and safety duties are met at all times and seeks effective operations of health and safety management.

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

As part of a privately owned group, the directors engage regularly with the shareholder about the affairs of the company and seek to take decisions in the best interests of the shareholder.

Approved by the Board and signed on its behalf by:

M G Wordsworth
Director

30 March 2022

Directors' report (continued)

The directors present their annual report and the audited financial statements for the 52 weeks ended 27 June 2021 (2020: 52 weeks ended 28 June 2020).

Future developments and events after the balance sheet date

Details of future developments and events after the balance sheet date can be found in the Strategic Report on pages 2 to 4 and form part of this report by cross-reference.

Principal risks and uncertainties

The risks faced by the company and the policies set out to mitigate those risks are set out in the Strategic Report.

Dividends

The directors do not recommend the payment of a dividend (2020: £nil).

No dividends have been paid or declared post year end to the signing.

Directors

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

M G Wordsworth
D J Freeman (resigned 31 March 2021)
R Kane Burton (resigned 6 September 2021)
D P Atkins
J L Arnott
L I Chapman (appointed 01 April 2021)

Going concern

The company is reliant for its liquidity upon the debt and equity financing arrangements in place across the LW Theatres group of which the company is a part. The going concern assessment applicable to the company is made at the level of LW Theatres Holdings Limited, the ultimate parent company. Your attention is drawn to note 1 (c) on page 15 which contains details of the going concern assessment made by the directors of LW Theatres Holdings Limited.

In summary, after taking into account the trading levels experienced since reopening, future trading potential and risks faced by the business, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Financial risk management objectives and policies

The company's activities expose it to a number of financial risks including credit risk, interest rate risk and liquidity risk.

Credit risk

The company's principal financial assets are bank balances and cash, trade and other receivables and investments.

The credit risk on liquid funds and derivative financial instruments is limited because the company's counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The company's credit risks are primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables. An allowance for impairment is made where there is an identified loss event which, on previous experience, is evidence of a reduction in the recoverability of the cash flow. To mitigate credit risk the company seeks to ensure it deals with reputable companies.

Interest rate risk

The use of financial derivatives is governed by policies approved by the board of directors, which provide written principles on use of financial derivatives to manage these risks. The company does not use derivative financial instruments for speculative purposes. As described in the Strategic Report above, the interest rate hedges in place protect the company from the effect of interest rate rises on the hedged portion of its borrowings which in turn provides greater certainty on the cash cost of these borrowings.

Liquidity risk

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

Further details regarding liquidity risk can be found in the notes to the financial statement.

Directors' indemnities

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

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the group continues and that appropriate training is arranged. It is the policy of the group and the company that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

Details of the number of employees and related costs can be found in note 6 to the financial statements.

The company aims to: secure good relations between management and all employees; to promote a better understanding of the issues influencing the company's business; to improve productivity; to enhance the quality of working life; and to gain the commitment of all concerned to the company's business objectives. Disabled persons are considered for employment, training, career development and promotion on the basis of their aptitudes and abilities, in common with all employees of the company.

The company participates in the group's policies and practices to keep employees informed on matters relevant to them as employees through regular newsletters and circulars. Employee representatives are consulted regularly on a wide range of matters affecting their interests.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

M G Wordsworth
Director
30 March 2022
65 Drury Lane, London, WC2B 5SP

Directors' responsibilities statement

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditor's report to the members of

LW Theatres Group Limited (continued)

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of LW Theatres Group Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 27 June 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the profit and loss account;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 22.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Independent auditor's report to the members of

LW Theatres Group Limited (continued)

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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

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

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

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

As a result of performing the above, we identified the greatest potential for fraud in the following areas, and our specific procedures performed to address them are described below:

- Classification of Refurbishment costs at the Theatre Royal Drury Lane: tested design and implementation of controls, assessed management's assumptions on the treatment of the refurbishment costs, considered appropriateness of the capitalisation policy, tested a sample of refurbishment costs substantively for correct capitalisation treatment, and tested recoverability of capitalised costs.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;

Independent auditor's report to the members of

LW Theatres Group Limited (continued)

- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and external legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

HWildman

Helen Wildman ACA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

London, United Kingdom

31st March 2022

LW Theatres Group Limited

Profit and loss account
For the 52 week period ended 27 June 2021

	Notes	Period ended 27 June 2021 £'000	Period ended 28 June 2020 £'000
Turnover	3	4,518	32,021
Cost of sales		(9,396)	(29,625)
Gross (loss) / profit		(4,878)	2,396
Administrative expenses		(9,761)	(9,731)
Other operating expenses		(3,298)	-
Other operating income	6	751	540
Operating loss		(17,186)	(6,795)
Income from share of associated undertakings		-	-
Net loss on derivatives at fair value through profit and loss account	17	860	(1,478)
Finance costs (net)	4	(3,833)	(2,231)
Loss before taxation	5	(20,159)	(10,504)
Tax credit	8	4,974	3,368
Loss for the financial period		(15,185)	(7,136)

All activities relate to continuing operations.

The accompanying notes form an integral part of this profit and loss account.

LW Theatres Group Limited

Statement of comprehensive income
For the 52 week period ended 27 June 2021

	Notes	27 June 2021 £'000	28 June 2020 £'000
Loss for the financial period		(15,185)	(7,136)
Remeasurement of net defined benefit asset	19	(7,800)	4,100
Tax relating to components of other comprehensive income	8	846	(1,065)
Other comprehensive (expense) / income		(6,954)	3,035
Total comprehensive expense attributable to Equity shareholders of the company		(22,139)	(4,101)

LW Theatres Group Limited

Balance sheet
As at 27 June 2021

	Notes	27 June 2021 £'000	28 June 2020 £'000
Non-current assets			
Fixed assets			
Tangible assets	9	103,504	88,365
Investments	10	89,737	92,806
		193,241	181,171
Current assets			
Stocks	11	100	59
Debtors	12	67,558	71,479
Cash at bank and in hand		2,744	844
		70,402	72,382
Creditors: Amounts falling due within one year	13	(137,167)	(116,718)
Net current liabilities		(66,765)	(44,336)
Total assets less current liabilities		126,476	154,135
Retirement benefits	19	9,500	17,300
Creditors: amount falling due after more than one year			
Creditors: Amounts falling due after more than one year	14	(85,679)	(75,935)
Provision for liabilities	15	3,579	(2,185)
Net assets		53,876	76,015
Capital and reserves			
Called up share capital	18	1	1
Share premium	18	81,123	81,123
Pension reserve	18	(1,885)	5,069
Profit and loss account	18	(25,363)	(10,178)
Shareholders' funds		53,876	76,015

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

The financial statements of LW Theatres Group Limited, registered number 03987955, were approved by the board of directors and authorised for issue on 30 March 2022.

They were signed on its behalf by:

L I Chapman
Director

LW Theatres Group Limited

Statement of changes in equity
For the period ended 27 June 2021

	Called up share capital £'000	Share premium £'000	Pension reserve £'000	Profit and loss account £'000	Total £'000
At 30 June 2019	1	81,123	2,034	(3,042)	80,116
Loss for the financial year	-	-	-	(7,136)	(7,136)
Remeasurement of net defined benefit asset	-	-	4,100	-	4,100
Tax relating to items of other comprehensive expense			(1,065)	-	(1,065)
Total comprehensive expense	-	-	3,035	(7,136)	(4,101)
At 28 June 2020	1	81,123	5,069	(10,178)	76,015
Loss for the financial year	-	-	-	(15,185)	(15,185)
Remeasurement of net defined benefit liability	-	-	(7,800)	-	(7,800)
Tax relating to items of other comprehensive expense			846	-	846
Total comprehensive expense	-	-	(6,954)	(15,185)	(22,139)
At 27 June 2021	1	81,123	(1,885)	(25,363)	53,876

1. **Principal accounting policies**

The principal accounting policies are summarised below. They have all been applied consistently throughout the period and also the preceding financial period.

a. General information and basis of accounting

LW Theatres Group Limited is a private company, limited by shares, incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the registered office is given on page 1. The nature of the company's operations and its principal activities are set out in the Strategic Report on pages 2 to 4.

The financial statements have been prepared under historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of LW Theatres Group Limited is considered to be pounds Sterling because that is the currency of the primary economic environment in which the company operates. The financial statements are also presented in pounds Sterling. Foreign operations are included in accordance with the policies set out below.

LW Theatres Group Limited meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. Exemptions have been taken in relation to financial instruments, presentation of a cash flow statement, intra-group transactions and remuneration of key management personnel.

The company's accounting period covers the 52 weeks ended 27 June 2021. The comparative period covered the 52 weeks ended 28 June 2020.

b. Basis of consolidation

The company has taken advantage of the exemption conferred by sections 400(1) and 400(2) of the Companies Act 2006 not to prepare group accounts. The accounts present information about the company as an individual undertaking and not about its group.

c. Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the strategic report on pages 2 to 4. The strategic report and the directors' report on pages 5 and 6 describes the financial position of the company; liquidity position and borrowing facilities; the company's objectives, policies and processes for managing its financial risk management objectives; details of its financial instruments and hedging activities; and its exposure to credit risk and liquidity risk.

LW Theatres Group Limited is a member of a group of which LW Theatres Holdings Limited is the ultimate parent. The company is reliant for its liquidity upon the debt and equity financing arrangements in place across the LW Theatres group of which the company is a part, and has been provided with a letter from LW Theatres Holdings Limited confirming its support for a period of 12 months from signing.

The going concern assessment applicable to the company is made at the level of LW Theatres Holdings Limited, the ultimate parent company and is included below.

As part of the ongoing Coronavirus pandemic, the UK government continued to impose restrictions to control the spread of Coronavirus throughout the financial year, including the closure of theatres. These measures were lifted in full on 19 July 2021, shortly after the financial year end. As a result, the group lost almost all its income except for some overhead recoveries.

At the time of approving these financial statements, our theatres have reopened to the public at full capacity. The shows in our theatres have generally proved a hit with audiences and are performing in accordance with historic levels, albeit that attendance levels at shows particularly reliant upon international tourism are below their pre-pandemic levels.

1. Principal accounting policies (continued)

c. Going concern (continued)

Due to the success of the vaccination programme and indications that Coronavirus will soon be treated as an endemic disease and no longer require isolation, the directors do not envisage restrictions returning at a level that would result in a prolonged closure of our theatres. If restrictions were re-introduced, the group is well placed to deal with safety additional measures as well as rescheduling performances in the event of show cancellations. Future performances may be impacted by outbreaks of the virus within show casts but due to the progress in tackling the disease any disruption to individual performances is not anticipated to be material in the context of the group's trading and would not lead to an accelerated unwind of the advance ticket creditor.

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

These forecasts show that the group is able to operate within the current committed bank facilities, which expire in August 2023, and comply with financial covenants throughout the period. The group will open negotiations with its lender in due course regarding an extension of the facilities.

Based on discussions to date the directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. As a result, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

d. Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Theatre refurbishment costs are expensed to the profit and loss account unless the works constituted structural repairs.

Depreciation is provided on all tangible fixed assets, other than the residual value of freehold and long leasehold theatres, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Plant and equipment	
Plant and equipment	3 - 25 years
Motor vehicle	3 - 5 years
Structural refurbishment	25 years

Residual value represents the estimated amount which would currently be obtained from disposal of an asset, after deducting estimated cost of disposal, if the asset were already of the age and in the condition expected at the end of its useful life.

The company holds freehold theatres and other properties within land and buildings. The properties are regularly maintained to a high standard and the costs of maintenance are charged to the profit and loss account as incurred. Certain expenditure is capitalised if it is deemed to enhance the economic benefits of the theatres. These capitalised amounts are depreciated over their economic useful life.

The directors believe that, after taking into account the residual value of the properties based on prices prevailing at the date of acquisition or subsequent revaluation, any element of depreciation on the residual value would be immaterial. An impairment review of the theatres is carried out annually by the directors. Any impairment would be charged through the profit and loss account in the period in which it was identified.

Non depreciation of land and buildings represents a departure from the Companies Act 2006. The directors believe that this treatment ensures that the financial statements show a true and fair view.

e. Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

1. **Principal accounting policies (continued)**

e. Financial instruments (continued)

(i) Financial assets and liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction cost), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

(a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.

(b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.

(c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.

(d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Derivative financial instruments

The company uses derivative financial instruments to reduce exposure to interest rate movements. The company does not hold or issue derivative financial instruments for speculative purposes.

1. **Principal accounting policies (continued)**

e. Financial instruments (continued)

(ii) Derivative financial instruments

Derivatives are initially recognised at fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately.

f. Investments

Investments (including investments in associates) are measured at costs less impairment. For investments in subsidiaries acquired for the consideration including issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

g. Stocks

Stocks, which relate to food, liquor and beverages held for resale, are stated at the lower of cost and net realisable value. Provision is made for obsolete, slow moving or defective items where appropriate.

h. Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that results in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences between the company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely that not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

When the amount that can be deducted for an assets (other than goodwill) that is recognised in a business combination in less (more) that the value at which it is recognised, deferred tax liability (asset) is recognised for the additional tax that will be avoided (paid) because of a difference between the value at which a liability is recognised and the amount that will be assessed for tax. The amount attributed to goodwill is adjusted by the amount of deferred tax recognised.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing differences. Deferred tax relating to property, plant and equipment is measured using the revaluation model and investment property measured using the tax rates and allowances that apply to sale of the asset.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event that resulted in the tax expense or income.

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

Deferred tax assets and liabilities are offset only if: a) the company had a legally enforceable right to set off current tax assets against current tax liabilities; and b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

A provision is recognised for those matters for which the tax determination is uncertain but it is considered probable that there will be a future outflow of the funds to a tax authority. The provisions are measured at the

1. **Principal accounting policies (continued)**

h. Taxation (continued)

best estimate of the amount expected to become payable. The assessment is based on the judgement of tax professionals within the company supported by previous experience in respect of such activities and in certain cases based on specialist independent tax advice.

The company and its related companies utilise the application of group relief whereby current year tax losses from one company will be surrendered to a company with the current year taxable profits. The amount surrendered from the loss-making company will not exceed the amount of the profit-making company's taxable profits.

To the extent that losses are surrendered to shelter profits recognised in the accounts, the profit-making company will utilise the tax loss surrendered and book an amount equivalent to the tax saving in its intercompany account.

i. Turnover

Turnover is stated net of VAT and trade discounts and is recognised when the significant risks and rewards are considered to have been transferred to the buyer. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is recorded at the fair value of the consideration received or receivable. Where a contract has only been partially completed at the balance sheet date turnover represents the fair value of the services provided to date based on the stage of completion of the contract activity at the balance sheet date. Where payments are received from customers in advance of services provided, the amounts are recorded as deferred income and included as part of creditors due within one year.

Turnover represents income derived in the United Kingdom from the group's box office receipts and contra recharges charged to a producer, retail sales to the theatre patrons, restoration levy income, rent receivable under leases and sundry income.

j. Employee benefits

For defined benefit schemes the amounts charged to operating profit are the costs arising from employee services rendered during the period and the cost of plan introductions, benefit changes, settlements and curtailments. They are included as part of staff costs. The net interest cost on the net defined benefit liability is charged to profit or loss and included within finance costs. Remeasurement comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest on the net defined benefit liability) are recognised immediately in other comprehensive income.

Defined benefit schemes are funded, with the assets of the scheme held separately from those of the company, in separate trustee administered funds. Pension scheme assets are measured at fair value and liabilities are measured on an actuarial basis using the projected unit credit method. The actuarial valuations are obtained at least triennially and are updated at each balance sheet date.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other retirement benefits is the contributions payable in the year. Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

k. Leases

The company as lessee

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

1. Principal accounting policies (continued)

k. Leases

The company as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

l. Provisions

Provisions are only recognised in the financial statements when a past event has created a present obligation at the reporting date, an outflow of economic benefits is probable and the amount of the obligation can be estimated reliably.

m. Government grants

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

During the financial period the company has taken advantage of government support through the Coronavirus Job Retention Scheme and various local authority grants.

2. Critical accounting judgements and key sources of estimation uncertainty

The directors believe there is no critical judgement in the application of the company's accounting policies.

The following is considered by the directors as a key source of estimation uncertainty:

Defined benefit scheme

The net assets of the company's defined benefit retirement scheme is determined based on actuarial advice. The calculation is significantly affected by relatively small changes in the actuarial assumptions concerning future inflation, discount rates and mortality. As set out in note 19 below, the net assets of the company's defined benefit retirement scheme are £9.5m (2021: £17.3m) after recognising actuarial losses in the year of £7.8m (2020: £4.1m gains).

3. Turnover

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

	27 June 2021 £'000	28 June 2020 £'000
Theatre operations	4,518	32,021
	4,518	32,021

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

	27 June 2021 £'000	28 June 2020 £'000
United Kingdom	4,518	32,021
	4,518	32,021

3. Turnover (continued)

An analysis of the company's turnover is as follows:

	27 June 2021 £'000	28 June 2020 £'000
Admissions	1,381	24,216
Recoveries	1,842	2,096
Retail	223	3,072
Restoration levy	38	579
Rental income	311	548
Other	723	1,510
	4,518	32,021

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

	27 June 2021 £'000	28 June 2020 £'000
Not later than one year	417	416
Later than 1 year and not later than 5 years	1,666	1,666
Later than 5 years	-	417
	2,083	2,499

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

4. Finance costs (net)

	27 June 2021 £'000	28 June 2020 £'000
Interest payable and similar expenses	3,833	2,233
Bank interest received	-	(2)
	3,833	2,231

Interest payable and similar expenses

	27 June 2021 £'000	28 June 2020 £'000
Bank loan and overdrafts	3,811	2,531
Intercompany loan	322	-
Net interest on defined benefit (asset)	(300)	(300)
	3,833	2,231

5. Loss before taxation

Loss before taxation is stated after charging:

	27 June 2021 £'000	28 June 2020 £'000
Provision for impairment (see note 10)	3,298	-
Depreciation of tangible assets (see note 9)	918	829
Lease rentals	108	277
	4,324	1,106

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

	27 June 2021 £'000	28 June 2020 £'000
Fees payable to the company's auditor and its associates for the audit of the company's annual financial statements	94	94
- Tax compliant services	51	51
- Banking covenant compliance	4	4
- Other taxation advisory services	61	47
Total non-audit fees	116	102

6. Staff numbers and costs

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

	27 June 2021 Number	28 June 2020 Number
Theatre ownership and management	133	177

Their aggregate remuneration comprised:

	27 June 2021 £'000	28 June 2020 £'000
Wages and salaries	6,291	6,813
Social security costs	733	832
Other pension costs	713	860
	7,737	8,505

The company operates both a defined benefit scheme (note 19) and a defined contribution scheme, for which the pension cost charged for the period amounted to £413,000 (2020: £360,000).

Other pension costs include Guaranteed Minimum Pension (GMP) equalisation costs of £nil (2020: £nil).

The company received contributions from the Government for the Coronavirus Job Retention Scheme, for which the income recognised for the period amount to £707,000 (2020: £540,000). This income is reported under other operating income in the profit and loss account. Other forms of Government support received from the company are disclosed in note 1 (m) above.

7. Directors' remuneration and transactions

	27 June 2021 £'000	28 June 2020 £'000
Directors' remuneration:		
Emoluments	1,279	1,165
Company pension contributions	40	23
	1,319	1,188

	No.	No.
Number of directors who are members of a defined contribution pension scheme	2	4

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

	27 June 2021 £'000	28 June 2020 £'000
Emoluments	388	353
	388	353

8. Tax on loss

The tax credit comprises:

	27 June 2021 £'000	28 June 2020 £'000
Current tax on loss		
UK corporation tax – prior year adjustment	-	1
Group relief (receivable)	95	(854)
Group relief – prior period adjustment	(38)	(70)
Consortium relief (receivable)	-	(129)
Total current tax	(57)	(1,052)
Deferred tax		
Prior year adjustment	157	(145)
Change in rate	1,544	(170)
Deferred taxation (credit) on theatre DTL - rate difference	(48)	(1,410)
Deferred taxation charge on theatre DTL	735	-
Deferred taxation (credit)	2,529	(591)
Total deferred tax (see notes 15 and 16)	(4,917)	(2,316)
Total tax	**(4,974)**	**(3,368)**
Total current and deferred tax relating to items of other comprehensive income (see note 16)	846	(1,065)

8. Tax on loss (continued)

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

	27 June 2021	28 June 2020
	£'000	£'000
Loss before tax	(20,160)	(10,504)
Tax on loss at standard UK corporation rate of 19% (2020: 19%)	(3,830)	(1,996)
Effects of:		
- Expenses not deductible for tax purposes	863	408
- Land remediation relief claimed	1	-
- Rate difference	(1,544)	(170)
- Prior year adjustments	(119)	(214)
- Movement in deferred tax on inherited gain in revalued property	(735)	(1,681)
- Rate difference arising on revalued property	48	271
- Movement in unrecognised deferred tax	344	13
- Other	2	1
Total tax for period	(4,974)	(3,368)

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

9. Tangible fixed assets

	Freehold land and buildings	Plant and equipment	Structural refurbishment	Total
	£'000	£'000	£'000	£'000
Cost or valuation:				
As at 29 June 2020	54,875	7,190	30,860	92,925
Additions	-	416	15,641	16,057
As at 27 June 2021	54,875	7,606	46,501	108,982
Depreciation:				
As at 29 June 2020	-	(3,341)	(1,219)	(4,560)
Charge for the period	-	(602)	(316)	(918)
Disposals	-	-	-	-
As at 27 June 2021	-	(3,943)	(1,535)	(5,478)
Net book value:				
As at 27 June 2021	54,875	3,663	44,966	103,504
As at 28 June 2020	54,875	3,849	29,641	88,365

9. Tangible fixed assets (continued)

The land and buildings were valued by CBRE Limited in October 2020 on the basis of open market valuation in accordance with *The Royal Institution of Chartered Surveyors valuation standards – Global and UK, in effect from 31 January 2020.* This valuation supported the book value recorded above and the directors consider the book values above not to be impaired.

Freehold land and buildings with a carrying amount of £54.9 million (2020: £54.9 million) have been pledged to secure borrowings of the group. The company is not allowed to pledge these assets as security for other borrowings or to sell them to another entity.

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

	Freehold land and buildings £'000
Historical cost	
At 28 June 2020 and at 27 June 2021	3,410

10. Investments

	Shares in subsidiary companies £'000	Works of Art £'000	Total £'000
Cost and net book value:			
At 29 June 2020	91,812	994	92,806
Additions	-	229	229
As at 27 June 2021	91,812	1,223	93,035
Provisions for impairment:			
At 29 June 2020	-	-	-
Written off	(3,298)	-	(3,298)
As at 27 June 2021	(3,298)	-	(3,298)
Carrying value	88,514	1,223	89,737

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

The provision for impairment relates to a write down in the company's investment in one of its subsidiaries, Entertainment Theatres Limited, which was sold after the year end. The impairment is charged through the profit and loss account under 'other operating expenses'.

10. Investments (continued)

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

* Held by a subsidiary undertaking.

11. Stocks

	27 June 2021 £'000	28 June 2020 £'000
Goods for resale	100	59

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

12. Debtors

	27 June 2021 £'000	28 June 2020 £'000
Trade debtors	329	617
Amounts owed by parent undertakings	60,793	60,793
Amounts owed by other group undertakings	2,758	4,053
Corporation tax debtor	172	820
VAT	296	1,066
Producer account bookings	2,694	3,889
Prepayments and accrued income	516	241
	67,558	71,479

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

13. Creditors (amounts falling due within one year)

	27 June 2021 £'000	28 June 2020 £'000
Bank loans	45,000	25,000
Payments on account	23,212	17,909
Trade creditors	2,525	2,750
Amounts owed to subsidiary undertakings	61,406	66,956
Social security and other taxes	896	457
Other creditors	980	308
Accruals and deferred income	3,148	3,338
	137,167	116,718

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

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

	27 June 2021 £'000	28 June 2020 £'000
Bank loans	74,323	74,041
Parent company loan	10,322	-
Derivative financial instruments (see note 17)	1,034	1,894
	85,679	75,935

In the year the company received a £10m interest-bearing loan from LW Theatres Holdings Limited to assist with the company's liquidity requirements during the year. The loan was funded from the proceeds of a preference share issue subscribed for by the group's shareholder, Lord A Lloyd Webber, and is repayable in December 2030. The loan is unsecured and subordinated to the company's bank borrowings.

On 29 August 2017, LW Theatres Group Limited entered into a Term and Ancillary Facilities agreement with Handelsbanken. These facilities comprise a £75m term loan and £45m committed revolving credit facility, which is available for the group's general working capital purposes. The term and revolving credit facilities do not mature until August 2023. The rate of interest on the loan is the aggregate of LIBOR, the applicable margin, and mandatory costs and fees, if any.

The value of bank loans shown above is presented net of financing costs of £1,180k (2020: £1,301k).

Bank loans

	27 June 2021 £'000	28 June 2020 £'000
Between one and two years	2,447	(382)
Between two and five years	73,056	75,724
	75,503	75,342
On demand or within one year	(503)	(342)
	75,000	75,000

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

Total borrowings

	27 June 2021 £'000	28 June 2020 £'000
Between one and two years	2,447	(382)
Between two and five years	73,056	75,724
After five years	10,322	-
	85,825	75,342
On demand or within one year	(503)	(342)
	85,322	75,000

The bank facilities are secured on properties owned by the company and certain subsidiary undertakings with a carrying value of £189m (2020: £175m). The terms of the loan restrict the company from making significant acquisitions or disposals without the consent of the lender. Interest is payable on the term loan at a variable rate of LIBOR + 1.95% on the principal amount. LIBOR has been fixed on the £75m term loan using financial derivative instrument (see note 17).

This note expresses the total carrying value of the loan by allocating the total expected finance costs payable over the life of the loan using a fixed effective annual interest rate of 2.79% (2020: 2.67%).

15. Provision for liabilities

	Deferred tax £'000
At 28 June 2020	(2,185)
Charged to profit and loss account	4,918
Charged to other comprehensive income	846
At 27 June 2021	3,579

Provision for deferred tax

A deferred tax liability has been recognised in line with FRS 102 due to the potential capital gain on sale of the company's theatre property.

Deferred tax assets and liabilities are offset only where the group has a legally enforceable right to do so and where the assets and liabilities relate to income taxes levied by the same taxation authority on the same taxable entity or another entity within the group.

16. Deferred taxation

	27 June 2021 £'000	28 June 2020 £'000
Opening deferred tax balance	(1,296)	(1,137)
Deferred tax movement – current year	2,529	591
Deferred tax movement – prior year	157	145
Deferred tax movement – current year to Comprehensive Income	846	(1,065)
Effect of change in tax rate	1,544	170
Theatre assets	(201)	(888)
Deferred tax asset / (liabilities)	3,579	(2,184)

An analysis of the deferred tax asset credited to the consolidated profit and loss account is:

	27 June 2021 £'000	28 June 2020 £'000
Capital allowances in excess of depreciation	1,029	618
Short-term timing differences	481	425
Pension surplus	(2,375)	(3,287)
Losses	4,645	948
Theatre assets	(201)	(888)
Deferred tax assets / (liabilities)	3,579	(2,184)

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

17. Financial instruments

Financial assets

	27 June 2021 £'000	28 June 2020 £'000
Measured at fair value through profit and loss		
Derivative financial asset (note 12)	-	-

Financial liabilities

	27 June 2021 £'000	28 June 2020 £'000
Measured at fair value through profit and loss		
Derivative financial liabilities (note 14)	1,034	1,894
Measured at amortised cost		
Loans payable (note 14)	74,322	74,041
Measured at undiscounted amount payable		
Bank loan	45,000	25,000
Trade and other creditors (note 13)	4,399	3,515
	124,755	104,450

17. Financial instruments (continued)

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

	27 June 2021 £'000	28 June 2020 £'000
Interest expense		
Total interest expense for financial liabilities at amortised cost (note 4)	4,133	2,533
Fair value losses		
On derivative financial assets / liabilities measured at fair value through profit and loss	(860)	1,478

At 27 June 2021 the company has an interest rate swap contract with a principal amount of £60m (2020: £65m) with liability fair value of £0.66m (2020: £1.3m), whereby interest is payable at a fixed interest rate of 0.785% (2020: 0.785%). The interest rate swap settles against the appropriate prevailing LIBOR rate. The interest rate swap matures on 25 August 2023.

At 27 June 2021 the company had an interest rate swap contract with a principal amount of £15m (2020: £10m) with a liability fair value of £0.37m (2020: £0.6m), whereby interest is payable at a fixed interest rate of 1.39% (2020: 1.39%). The interest rate swap settles against the appropriate prevailing LIBOR rate. The interest rate swap matures on 25 August 2023.

18. Called up share capital and reserves

	27 June 2021 £	28 June 2020 £
Allotted, called up and fully paid:		
1,177 ordinary shares of £1 each	1,177	1,177

The company has one class of ordinary share which carry no right to fixed income.

The company's other reserves are as follows:

The share premium reserve contains the premium arising on issue of equity shares, net of issue expenses.

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

The pension reserve represents the cumulative changes in actuarial valuation of the company's defined benefit pension scheme.

19. Retirement benefit schemes

Defined contribution scheme

The company operates defined contribution retirement benefit schemes for all qualifying employees. The total expense charged to profit or loss in the period ended 27 June 2021 was £413,000 (2020: £360,000).

Defined benefit schemes

The company operates a defined benefit multi-employer scheme, the assets and liabilities for which are held independently from the company. The scheme closed to future accrual as at 30 June 2012. The company became the principal employer of the scheme on 7 April 2011. As the company is the principal employer, full FRS 102 disclosure of the scheme is presented.

The scheme is a funded scheme and the Trustees' funding objective is to hold assets which are at least equal to the technical provisions, i.e. to meet the statutory funding objective. The contributions paid to the scheme

19. Retirement benefit schemes (continued)

are agreed by the trustees and company every three years, after obtaining the actuarial advice of the scheme actuary. The current schedule of contributions agreed in July 2019 states that the company will not make any further contributions until at least 1 January 2022.

The scheme does not own any of the company's own financial instruments or property.

The most recent comprehensive actuarial valuation of scheme was carried out by Mr. Ben Knight, Fellow of the Institute and Faculty of Actuaries as at 31 December 2018 for funding purposes using scheme membership data at that date. This membership data has been used to calculate the 27 June 2021 benefit obligations for the Scheme as set out in this note. The present value of the defined benefit obligation, the related current service cost and past service cost were measured using the projected unit credit method.

	Valuation at	
	2021	**2020**
Key assumptions used:		
Discount rate	1.55%	2.25%
Pension increases for in-payment benefits	2.85%/5%	2.00%/5%
Pension increases for deferred benefits	2.30%	2.40%
Inflation	2.30%	2.40%

Mortality assumptions:

Investigations have been carried out within the past three years into the mortality experience of the company's defined benefit scheme. These investigations concluded that the current mortality assumptions include sufficient allowance for future improvements in mortality rates. The assumed life expectations on retirement at age 65 are:

	Valuation at	
	2021 years	**2020 Years**
Retiring today:		
Males	21.7	21.7
Females	24.1	24.1
Retiring in 20 years:		
Males	23.0	23.0
Females	25.5	25.5

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

	2021 £m	**2020 £m**
Net interest on net defined benefit (asset)	(0.3)	(0.3)
Administration costs incurred during the period	0.3	0.5
	-	0.2
Recognised in other comprehensive income:		
Total cost relating to defined benefit scheme	7.8	(4.1)

19. Retirement benefit schemes (continued)

The amount included in the balance sheet arising from the company's obligations in respect of its defined benefit retirement benefit schemes is as follows:

	2021 £m	2020 £m
Present value of defined benefit obligations	(77.0)	(79.7)
Fair value of scheme assets	86.5	97.0
Net asset recognised in the balance sheet	9.5	17.3

Reconciliation of net assets position:

	2021 £m	2020 £m
Balance brought forward	17.3	13.4
Net interest on net defined benefit asset	0.3	0.3
Remeasurement effect recognised in OCI	(7.8)	4.1
Administration costs incurred in the period	(0.3)	(0.5)
Net asset recognised in the balance sheet	9.5	17.3

The Trust Deed provides LW Theatres Group Limited with an unconditional right to a refund of surplus assets assuming the full settlement of plan liabilities in the event of a plan wind-up. Furthermore, in the ordinary course of business the Trustee had no rights to unilaterally wind-up, or otherwise augment the benefits due to members of, the scheme. Based on these rights, any net surplus in the UK scheme is recognised in full.

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

	2021 £m	2020 £m
Balance brought forward	97.0	86.8
Interest income on scheme assets	1.5	1.9
Return on plan assets (excluding amounts included in net interest cost)	(8.3)	12.1
Benefits paid	(3.4)	(3.3)
Administrative costs paid	(0.3)	(0.5)
Balance carried forward	86.5	97.0
Total return on scheme assets	(6.8)	14.0

19. Retirement benefit schemes (continued)

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

	Fair value of assets	
	2021	**2020**
	£m	**£m**
Diversified growth funds	8.1	11.7
Debt instruments	64.5	81.7
Cash	13.9	3.6
	86.5	97.0

20. Ultimate parent company and controlling party

The immediate parent company is Really Useful Theatres Entertainment Limited, a company incorporated in the United Kingdom. The ultimate parent company and the largest and smallest group for which group accounts are prepared, of which the company is a member, is LW Theatres Holdings Limited, registered address 65 Drury Lane, London WC2B 5SP, incorporated in the United Kingdom. A copy of these group accounts may be obtained from Companies House, Crown Way, Maindy, Cardiff CF14 3UZ.

The ultimate controlling party is Lord A Lloyd Webber, who is the owner of the ultimate parent company.

21. Related party transactions

Current period results included payment of £617k (2020: £432k) made to The Really Useful Group Limited, a related party, for directors remuneration, salary recharges and occupancy costs.

The company has taken advantage of exemptions from disclosure granted by FRS 102 paragraph 33.1A *Related Party Disclosures* not to disclose transactions with other wholly-owned group companies. The exemptions taken relate to the disclosure of intra-company transactions only.

During the period the company charged to Really Useful Group Limited a related party, for services in the ordinary course of business at costs of £122k (2020: £77k). Amounts owed by this related party to the company at the reporting date were £33k (2020: £37k) and are included in debtors.

22. Subsequent events

On 28 October 2021 the company sold its entire investment in Entertainment Theatres Limited for a total consideration of £5.5m.