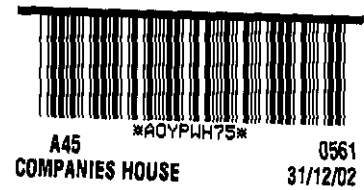


THEATRE ROYAL HAYMARKET LIMITED
REPORTS AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS TO 31 MARCH 2002



Company Number 242846

THEATRE ROYAL HAYMARKET LIMITED

**REPORTS AND FINANCIAL STATEMENTS
FOR THE 52 WEEKS TO 31 MARCH 2002**

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THEATRE ROYAL HAYMARKET LIMITED

REPORT OF THE DIRECTORS FOR THE 52 WEEKS TO 31 MARCH 2002

The directors present their annual report and financial statements for the 52 weeks ended 31 March 2002.

REVIEW OF ACTIVITIES AND RESULTS FOR THE PERIOD

The company provides stage entertainment. The profit and loss account is set out on page 6.

A year in which we were dark for 18 consecutive weeks could not produce a good result. The creation of a production division was in part a response to the need to provide a programme of drama which would offer continuity as well as quality and produce an adequate return. The initial productions of this venture have been broadly successful, and we are encouraged to continue to build on the experience gained.

Japes ran for the first month of the year, failing to achieve the Box Office figures for which we hoped, and was followed by another production which showed a loss: *The Beau*, starring Peter Bowles. The theatre was then dark from the beginning of July until the end of October, when the first of our productions in conjunction with Stanhope Productions opened to record advance bookings: *The Royal Family*, starring Dame Judi Dench. The success of this production clawed back much of the deficit, a process continued by *Lady Windermere's Fan*, with Vanessa Redgrave and Joely Richardson. The benefit of the production surplus on this show has given a good start to 2002/2003, although the award-winning *Rose Rage* which succeeded it was not financially successful. We were proud to welcome the RSC with *Much Ado About Nothing* and *Antony and Cleopatra* for a ground-breaking West End summer season, and pleased to prove the cynics wrong: after a slow start, bookings achieved excellent levels.

Sir David Hare's *The Breath of Life*, with Dame Judi Dench and Maggie Smith is currently playing to sold-out houses and is likely to be succeeded by another production with considerable audience appeal, so we expect to be able to report a very satisfactory year.

DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who held office during the 52 week period were as follows:

A M Crook (Chairman)
Miss Enid Channele
G H Brown
S Korany
I McCulloch

Messrs A M Crook, S Korany, G H Brown, I McCulloch and Miss Enid Channele are directors of the holding company and their interests in the shares of that company will be shown in its annual report. No other director had an interest in the shares of any group company.

DIVIDEND

The directors do not recommend the payment of a dividend on the ordinary shares (2001 - £Nil).

CHANGES IN TANGIBLE FIXED ASSETS

The movements in tangible fixed assets are set out in note 2 to the financial statements.

LEASEHOLD PREMISES

In the opinion of the directors the market value of the leasehold property is substantially in excess of the amount at which is shown in the financial statements.

THEATRE ROYAL HAYMARKET LIMITED

**REPORT OF THE DIRECTORS
FOR THE 52 WEEKS TO 31 MARCH 2002 - Continued**

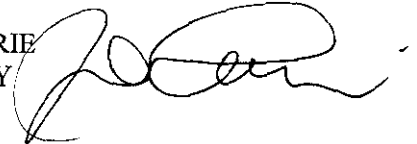
AUDITORS

The auditors, Blueprint Audit Limited have expressed their willingness to continue as auditors of the company and a resolution will be proposed at the annual general meeting to re-appoint them as auditors.

18 Suffolk Street
London
SW1Y 4HT
21 November 2002

BY ORDER OF THE BOARD

JOHN LAWRIE
SECRETARY

A handwritten signature in black ink, appearing to read 'John Lawrie', written over the printed name and title.

THEATRE ROYAL HAYMARKET LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

THEATRE ROYAL HAYMARKET LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THEATRE ROYAL HAYMARKET LIMITED

We have audited the financial statements of Theatre Royal Haymarket Limited for the year ended 31 March 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Directors' Report, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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

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

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2002 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

66 Chiltern Street
London
W1U 4JT
26 November 2002


BLUEPRINT AUDIT LIMITED
Chartered Accountants
Registered Auditor

THEATRE ROYAL HAYMARKET LIMITED

BALANCE SHEET AT 31 MARCH 2002

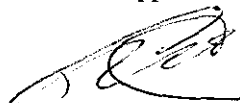
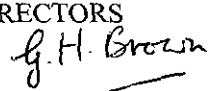
	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	2	608,561	657,921
CURRENT ASSETS			
Stocks		17,349	14,400
Debtors	3	477,464	45,969
Cash at bank and in hand		410,346	602,711
		<hr/>	<hr/>
		905,159	663,080
CREDITORS: Amounts falling due within one year	4	(1,539,144)	(1,185,031)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(633,985)	(521,951)
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> (25,424) <hr/>	<hr/> 135,970 <hr/>
CREDITORS: Amounts falling due after more than one year	4	(636,109)	(669,442)
		<hr/>	<hr/>
		£(661,533)	£(533,472)
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	6	30,000	30,000
Reserves	7	33,527	33,527
Profit and loss account		(725,060)	(596,999)
		<hr/>	<hr/>
SHAREHOLDERS' FUNDS	18	£(661,533)	£(533,472)
		<hr/>	<hr/>

The notes on pages 7 to 12 form part of these financial statements.

The financial statements were approved by the Board on 21 November 2002 and signed on its behalf by:

A M CROOK

G H BROWN


) DIRECTORS
) 

THEATRE ROYAL HAYMARKET LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEKS TO 31 MARCH 2002**

	Note	2002 £	2001 £
TURNOVER	1	3,773,842	1,584,892
Cost of sales		(3,139,964)	(1,278,077)
GROSS PROFIT		633,878	306,815
Administrative expenses		(866,662)	(669,691)
		(232,784)	(362,876)
Interest payable and similar charges	8	(9,887)	(13,036)
Interest receivable and similar income		6,110	9,549
		(3,777)	(3,487)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	9	(236,561)	(366,363)
TAXATION CREDIT/(CHARGE)	10	108,500	(3,138)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(128,061)	(369,501)
Proposed dividend		-	-
RETAINED LOSS FOR THE PERIOD		(128,061)	(369,501)
Retained loss brought forward		(596,999)	(227,498)
RETAINED LOSS CARRIED FORWARD		£(725,060)	£(596,999)

None of the company's activities were acquired or discontinued during the above two years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

A reconciliation of the movement in shareholders' funds is given in note 18 of the financial statements.

THEATRE ROYAL HAYMARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS TO 31 MARCH 2002

1. ACCOUNTING POLICIES

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The company has taken advantage of the exemption conferred by Financial Reporting Standard No. 1 from presenting a cash flow statement as it is a wholly owned subsidiary of a UK company, which has prepared a consolidated cash flow statement.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the directors are satisfied that adequate financial arrangements have been made with its bankers and parent undertaking to enable the company to meet its liabilities as and when they fall due.

1.3 Depreciation

Depreciation is provided at rates which are considered adequate to write off the cost of the assets on a straight line basis over their estimated useful lives:

Long leasehold properties	Term of lease
Plant, fixtures and fittings	3 to 10 years

1.4 Stocks

Stocks of liquor and programmes have been valued at the lower of cost and net realisable value. The cost is the purchase price of the goods while the net realisable value is the estimated selling price less selling costs.

1.5 Turnover

Turnover, which excludes value added tax, represents all trading receipts during the year and arises in the United Kingdom.

1.6 Deferred taxation

The accounting policy in respect of deferred tax for the period ended 31 March 2002 has changed from that used in prior period due to the adoption of FRS 19 'Deferred Tax'.

Deferred tax was previously provided in respect of the tax effect of all timing differences to the extent that it is probable that a liability or asset will crystallise in the foreseeable future at the rates of tax expected to apply when the timing differences reverse. FRS 19, which applies to accounts ending on or after 23rd January 2003, now recognizes deferred tax on a full provision basis on all timing differences which have originated, but not reversed, at the balance sheet date.

1.7 Operating leases

Operating lease payments are charged to the profit and loss account as and when they are incurred.

THEATRE ROYAL HAYMARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS TO 31 MARCH 2002 - Continued

2. TANGIBLE FIXED ASSETS

	Long Leasehold Premises £	Plant, Fixtures and Fittings £	Total £
Cost			
At 2 April 2001 & 31 March 2002	440,256	507,137	947,393
	<hr/>	<hr/>	<hr/>
Depreciation			
At 2 April 2001	79,835	209,637	289,472
Charge for the period	4,342	45,018	49,360
	<hr/>	<hr/>	<hr/>
At 31 March 2002	84,177	254,655	338,832
	<hr/>	<hr/>	<hr/>
Net Book Value			
At 31 March 2002	£356,079	£252,482	£608,561
	<hr/>	<hr/>	<hr/>
At 1 April 2001	£360,421	£297,500	£657,921
	<hr/>	<hr/>	<hr/>

3. DEBTORS

Amounts falling due within one year	2002 £	2001 £
Trade debtors	89,806	18,409
Amounts owed by group undertaking	363,050	-
Other debtors	24,358	27,310
Prepayments and accrued income	250	250
	<hr/>	<hr/>
	£477,464	£45,969
	<hr/>	<hr/>

THEATRE ROYAL HAYMARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS TO 31 MARCH 2002 - Continued

4. CREDITORS

(a) Amounts falling due within one year	2002 £	2001 £
Bank loans and overdraft	33,336	466,579
Trade creditors	125,133	71,840
Other creditors	413,810	50,803
Amount due to group undertakings	717,888	506,973
Other taxation	168,523	44,205
Social security	12,204	11,665
Accruals and deferred income	68,250	32,966
	<hr/>	<hr/>
	£1,539,144	£1,185,031
	<hr/>	<hr/>
(b) Amounts falling due after more than one year	2002 £	2001 £
Bank loans	36,109	69,442
Amounts due to parent undertaking	600,000	600,000
	<hr/>	<hr/>
	£636,109	£669,442
	<hr/>	<hr/>

The amount due to the parent undertaking is repayable after at least one year's notice and after all other creditors of the company have been paid in full. No interest is payable on this loan.

A loan of £300,000, was taken out in 1994 for a period of ten years. Interest is payable at 10.62% and capital is repayable by monthly instalments over nine years from May 1995.

The outstanding loan and the bank overdraft are secured on the leasehold property of the company.

5. ULTIMATE PARENT UNDERTAKING

The company is a wholly owned subsidiary of Louis I. Michaels Limited, a company incorporated in England and Wales.

THEATRE ROYAL HAYMARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS TO 31 MARCH 2002 - Continued

6. CALLED UP SHARE CAPITAL

	2002	2001
Authorised, issued and fully paid		
Equity interests:		
30,000 Ordinary shares of £1 each	£30,000	£30,000

7. OTHER RESERVES

	2002 £	2001 £
Capital reserve	875	875
Investment depreciation reserve	11,652	11,652
Pension reserve	11,000	11,000
General reserve	10,000	10,000
	£33,527	£33,527

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Other interest and similar charges	-	132
Interest payable on bank loans repayable within five years	9,887	12,904
	£9,887	£13,036

9. PROFIT ON ORDINARY ACTIVITIES

	2002 £	2001 £
This is shown after charging:		
Directors' emoluments	-	-
Auditors' remuneration	5,150	4,950
Depreciation of tangible fixed assets	49,360	52,573
Repairs and renewals	109,284	117,542
Management fee payable to holding company	120,000	120,000
Operating lease charge - Plant and machinery	20,388	19,989
- Other	1,000	1,000

THEATRE ROYAL HAYMARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS TO 31 MARCH 2002 - Continued

10. TAXATION CREDIT (CHARGE)

	2002	2001
Amount received on surrender of loss to group company	108,500	-
Underprovision for corporation tax in previous year	-	(3,138)
	<u>108,500</u>	<u>£(3,138)</u>

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

11. EMPLOYEE INFORMATION

	2002 Number	2001 Number
The average number of persons (including directors) employed by the company during the period was:	56	62

The aggregate payroll costs of these persons were as follows:

	2002 £	2001 £
Wages and salaries	598,513	823,734
Social security costs	62,132	62,715
Pension costs	7,997	16,102
	<u>£668,642</u>	<u>£902,551</u>

12. CONTINGENT LIABILITY

A contingent liability exists in respect of a guarantee given by the company and supported by a charge on its leasehold property to cover the bank overdrafts of other group undertakings. At the balance sheet date the liability was £ 136,161 (2001 - £32,666).

13. OPERATING LEASE COMMITMENTS

At 1 April 2002 the company had an annual commitment under a non-cancellable operating lease in respect of leasehold premises of £1,000 expiring after more than five years.

The company also has an operating lease expiring within five years, but the lease can be terminated by either party giving twelve months notice. The rent payable on this lease is currently £40,776 per annum and it will increase in line with the retail price index.

14. CAPITAL COMMITMENTS

	2002 £-	2001 £-
Authorised by directors but not contracted for	<u>£-</u>	<u>£-</u>

THEATRE ROYAL HAYMARKET LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEKS TO 31 MARCH 2002 - Continued

15. DEFERRED TAXATION

The calculation of deferred tax is :-

	2002 £	2001 £
Capital allowances timing differences	(35,537)	(35,640)
Tax losses carried forward	69,354	109,518
	<hr/>	<hr/>
	£33,817	£73,878
	<hr/>	<hr/>

The deferred tax asset has not been accounted for in these financial statements because of the uncertainty of its recoverability.

16. RELATED PARTY TRANSACTIONS

- (a) The company has taken advantage of the exemption granted by FRS8 regarding disclosure of transactions with other group companies as group accounts have been prepared.
- (b) At the balance sheet date Theatre Royal Haymarket Masterclass Trust, a charity in which Messrs A.M. Crook and G. A. Brown are Trustees, owed a sum of £ 9,190 (2001- £ 5,010). A sum of £ 4,674 (2001- £ 4,953) was charged to the charity in respect of services provided by the company.

17. CONTROL OF THE COMPANY

The ultimate control of the Theatre Royal Haymarket Limited is in the hands of the Trustees of Louis I Michaels Theatre Trust.

18. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Balance at 1 April 2001	(533,472)	(163,971)
Retained loss for the year	(128,061)	(369,501)
	<hr/>	<hr/>
Balance at 31 March 2002 £(661,533)	£(533,472)	
	<hr/>	<hr/>
Represented by:		
Equity interests	£(661,533)	£(533,472)
	<hr/>	<hr/>

THEATRE ROYAL HAYMARKET LIMITED

DETAILED PROFIT AND LOSS ACCOUNT FOR THE 52 WEEKS TO 31 MARCH 2002

	2002		2001	
	£	£	£	£
Box office receipts	3,226,855		1,380,726	
Less: Cost of productions	(3,032,751)		(1,214,665)	
	<hr/>	194,104	<hr/>	166,061
Bar and buffet receipts	204,826		125,829	
Less: Bar and catering expenses	(55,357)		(35,950)	
	<hr/>	149,469	<hr/>	89,879
Programme receipts	157,075		63,515	
Less: Printing costs	(51,856)		(27,462)	
	<hr/>	105,219	<hr/>	36,053
Interest receivable		6,110		9,549
Sundry receipts		185,086		14,822
		<hr/>		<hr/>
		639,988		316,364
Less: Expenses				
Wages and salaries	440,642		196,803	
Rent	1,000		1,000	
Rates and insurance	48,860		60,863	
Heat, light and water	8,016		5,363	
Repairs and renewals	109,284		117,542	
Computer costs	432		406	
Printing, stationery, postage and advertising	9,122		8,213	
Telephone	6,793		7,401	
Audit fee	5,150		4,950	
Cleaning	7,928		5,954	
Subscriptions and donations	1,159		20,339	
Travelling and entertaining	11,416		10,769	
Legal and professional	40,079		53,486	
Depreciation	49,360		52,573	
Management fee	120,000		120,000	
Provision for bad debt written back	-		683	
Sundry expenses	7,421		3,346	
Bank interest and charges	9,887		13,036	
	<hr/>	(876,549)	<hr/>	(682,727)
LOSS BEFORE TAXATION		<hr/> £(236,561) <hr/>		<hr/> £(366,363) <hr/>