

Registered number 01444368

**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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## **THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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### **COMPANY INFORMATION**

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<b>Directors</b>	H H Panter R A Squire H J Enright M C Lynas D Blyth P R M Kavanagh N G Potter
<b>Company secretary</b>	M J Cook
<b>Registered number</b>	01444368
<b>Registered office</b>	2nd Floor Alexander House Church Path Woking Surrey GU21 6EJ
<b>Independent auditor</b>	Deloitte LLP Chartered Accountants and Statutory Auditor 2 New Street Square London United Kingdom EC4A 3BZ
<b>Bankers</b>	National Westminster Bank Plc PO Box 113 Cavell House 2A Charing Cross Road London WC2H 0PD

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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**CONTENTS**

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	Page
<b>Directors' Report</b>	1 - 3
<b>Independent Auditor's Report</b>	4 - 5
<b>Profit and Loss Account</b>	6
<b>Statement of Total Recognised Gains and Losses</b>	7
<b>Balance Sheet</b>	8 - 9
<b>Notes to the Financial Statements</b>	10 - 24

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## **THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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### **DIRECTORS' REPORT FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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The directors present their annual report and the audited financial statements for the 52 week period ended 30 March 2013 (prior period 53 weeks ended 31 March 2012)

#### **Directors' responsibilities statement**

The directors are responsible for preparing the Directors' 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). 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 to 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.

#### **Principal activities**

The principal activity of the company continued to be that of theatre services and the operation of theatrical venues. The directors do not plan any changes to the company's principal activity at the present time.

#### **Business review**

The results for the year, which is set out on page 6, were considered satisfactory by the directors.

The principal risk of the business is a downturn in theatre attendance due to the impact of the economic environment on the theatre-going public. The company's commitment is to attract customers with new material and manage dark periods through nurturing strong relationships with show producers. Along with Group investment in new shows this helps to reduce the impact of uncertainties in the market and enables the company, along with the rest of the Group, to take a long-term view.

Due to the nature of the company's business and the assets and liabilities contained within the company's balance sheet, the only significant financial risk that the Directors consider relevant to this company is credit risk. This risk is mitigated through long-standing relationships with large ticketing agents and close monitoring of debtors who fail to pay within the company's standard payment terms, which are set under contract upfront. Liquidity risk is mitigated through Group funding arrangements.

The company considers its key performance indicators to be

1) Sales - turnover was £45.49m for the 52 week period ended 30 March 2013 and £45.68m for the 53 week period ended 31 March 2012.

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## **THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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### **DIRECTORS' REPORT FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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#### **Business review (continued)**

2) Net profit - The company had a pre-tax profit of £8.78m for the 52 week period ended 30 March 2013 compared to a pre-tax profit of £7.16m for the 53 week period ended 31 March 2012

3) Advanced sales for the two largest London venues, The Apollo Victoria and The Lyceum, which continue to decrease year on year

#### **Results and dividends**

The profit for the 52 week period, after taxation, amounted to £7,145,441 (53 week period 2012 £5,067,619)

An ordinary dividend of £7,000,000 (2012 £8,000,000) was paid during the year

#### **Directors**

The directors who served during the 52 week period and to the date of signing the financial statements (except as noted) were

H H Panter  
R A Squire  
H J Enright  
M C Lynas  
D Blyth  
P R M Kavanagh  
N G Potter  
S Palethorpe (Resigned 20 July 2012)

#### **Future developments**

The directors expected renewed growth in the foreseeable future based on the known availability of future productions

#### **Company's policy for payment of creditors**

The company's current policy concerning the payment of trade creditors is to

- settle the terms of payment with suppliers when agreeing the terms of each transaction,
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts, and
- pay in accordance with the company's contractual and other legal obligations

On average, trade creditors at the period end represented 22 days' purchases (2012 30 days)

#### **Employee involvement**

The company's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests

Information of matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance

There is no employee share scheme at present, but the directors are considering the introduction of such a scheme as a means of further encouraging the involvement of employees in the company's performance

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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**DIRECTORS' REPORT  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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**Disabled employees**

The company's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

**Provision of information to auditor**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing its report and to establish that the company's auditor is aware of that information

**Auditor**

The auditor, Deloitte LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006 at the forthcoming annual general meeting.

**Going concern**

The financial statements have been prepared on a going concern basis.

The company has net assets of £34.54m (2012 net assets of £34.39m) and net current liabilities of £2.60m (2012 net current liabilities of £2.99m) at the balance sheet date, though the latter is due to the high levels of advance sales held by the company on behalf of its London venues which relate to sales maturing in many instances several months after the balance sheet date.


In addition, through its membership of the largest theatre group in the United Kingdom, it benefits from long-established relationships with major producers of shows and a network of supplier contracts across different geographic areas. Shows go on sale up to eighteen months before the first performance date which help mitigate risk, provides financial security and helps the company monitor and forecast future performance given that the majority of tickets for a performance are sold at least several weeks before the performance takes place. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook.

Accordingly, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

This report was approved by the board on

*26<sup>th</sup> July 2013*

and signed on its behalf

  
.....  
M J Cook  
Secretary

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## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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We have audited the financial statements of The Ambassador Theatre Group (Venues) Limited for the 52 week period ended 30 March 2013, which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 24. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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.

### **Respective responsibilities of directors and auditor**

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 30 March 2013 and of its profit for the 52 week period then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Directors' Report for the financial 52 week period for which the financial statements are prepared is consistent with the financial statements.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AMBASSADOR THEATRE GROUP  
(VENUES) LIMITED**

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**Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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

*M. R. Lee-Amies*

M R Lee-Amies FCA (Senior Statutory Auditor)

for and on behalf of

**Deloitte LLP**

Chartered Accountants and Statutory Auditor

2 New Street Square

London

United Kingdom

EC4A 3BZ

Date

*26 July 2013.*



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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**PROFIT AND LOSS ACCOUNT  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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		<b>52 week period ended 30 March 2013 £</b>	<b>As restated* 53 week period ended 31 March 2012 £</b>
	<b>Note</b>		
<b>Turnover</b>	<b>1</b>	<b>45,494,339</b>	<b>45,677,737</b>
Cost of sales		<u>(3,688,550)</u>	<u>(3,366,821)</u>
<b>Gross profit</b>		<b>41,805,789</b>	<b>42,310,916</b>
Administrative expenses		<u>(32,936,041)</u>	<u>(31,943,168)</u>
<b>Operating profit</b>	<b>2</b>	<b>8,869,748</b>	<b>10,367,748</b>
<b>Exceptional items</b>			
Other exceptional items	<b>7</b>	<u>(99,520)</u>	<u>(1,555,000)</u>
<b>Profit on ordinary activities before interest</b>		<b>8,770,228</b>	<b>8,812,748</b>
Interest receivable and similar income		<b>6,092</b>	<b>-</b>
Interest payable and similar charges	<b>5</b>	<b>(23)</b>	<b>(1,645,390)</b>
Other finance expense	<b>6</b>	<u>-</u>	<u>(4,000)</u>
<b>Profit on ordinary activities before taxation</b>		<b>8,776,297</b>	<b>7,163,358</b>
Tax on profit on ordinary activities	<b>8</b>	<u>(1,630,856)</u>	<u>(2,095,739)</u>
<b>Profit for the financial period</b>	<b>17</b>	<u><b>7,145,441</b></u>	<u><b>5,067,619</b></u>

All amounts relate to continuing operations

The notes on pages 10 to 24 form part of these financial statements

\*on the treatment of marketing costs rechargeable to producers There has been no impact upon the profit as a result of the restatement but turnover and admin expenses have been grossed up by £3 1m (accounting policy 1 6)

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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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		<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
	<b>Note</b>		
<b>Profit for the financial period</b>		<b>7,145,441</b>	<b>5,067,619</b>
Actuarial gain related to pension scheme	20	-	352,000
<b>Total recognised gains and losses relating to the period</b>		<b>7,145,441</b>	<b>5,419,619</b>

The notes on pages 10 to 24 form part of these financial statements

**NOTE OF HISTORICAL PROFIT AND LOSSES**

		<b>2013 £</b>	<b>2012 £</b>
<b>Reported profit on ordinary activities before taxation</b>		<b>8,776,297</b>	<b>7,163,358</b>
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	17	170,140	677,389
<b>Total</b>		<b>8,946,437</b>	<b>7,840,747</b>
<b>Historical cost loss for the period retained after taxation, extraordinary items and dividends</b>		<b>315,581</b>	<b>(2,254,992)</b>

**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**  
**REGISTERED NUMBER: 01444368**

**BALANCE SHEET**  
**AS AT 30 MARCH 2013**

	Note	£	30 March 2013 £	£	31 March 2012 £
<b>Fixed assets</b>					
Tangible assets	9		37,776,953		38,022,370
Investments	10		1,499,000		1,499,000
			<u>39,275,953</u>		<u>39,521,370</u>
<b>Current assets</b>					
Stocks	11	240,925		243,062	
Debtors	12	40,706,105		33,280,445	
Cash at bank and in hand		558,881		3,995,245	
			<u>41,505,911</u>	<u>37,518,752</u>	
<b>Creditors: amounts falling due within one year</b>	13	(44,106,714)		(40,510,911)	
<b>Net current liabilities</b>			<u>(2,600,803)</u>		<u>(2,992,159)</u>
<b>Total assets less current liabilities</b>			<u>36,675,150</u>		<u>36,529,211</u>
<b>Provisions for liabilities</b>					
Deferred tax	14	(1,638,689)		(1,664,304)	
Other provisions	15	(496,066)		(469,953)	
			<u>(2,134,755)</u>		<u>(2,134,257)</u>
<b>Net assets</b>			<u>34,540,395</u>		<u>34,394,954</u>
<b>Capital and reserves</b>					
Called up share capital	16		200		200
Share premium account	17		14,574,306		14,574,306
Revaluation reserve	17		6,709,109		6,879,249
Profit and loss account	17		13,256,780		12,941,199
<b>Shareholders' funds</b>	18		<u>34,540,395</u>		<u>34,394,954</u>

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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**BALANCE SHEET (continued)**  
**AS AT 30 MARCH 2013**

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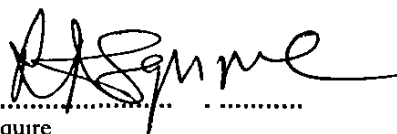
The financial statements were approved and authorised for issue by the board and were signed on its behalf on

*26<sup>th</sup> July 2013*

.....  
H J Enright  
Director



.....  
R A Squire  
Director



The notes on pages 10 to 24 form part of these financial statements

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## **THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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#### **1 Accounting Policies**

##### **1.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 400 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### **1.2 Going concern**

The financial statements have been prepared on a going concern basis, details of which can be found on page 3 of the Directors' Report.

##### **1.3 Cash flow**

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

##### **1.4 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated) in both the current and preceding period.

##### **1.5 Turnover**

Turnover primarily represents the amounts due to the company from the sale of tickets and from providing theatre related services including venue use, bar and merchandise sales and sponsorship, excluding value added tax, credit card commission and ticket agent commission. Ticket revenue is recognised on the date that any show performs at the theatre. Theatre related services are recognised in the period to which the services relate.

All turnover is derived from operations in the UK in the current and prior period.

##### **1.6 Prior period adjustment**

The 2012 turnover has been restated to exclude marketing contras of £3.1m in order that the disclosure is aligned with the disclosure of these items in all other Ambassador Entertainment Group companies. These contras are now included in administrative costs.

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## THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013

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#### 1 Accounting Policies (continued)

##### 1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	-	40 to 50 years
Long Term Leasehold Property	-	Over the term of the lease
Short Term Leasehold Property	-	Over the term of the lease
Fixtures & fittings	-	4 - 10 years on cost, or over the period to the end of the lease of the theatre if this is shorter

Depreciation attributable to the surplus on revalued assets is transferred periodically from the revaluation reserve to the profit and loss account. Provision is made for any impairment.

Depreciation is only applied to the cost of assets in the course of construction once the asset is fully brought into use.

##### 1.8 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

##### 1.9 Operating leases

Rentals under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

##### 1.10 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

##### 1.11 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets in the financial statements.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

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## THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013

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#### 1. Accounting Policies (continued)

##### 1.12 Current taxation

Current taxation, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted at the balance sheet date

##### 1.13 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the 52 week period

The company also operated a defined benefit scheme for certain employees for part of the period. On 16 September 2011, the company committed to a buy-out of this pension scheme. As at 30 March 2013 the buy-out was completed (see note 20). Pension scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted to their present value using the current rate of return on a high quality corporate bond of equivalent term and currency to liability. Pension scheme assets are valued at market value at the balance sheet date.

The pension scheme surplus or deficit is recognised in full on the balance sheet only to the extent that any surplus is deemed recoverable. The deferred tax relating to the defined benefit surplus/deficit is offset against the defined surplus/deficit and not included with other deferred tax assets or liabilities.

Increases in the present value of the scheme liabilities expected to arise from employee service in the period are charged to operating profit. The expected return on scheme assets less the increase in the present value of scheme liabilities arising from the passage of time are included in other interest and shown adjacent to interest payable.

Actuarial gains and losses are recognised in the statement of total recognised gains and losses.

#### 2 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated after charging

	52 week period ended 30 March 2013 £	53 week period ended 31 March 2012 £
Depreciation of tangible fixed assets		
- owned by the company	2,065,668	2,045,820
Operating lease rentals		
- other operating leases	227,000	214,049
Loss on disposal of fixed assets	-	129,967

£3,124,684 of the 2012 turnover and administrative costs have been restated to be aligned with the Ambassador Entertainments policy on the treatment of marketing contras. There has been no impact upon the profit as a result of the restatement.

The exceptional items related to the pension scheme (note 20)

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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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**3. Auditor's remuneration**

	<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
Fees payable to the company's auditor and its associates for the audit of the company's annual accounts	<b>45,500</b>	<b>43,000</b>

The auditor did not provide any non-audit services to the company in the current or preceding period

**4. Staff costs**

Staff costs were as follows

	<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
Wages and salaries	<b>14,544,847</b>	<b>14,167,891</b>
Social security costs	<b>1,044,145</b>	<b>1,061,753</b>
Other pension costs (Note 20)	<b>127,646</b>	<b>95,439</b>
	<b>15,716,638</b>	<b>15,325,083</b>

The average monthly number of employees, including the directors, was as follows

	<b>52 week period ended 30 March 2013 No.</b>	<b>53 week period ended 31 March 2012 No.</b>
Theatre services	<b>1,040</b>	<b>1,087</b>

The directors are not remunerated directly by the company and are remunerated by the company's immediate parent company, The Ambassador Theatre Group Ltd, where their remuneration is disclosed. It is not possible to disaggregate directors' remuneration in respect of services to The Ambassador Theatre Group (Venues) Limited



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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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**5. Interest payable**

	<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
On bank loans and overdrafts	23	1,022
Other interest payable	-	1,644,368
	<u>23</u>	<u>1,645,390</u>

**6. Other finance income**

	<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
Expected return on pension scheme assets	-	77,000
Interest on pension scheme liabilities	-	(81,000)
	<u>-</u>	<u>(4,000)</u>

**7 Exceptional items**

	<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
Loss on curtailment of defined benefit pension scheme	99,520	1,555,000

During the year the company incurred development costs principally relating to the completion of the defined benefit pension scheme buy-out. A final payment of £291,520 was made against the prior year accrual of £192,000 resulting in a charge to profit in the current year of £99,520.

In respect to the 2012 year, as at 16 September 2011 there was a curtailment gain of £76,000 when active members of the defined benefit scheme ceased to accrue and a settlement loss of £1,631,000 when the liabilities were bought out.

**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

**8. Taxation**

	<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
<b>Analysis of tax charge in the 52 week period/ 53 week period</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge on profit for the 52 week period/ 53 week period	1,774,436	2,038,029
Adjustments in respect of prior periods	(117,965)	-
<b>Total current tax</b>	<b>1,656,471</b>	<b>2,038,029</b>
<b>Deferred tax</b> (see note 14)		
Origination and reversal of timing differences	(25,615)	57,710
<b>Tax on profit on ordinary activities</b>	<b>1,630,856</b>	<b>2,095,739</b>

**Factors affecting tax charge for the 52 week period/ 53 week period**

The tax assessed for the 52 week period/ 53 week period is lower than (2012 higher than) the standard rate of corporation tax in the UK of 24% (2012 26%) The differences are explained below

	<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
Profit on ordinary activities before tax	8,776,297	7,163,358
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)	2,106,311	1,862,473
<b>Effects of</b>		
Non deductible expenses	83,209	527,372
Depreciation add back	495,760	531,913
Capital allowances	(326,506)	(373,192)
Adjustments to tax charge in respect of prior periods	(117,965)	-
Deferred revenue expenditure	(16,902)	(24,257)
Utilisation of group relief	(384,000)	(218,216)
Other tax differences	(183,436)	(268,064)
<b>Current tax charge for the 52 week period/ 53 week period</b> (see note above)	<b>1,656,471</b>	<b>2,038,029</b>

**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

**8 Taxation (continued)**

**Factors that may affect future tax charges**

The Finance Act 2012, which provides for a reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact future reduction in the main tax rate down to 21% effective from 1 April 2014 and to 20% by 1 April 2015. As these tax rates were not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21 as it is a non-adjusting event occurring after the reporting period.

**9. Tangible fixed assets**

	Freehold property £	Long Term Leasehold Property £	Short Term Leasehold Property £	Fixtures & fittings £	Total £
<b>Cost or valuation</b>					
At 1 April 2012	36,282,443	14,607,865	8,624,982	19,464,041	78,979,331
Additions	929	-	1	1,819,321	1,820,251
Disposals	(66,330)	(9,280)	(19,206)	(978,642)	(1,073,458)
At 30 March 2013	36,217,042	14,598,585	8,605,777	20,304,720	79,726,124
<b>Depreciation</b>					
At 1 April 2012	12,812,192	5,033,818	6,468,305	16,642,646	40,956,961
Charge for the 52 week period	771,155	285,916	298,980	709,617	2,065,668
On disposals	(66,330)	(9,280)	(19,206)	(978,642)	(1,073,458)
At 30 March 2013	13,517,017	5,310,454	6,748,079	16,373,621	41,949,171
<b>Net book value</b>					
At 30 March 2013	22,700,025	9,288,131	1,857,698	3,931,099	37,776,953
At 31 March 2012	23,470,251	9,574,047	2,156,677	2,821,395	38,022,370

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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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**10. Fixed asset investments**

	Unlisted investments £
<b>Cost or valuation</b>	
At 1 April 2012 and 30 March 2013	1,499,000
<b>Net book value</b>	
At 30 March 2013	1,499,000
	1,499,000
At 31 March 2012	1,499,000
The investment is in the following company	

Company	Country of registration or incorporation	Shares held class	Shares held %	Principal activity
First Family Entertainment LLP	England and Wales	Not applicable	50	Production partnership

**11. Stocks**

	30 March 2013 £	31 March 2012 £
Finished goods and goods for resale	240,925	243,062

**12. Debtors**

	30 March 2013 £	31 March 2012 £
<b>Due within one year</b>		
Trade debtors	3,728,759	3,286,380
Amounts owed by group undertakings	35,668,744	28,865,644
Amounts owed by undertakings in which the group has a participating interest	-	114
Other debtors	731,924	500,486
Prepayments and accrued income	576,678	627,821
	40,706,105	33,280,445

There is 'nil' interest rate in the current or preceding period on the intercompany balances

**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

**13. Creditors:  
Amounts falling due within one year**

	<b>30 March 2013 £</b>	<b>31 March 2012 £</b>
Bank loans and overdrafts	6,694,894	-
Trade creditors	2,354,370	2,880,668
Amounts owed to group undertakings	171,861	64,164
Amounts owed to other participating interest	415	22,211
Corporation tax	225,593	283,591
Social security and other taxes	2,588,981	4,893,079
Other creditors	27,059,391	27,107,604
Accruals and deferred income	5,011,209	5,259,594
	<b>44,106,714</b>	<b>40,510,911</b>

There is 'nil' interest rate in the current or preceding period on the intercompany balances

Other creditors includes amounts relating to advanced sales of tickets in respect of performances at the Company's venue after the period end. A proportion of advanced sales is due to the producer

**14 Deferred taxation liability**

	<b>30 March 2013 £</b>	<b>31 March 2012 £</b>
At beginning of 52 week period/ 53 week period	1,664,304	1,606,594
(Released during)/charge for 52 week period/ 53 week period	(25,615)	57,710
At end of 52 week period/ 53 week period	<b>1,638,689</b>	<b>1,664,304</b>

The provision for deferred taxation is made up as follows

	<b>30 March 2013 £</b>	<b>31 March 2012 £</b>
Accelerated capital allowances	1,755,230	1,664,304
Other timing differences	(116,541)	-
	<b>1,638,689</b>	<b>1,664,304</b>

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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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**15 Provisions**

	<b>Dilapidations £</b>
At 1 April 2012	469,953
Additions	26,113
At 30 March 2013	<u>496,066</u>

**Dilapidations**

The company continues to provide for the expected level of dilapidations for the Southport Theatre and Birmingham Hippodrome, following negotiations with each venues' lessors. The adequacy of the provisions are periodically reviewed to ensure that they will meet the final obligations. There has not been any dilapidation expenditure during the year on these venues. Although the Southport lease is currently under negotiation, it is not considered that the dilapidation provision requires further review. The Birmingham Alexandra provision is also considered sufficient but will have to be reviewed nearer the next break clause date of February 2014. These provisions are the directors best estimates based on their knowledge of the condition of the theatres and assuming that the provisions are to be settled within the next 2 years.

**16. Called up share capital**

	<b>30 March 2013 £</b>	<b>31 March 2012 £</b>
<b>Allotted, called up and fully paid</b>		
200 Ordinary shares of £1 each	<u>200</u>	<u>200</u>

**17. Reserves**

	<b>Share premium account £</b>	<b>Revaluation reserve £</b>	<b>Profit and loss account £</b>
At 1 April 2012	14,574,306	6,879,249	12,941,199
Profit for the 52 week period	-	-	7,145,441
Dividends Equity capital	-	-	(7,000,000)
Transfer between Revaluation reserve and P/L account	-	(170,140)	170,140
At 30 March 2013	<u>14,574,306</u>	<u>6,709,109</u>	<u>13,256,780</u>

The transfer between the Revaluation reserve and the Profit and Loss Account relates to depreciation attributable to the surplus on revalued assets for Apollo Victoria, Bristol Hippodrome, Edinburgh Playhouse, Oxford New Theatre, Liverpool Empire and Torquay Princess Theatre.

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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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**18. Reconciliation of movement in shareholders' funds**

	<b>30 March 2013 £</b>	<b>31 March 2012 £</b>
Opening shareholders' funds	<b>34,394,954</b>	36,975,335
Profit for the 52 week period/ 53 week period	<b>7,145,441</b>	5,067,619
Dividends (Note 19)	<b>(7,000,000)</b>	(8,000,000)
Other recognised gains and losses during the 52 week period/ 53 week period	<b>-</b>	352,000
	<hr/>	<hr/>
Closing shareholders' funds	<b>34,540,395</b>	34,394,954
	<hr/>	<hr/>

**19 Dividends**

	<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
Dividends paid on equity capital	<b>7,000,000</b>	8,000,000
	<hr/>	<hr/>

**20. Pensions**

The company operates a defined contributions scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £127,646 (2012: £62,439).

Contributions totalling £17,436 (2012: £17,913) were payable to the fund at the balance sheet date and are included in creditors.

The company operated a Defined Benefit Pension Scheme, providing benefits on final pensionable pay for certain of its employees. The assets of the scheme were held separately from those of the group.

A buy in contract was entered into on 16 September 2011 by the Trustees of the Defined Benefit scheme with Legal & General. Neither party had any right under the contract to rescind or withdraw from the contract. Following the signing of the contract a sum of £1.0m was paid by the company being approximately 95% of the expected buy out premium. As the buy out was not completed as at 31 March 2012 an additional accrual of £192,000 had been provided as an estimate of potential differences between the actual member data and benefits, and those which were provided by Legal & General before it entered into the contract. The buy out was finally completed on 28 January 2013 when a final payment of £291,520 was made by the company. A charge of £99,520 was therefore necessary in the current period together with £105,148 of other costs in relation to the maintenance of the scheme and its closure.

The overall cost of the settlement/curtailment was expected to be £1,555,000 in the year to 31 March 2012, which has been recorded as an exceptional item in the profit and loss account. This amount included the £192,000 accrual as explained above.

The £1,555,000 represents the brought - forward pension assets (not recognised) of £1,316,000, less the loss on curtailment of £2,871,000.

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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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**20. Pensions (continued)**

Helen Enright, Director, and Peter Kavanagh, Director, were trustees of the Scheme in both periods

The amounts recognised in profit or loss are as follows

	<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
Current service cost	-	(33,000)
Interest on obligation	-	(81,000)
Expected return on scheme assets	-	77,000
Total	-	(37,000)

Movements in the present value of the defined benefit obligation were as follows

	<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
Opening defined benefit obligation	-	3,028,000
Current service cost	-	33,000
Interest cost	-	81,000
Actuarial Losses	-	132,000
Losses on curtailments	-	2,871,000
Benefits paid	-	(5,648,000)
change in secured pensioner value due to mortality experience and change in assumptions	-	-
Assignment of secured pensioners	-	(305,000)
Transferred to other creditors	-	(192,000)
Closing defined benefit obligation	-	-

The net loss on settlements/curtailments of £2,871,000 as stated above is based on the Consumer Price Index, whereas had the Retail Price Index been employed the settlement/ curtailment loss would have amounted to £2,459,000



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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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**20 Pensions (continued)**

Changes in the fair value of scheme assets were as follows

	<b>52 week period ended 30 March 2013 £</b>	<b>53 week period ended 31 March 2012 £</b>
Opening fair value of scheme assets	-	4,344,000
Expected return on assets	-	77,000
Actuarial gains and (losses)	-	484,000
Contributions by employer	-	1,048,000
Benefits paid	-	(5,648,000)
Assignment of secured pensioners	-	(305,000)
	<u>-</u>	<u>-</u>

The Defined Benefit Scheme was terminated and wound up on 28 February 2013

The major categories of scheme assets as a percentage of total scheme assets are as follows

	<b>Long term expected return to 16 September 2011</b>	<b>Actual Return over period to 16 September 2011</b>
Bonds	- %	1 50 %
Annuities	- %	2 30 %

Applying these rates to the value of assets held by the scheme at the beginning of the year and allowing for changes in the scheme assets during the year as a result of contributions paid into and benefits paid out of the scheme, the expected monetary return over the period to 16 September 2011 was approximately £77,000. The actual return was £484,000.

Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages)

	<b>2013</b>	<b>2012</b>
Inflation rate	- %	- %

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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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**20. Pensions (continued)**

Amounts for the current and previous four periods are as follows

Defined benefit pension schemes

	Year to 31 March 2012 £	Year to 26 March 2011 £	Period to 27 March 2010 £	Year to 31 December 2008 £	Year to 31 December 2007 £
Defined benefit obligation	-	-	(3,028,000)	(3,061,000)	(2,230,000)
Scheme assets	-	-	4,344,000	4,197,000	2,470,000
Surplus	-	-	1,316,000	1,136,000	240,000
Experience adjustments on scheme assets	-	484,000	(52,000)	-	-

**21 Operating lease commitments**

At 30 March 2013 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings 30 March 2013 £	31 March 2012 £
<b>Expiry date:</b>		
Within 1 year	90,912	-
Between 2 and 5 years	-	90,912
After more than 5 years	100,000	95,000

**22. Contingent liabilities**

A corporate cross guarantee exists between The Ambassador Theatre Group (Venues) Limited and its parent and fellow subsidiary undertakings. The bank holds a debenture over the whole of the assets of The Ambassador Theatre Group (Venues) Limited.

**23. Ultimate parent undertaking and controlling party**

The company's immediate parent company is The Ambassador Group Limited. The ultimate parent company of the smallest and largest group to which the company belongs is The Ambassador Entertainment Group Limited. The consolidated accounts of The Ambassador Entertainment Group Limited are available from the company's registered office, 2nd floor, Alexander House, Church Path, Woking, Surrey, GU21 6EJ.

By virtue of its majority shareholding, Exponent Private Equity LLP controls The Ambassador Entertainment Group Limited. Exponent Private Equity LLP has no ultimate controlling party.

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**THE AMBASSADOR THEATRE GROUP (VENUES) LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE 52 WEEK PERIOD ENDED 30 MARCH 2013**

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**24 Related party transactions**

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with wholly owned group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

The company's results are included in the consolidated results of The Ambassador Entertainment Group Limited, copies of whose accounts may be obtained from the company's registered office, 2nd floor Alexander House, Church Path, Woking, Surrey, GU21 6EJ