

Company Registration No. 2671052 (England and Wales)

THE AMBASSADOR THEATRE GROUP LIMITED

ANNUAL REPORT

FOR THE YEAR ENDED 30 SEPTEMBER 2000



A40
COMPANIES HOUSE

KAG7AYXT5

0492
02/02/01

Saffery Champness

CHARTERED ACCOUNTANTS

THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS AND ADVISERS

Directors

Sir Eddie Kulukundis OBE
H Panter
D Beresford-Jones
P Beckwith
R Squire
C Smith (Appointed 10 February 2000)
L Isaacson (Appointed 10 February 2000)
D Blyth (Appointed 10 February 2000)
J Simpson (Appointed 10 February 2000)
N Humby (Appointed 16 March 2000)
J Tanner (Appointed 16 March 2000)
R Orf (Appointed 16 March 2000)
D G D Cassidy (Appointed 5 September 2000)
H Enright (Appointed 7 December 2000)
W Benjamin (Appointed 12 January 2001)
R Gavin (Appointed 12 January 2001)
S Berrill (Appointed 12 January 2001)

Secretary

H Enright

Company number

2671052

Registered office

Fairfax House
Fulwood Place
Gray's Inn
London
WC1V 6UB

Registered auditors

Saffery Champness
Fairfax House
Fulwood Place
Gray's Inn
London
WC1V 6UB

Bankers

Bank of Scotland
The Mound
Edinburgh
EH1 1YZ

National Westminster Bank plc
2A Charing Cross Road
London
WC2H 0PD

THE AMBASSADOR THEATRE GROUP LIMITED

CONTENTS

	Page
Directors' report	1 - 3
Auditors' report	4
Consolidated profit and loss account	5
Statement of recognised gains and losses	6
Balance sheets	7
Consolidated cash flow statement	8
Notes to the consolidated cash flow statement	9
Notes to the consolidated financial statements	10 - 23

THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2000

The directors present their report and financial statements for the year ended 30 September 2000.

Directors

The following directors have held office since 1 October 1999:

Sir Eddie Kulukundis OBE	
H Panter	
D Beresford-Jones	
P Beckwith	
R Squire	
C Smith	(Appointed 10 February 2000)
L Isaacson	(Appointed 10 February 2000)
D Blyth	(Appointed 10 February 2000)
J Simpson	(Appointed 10 February 2000)
N Humby	(Appointed 16 March 2000)
M Wilkin	(Resigned 25 December 1999)
J Tanner	(Appointed 16 March 2000)
R Orf	(Appointed 16 March 2000)
D G D Cassidy	(Appointed 5 September 2000)
H Enright	(Appointed 7 December 2000)
W Benjamin	(Appointed 12 January 2001)
R Gavin	(Appointed 12 January 2001)
S Berrill	(Appointed 12 January 2001)

Principal activities and review of the business

The principal activity of the company continued to be that of managing a group of companies operating theatres and producing theatrical productions.

The group acquired seven West End theatres on 17 April 2000 and one regional theatre on 1 April 2000.

Results and dividends

The consolidated profit and loss account for the year is set out on page 5.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value of £16m by approximately £7.7m. This is based on valuations carried out during the year ended 30 September 1999.

THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

Directors' interests

The directors' beneficial interests in the shares of the company and other group companies were as stated below:

	Ordinary shares of £ 1 each	
	30 September 2000	1 October 1999
D Beresford-Jones	12,591	-
P Beckwith	1,739,118	100,000
Sir Eddie Kulukundis OBE	817,000	100,000
R Squire	17,986	-
H Panter	17,986	-
C Smith	43,167	-
L Isaacson	-	-
D Blyth	-	-
J Simpson	21,583	-
N Humby	-	-
J Tanner	341,727	-
R Orf	89,929	-
D G D Cassidy	-	-

H Panter and D Beresford-Jones both have an interest in 1,089,333 shares through their holdings in London Turnstyle (DOY) Limited.

C Smith has an additional interest in a further 676,260 shares as a result of her interest in the share capital of Smith's of Covent Garden Limited.

Sir Eddie Kulukundis OBE has a further interest in 272,334 shares as a result of his holding in Manitoba Holdings. Inc.

P Beckwith has a further interest in 272,333 shares as a result of his holding in PMB Holdings Limited.

L Isaacson has a further interest in 89,929 shares as a result of his interest in The West Corporation Limited.

R Squire and H Panter each entered a Deed of Option on 8 February 2000 to acquire 163,400 £1 ordinary shares for £1.35 per share. At the year end date, the option had not been exercised.

Employee involvement

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

Information on 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 group's performance.

THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

Disabled persons

The group'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.

Creditor payment policy

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.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Saffery Champness be reappointed as auditors of the company will be put to the Annual General Meeting.

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 group and of the profit or loss of the group 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board


.....
H Enright

Secretary

30 JANUARY 2001
.....

THE AMBASSADOR THEATRE GROUP LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF THE AMBASSADOR THEATRE GROUP LIMITED

We have audited the financial statements on pages 5 to 23 which have been prepared under the historical cost convention and the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

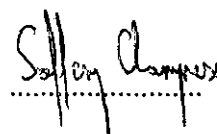
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 30 September 2000 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Saffery Champness

Chartered Accountants
Registered Auditor

30 JANUARY 2001



Fairfax House
Fulwood Place
Gray's Inn
London
WC1V 6UB

THE AMBASSADOR THEATRE GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

	Notes	2000 £	1999 as restated £
Turnover	2		
Continuing operations		19,796,572	9,176,322
Acquisitions		<u>6,042,023</u>	<u>-</u>
		25,838,595	9,176,322
Cost of sales		<u>(13,405,570)</u>	<u>(4,939,773)</u>
Gross profit		12,433,025	4,236,549
Administrative expenses		(13,344,973)	(6,036,141)
Other operating income		<u>150,000</u>	<u>150,312</u>
Operating loss	4		
Continuing operations		(767,019)	(1,649,280)
Acquisitions		<u>5,071</u>	<u>-</u>
		(761,948)	(1,649,280)
Other interest receivable and similar income		132,456	70,088
Interest payable and similar charges	5	<u>(501,122)</u>	<u>(126,981)</u>
Loss on ordinary activities before taxation	4	(1,130,614)	(1,706,173)
Tax on loss on ordinary activities	6	<u>9,797</u>	<u>(23,299)</u>
Loss on ordinary activities after taxation	18	<u>(1,120,817)</u>	<u>(1,729,472)</u>

There are no recognised gains and losses other than those passing through the profit and loss account.

The notes on pages 10 to 23 form part of these financial statements

THE AMBASSADOR THEATRE GROUP LIMITED

**STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

	2000 £	1999 £
Loss for the financial year	(1,120,817)	(1,729,472)
Prior year adjustment	<u>(290,423)</u>	<u>-</u>
Total gains and losses recognised since last financial statements	<u><u>(1,411,240)</u></u>	<u><u>(1,729,472)</u></u>

The notes on pages 10 to 23 form part of these financial statements.

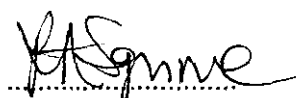
THE AMBASSADOR THEATRE GROUP LIMITED

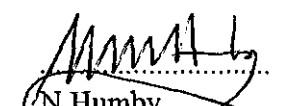
BALANCE SHEETS AS AT 30 SEPTEMBER 2000

		Group 2000	1999 as restated	Company 2000	1999
	Notes	£	£	£	£
Fixed assets					
Intangible assets	8	3,970,177	1,912,033	-	-
Tangible assets	9	17,376,823	4,196,315	391,170	147,514
Investments	10	-	2,500	6,409,467	4,179,542
		<u>21,347,000</u>	<u>6,110,848</u>	<u>6,800,637</u>	<u>4,327,056</u>
Current assets					
Stocks	11	149,483	68,843	-	-
Debtors	12	4,275,976	1,968,709	16,178,525	2,100,514
Investments	13	261,449	310,902	258,949	247,402
Cash at bank and in hand		<u>6,701,175</u>	<u>1,279,256</u>	<u>3,023,596</u>	<u>929,229</u>
		11,388,083	3,627,710	19,461,070	3,277,145
Creditors: amounts falling due within one year	14	<u>(14,255,033)</u>	<u>(5,263,280)</u>	<u>(5,966,434)</u>	<u>(2,706,717)</u>
Net current liabilities		<u>(2,866,950)</u>	<u>(1,635,570)</u>	<u>13,494,636</u>	<u>570,428</u>
Total assets less current liabilities		18,480,050	4,475,278	20,295,273	4,897,484
Creditors: amounts falling due after more than one year	15	<u>(8,000,000)</u>	<u>(5,243,000)</u>	<u>(8,000,000)</u>	<u>(5,243,000)</u>
		<u>10,480,050</u>	<u>(767,722)</u>	<u>12,295,273</u>	<u>(345,516)</u>
Capital and reserves					
Called up share capital	17	6,685,478	400,000	6,685,478	400,000
Share premium account	18	6,333,111	250,000	6,333,111	250,000
Profit and loss account	18	<u>(2,538,539)</u>	<u>(1,417,722)</u>	<u>(723,316)</u>	<u>(995,516)</u>
Shareholders' funds - equity interests	19	<u>10,480,050</u>	<u>(767,722)</u>	<u>12,295,273</u>	<u>(345,516)</u>

The notes on pages 10 to 23 form part of these financial statements.

The financial statements were approved by the board on 30 JANUARY 2001 and signed on its behalf by:-


R Squire
Director


N Humby
Director

THE AMBASSADOR THEATRE GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

	2000 £	1999 £
Net cash inflow/(outflow) from operating activities	2,850,725	(263,888)
Returns on investments and servicing of finance		
Interest received	132,456	70,088
Interest paid	(296,939)	(126,981)
Net cash outflow for returns on investments and servicing of finance	(164,483)	(56,893)
Taxation	(39,073)	10,289
Capital expenditure		
Payments to acquire intangible assets	(40,004)	(400,000)
Payments to acquire tangible assets	(13,505,037)	(1,517,528)
Receipts from sales of tangible assets	1,500	-
Net cash outflow for capital expenditure	(13,543,541)	(1,917,528)
Acquisitions and disposals		
Purchase of subsidiary undertakings (net of cash acquired)	(2,229,925)	(37,112)
Net cash outflow for acquisitions and disposals	(2,229,925)	(37,112)
Net cash outflow before management of liquid resources and financing	(13,126,297)	(2,265,132)
Management of liquid resources		
Current asset investments	49,453	(41,908)
Financing		
Issue of ordinary share capital	12,368,589	-
New long term bank loan	8,000,000	1,250,000
Other new long term loans	39,998	-
Other new short term loans	1,250,000	-
Repurchase of debenture loan	(2,868,000)	-
Repayment of long term bank loan	(2,375,000)	-
Repayment of other long term loans	(40,000)	-
Repayment of other short term loans	(125,000)	(25,000)
Net cash inflow from financing	16,250,587	1,225,000
Increase/(decrease) in cash in the year	3,173,743	(1,082,040)

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

1 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities		2000	1999
		£	£
Operating loss		(761,948)	(1,649,280)
Depreciation of tangible assets		325,390	113,709
Amortisation of intangible assets		214,285	79,581
Increase in stocks		(80,640)	(49,094)
Increase in debtors		(2,307,267)	(1,185,806)
Increase in creditors within one year		5,460,905	2,427,002
Net cash inflow/(outflow) from operating activities		2,850,725	(263,888)

2 Analysis of net debt	1 October 1999	Cash flow	Other non-cash changes	30 September 2000
	£	£	£	£
Net cash:				
Cash at bank and in hand	1,279,256	5,421,919		6,701,175
Bank overdrafts	(220,416)	(2,248,176)		(2,468,592)
	<u>1,058,840</u>	<u>3,173,743</u>		<u>4,232,583</u>
Liquid resources:				
Short-term investments	310,902	(49,453)	-	261,449
Debt:				
Debts falling due within one year	(125,000)	(1,125,000)	-	(1,250,000)
Debts falling due after one year	(5,243,000)	(2,757,000)	-	(8,000,000)
	<u>(5,368,000)</u>	<u>(3,882,000)</u>	<u>-</u>	<u>(9,250,000)</u>
Net debt	(3,998,258)	(757,710)	-	(4,755,968)

3 Reconciliation of net cash flow to movement in net debt		2000	1999
		£	£
Increase/(decrease) in cash in the year		3,173,743	(1,082,040)
Cash inflow/(outflow) from decrease/(increase) in liquid resources		(49,453)	41,908
Cash inflow from increase in debt		(3,882,000)	(1,225,000)
Movement in net debt in the year		(757,710)	(2,265,132)
Opening net debt		(3,998,258)	(1,733,126)
Closing net debt		(4,755,968)	(3,998,258)

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 30 September 2000. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Goodwill

Acquired goodwill and goodwill arising on consolidation is written off in equal annual instalments over its estimated useful economic life. In the directors' opinion the estimated useful economic life of goodwill is between 10 and 20 years.

1.5 Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation, the expenditure is deferred and amortised over the period during which the company is expected to benefit.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	50 years on freehold property
Land and buildings Leasehold	Term of the lease
Plant and machinery	Over 4 to 10 years
Fixtures, fittings & equipment	Over 4 and 10 years
Motor vehicles	4 years

1.7 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.8 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Current asset investments are stated at the lower of cost and net realisable value.

1.9 Stock

Stock is valued at the lower of cost and net realisable value.

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

1 Accounting policies

(continued)

1.10 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.11 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.12 Deferred expenditure

Pre-opening expenditure incurred up to the date of commencement of full trading of a theatre was, where appropriate, deferred and expensed to the profit and loss account over a five year period. However, the company has adopted the requirements of UITF 24, and pre-opening expenditure can no longer be carried forward. Therefore, a prior year adjustment has been made as a result of the company's change in accounting policy for pre-opening expenditure. The impact of the change in accounting policy on the current year figures is not material.

2 Turnover

The total turnover of the group for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Acquisitions

During the year, the group acquired seven West End theatres and one regional theatre, as represented by additions to freehold and leasehold properties shown in note 9 to these accounts.

The total figures for continuing operations in 2000 include the following amounts relating to acquisitions: cost of sales £1,597,446, distribution costs £-, administrative expenses £4,439,506 and other operating income £-.

4 Operating loss

	2000	1999
	£	£
Operating loss is stated after charging:		
Depreciation of intangible assets	214,285	79,581
Depreciation of tangible assets	325,390	113,709
Research and development	-	28,918
Operating lease rentals	169,697	59,460
Auditors' remuneration (company £8,000; 1999 : £5,000)	54,715	33,000
Remuneration of auditors for non-audit work	25,710	10,000

In addition, the auditors received fees of £96,600 in respect of acquisitions, which have been capitalised.

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

5 Interest payable	2000	1999
	£	£
On bank loans and overdrafts	<u>501,122</u>	<u>126,981</u>
6 Taxation	£	£
Prior years		
U.K. corporation tax (credit)/charge	<u>(9,797)</u>	<u>23,299</u>

There has been no charge to corporation tax as a result of the loss incurred during the year.

7 Profit/(loss) for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit/(loss) for the financial year is made up as follows:

	2000	1999
	£	£
Holding company's profit/(loss) for the financial year	<u>272,200</u>	<u>(1,035,122)</u>

**8 Intangible fixed assets
Group**

	Goodwill
	£
Cost	
At 1 October 1999	1,991,614
Additions	<u>2,272,429</u>
At 30 September 2000	<u>4,264,043</u>
Amortisation	
At 1 October 1999	79,581
Charge for year	<u>214,285</u>
At 30 September 2000	<u>293,866</u>
Net book value	
At 30 September 2000	<u>3,970,177</u>
At 30 September 1999	<u>1,912,033</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

**9 Tangible fixed assets
Group**

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 October 1999	3,893,980	634,485	78,114	184,517	3,500	4,794,596
Additions	8,997,240	3,523,271	35,474	951,413	-	13,507,398
Disposals	-	-	-	-	(3,500)	(3,500)
At 30 September 2000	12,891,220	4,157,756	113,588	1,135,930	-	18,298,494
Depreciation						
At 1 October 1999	392,531	113,340	19,028	72,142	1,240	598,281
On disposals	-	-	-	-	(2,000)	(2,000)
Charge for the year	104,823	133,785	24,620	61,402	760	325,390
At 30 September 2000	497,354	247,125	43,648	133,544	-	921,671
Net book value						
At 30 September 2000	12,393,866	3,910,631	69,940	1,002,386	-	17,376,823
At 30 September 1999	3,501,449	521,145	59,086	112,375	2,260	4,196,315

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2000

9 Tangible fixed assets (continued)
Company

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 October 1999	56,094	78,114	36,249	3,500	173,957
Additions	-	35,474	259,676	-	295,150
Disposals	-	-	-	(3,500)	(3,500)
At 30 September 2000	56,094	113,588	295,925	-	465,607
Depreciation					
At 1 October 1999	3,024	19,028	3,151	1,240	26,443
On disposals	-	-	-	(2,000)	(2,000)
Charge for the year	2,763	24,620	21,851	760	49,994
At 30 September 2000	5,787	43,648	25,002	-	74,437
Net book value					
At 30 September 2000	50,307	69,940	270,923	-	391,170
At 30 September 1999	53,070	59,086	33,098	2,260	147,514

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

10 Fixed asset investments Company

	Shares in subsidiary undertakings £
Cost	
At 1 October 1999	4,177,042
Additions	2,232,425
	<hr/>
At 30 September 2000	6,409,467
	<hr/>
At 30 September 1999	4,179,542
	<hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
The Ambassadors Theatre Limited	England and Wales	Ordinary	100
The Duke of York's Theatre Limited	England and Wales	Ordinary	100
Woking Turnstyle Limited	England and Wales	Ordinary	100
Milton Keynes Theatre Limited	England and Wales	Ordinary	100
Stoke-on-Trent Theatres Limited	England and Wales	Ordinary	100
Theatre Royal Brighton Limited	England and Wales	Ordinary	100
ATG London Limited	England and Wales	Ordinary	100
Churchill Theatre Bromley Limited	England and Wales	Ordinary	100
Richmond Theatre Limited	England and Wales	Ordinary	100
Comedy Theatre Limited	England and Wales	Ordinary	100
Donmar Warehouse Theatre Limited	England and Wales	Ordinary	100
Albery and Wyndham's Theatres Limited	England and Wales	Ordinary	100
Whitehall Theatre Limited	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
The Ambassadors Theatre Limited	Theatre operator
The Duke of York's Theatre Limited	Theatre operator
Woking Turnstyle Limited	Theatre operator
Milton Keynes Theatre Limited	Theatre operator
Stoke-on-Trent Theatres Limited	Theatre operator

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2000

10 Fixed asset investments

(continued)

Theatre Royal Brighton Limited	Theatre operator
ATG London Limited	Theatre operator
Churchill Theatre Bromley Limited	Theatre operator
Richmond Theatre Limited	Dormant
Comedy Theatre Limited	Dormant
Donmar Warehouse Theatre Limited	Dormant
Albery and Wyndham's Theatres Limited	Dormant
Whitehall Theatre Limited	Dormant

11 Stocks

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Finished goods and goods for resale	149,483	68,843	-	-

12 Debtors

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Trade debtors	2,719,378	1,032,925	479,744	123,671
Amounts owed by group undertakings	-	-	15,297,940	1,612,861
Amounts owed by participating interests	6,892	-	1,103	-
Other debtors	869,399	554,874	275,351	193,342
Prepayments and accrued income	680,307	380,910	124,387	170,640
	<u>4,275,976</u>	<u>1,968,709</u>	<u>16,178,525</u>	<u>2,100,514</u>

Amounts falling due after more than one year and included in the debtors above are:

Amounts owed by group undertakings	-	-	11,498,955	-
------------------------------------	---	---	------------	---

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

13 Current asset investments

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Other unlisted investments	<u>261,449</u>	<u>310,902</u>	<u>258,949</u>	<u>247,402</u>

14 Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	3,718,592	345,416	1,897,077	323,027
Trade creditors	2,113,952	770,589	182,270	43,933
Amounts owed to group undertakings	-	-	3,423,880	1,994,482
Amounts owed to participating interests	39,657	-	36,321	-
Corporation tax	17,430	66,300	-	-
Taxes and social security costs	1,581,745	299,062	-	-
Other creditors	934,008	150,699	-	-
Accruals and deferred income	<u>5,849,649</u>	<u>3,631,214</u>	<u>426,886</u>	<u>345,275</u>
	<u>14,255,033</u>	<u>5,263,280</u>	<u>5,966,434</u>	<u>2,706,717</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

15 Creditors : amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Debenture loans	-	2,868,000	-	2,868,000
Bank loans	8,000,000	2,375,000	8,000,000	2,375,000
	<u>8,000,000</u>	<u>5,243,000</u>	<u>8,000,000</u>	<u>5,243,000</u>

Analysis of loans

Not wholly repayable within five years by instalments:

Repayable within five years	9,250,000	1,000,000	9,250,000	1,000,000
Repayable after five years	-	1,500,000	-	1,500,000
Not wholly repayable within five years other than by instalments:				
Loan stock	-	2,868,000	-	2,868,000

	9,250,000	5,368,000	9,250,000	5,368,000
Included in current liabilities	(1,250,000)	(125,000)	(1,250,000)	(125,000)
	<u>8,000,000</u>	<u>5,243,000</u>	<u>8,000,000</u>	<u>5,243,000</u>

Instalments not due within five years	-	-	-	1,500,000
---------------------------------------	---	---	---	-----------

Loan maturity analysis

Within one year	1,250,000	125,000	1,250,000	125,000
Between one and two years	1,300,000	3,743,000	1,300,000	3,743,000
Between two and five years	6,700,000	1,500,000	6,700,000	1,500,000

The bank loan was drawn on 12 February 2000 and is wholly repayable over five years by three instalments totalling £1,250,000 in the first year, three instalments totalling £1,300,000 in the second year, three instalments totalling £1,400,000 in the third year, three instalments totalling £2,300,000 in the fourth year and three instalments totalling £3,000,000 in the final year. The loan is subject to an interest rate of 8.195 % and 8.445% per annum. The loan is secured by a debenture over the whole of the assets of the company and its subsidiary undertakings.

16 Pension costs

The company operates a defined contribution pension 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 £42,827 (1999 - £24,043).

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

17 Share capital	2000	1999
	£	£
Authorised		
7,012,278 Ordinary shares of £ 1 each	7,012,278	400,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid		
6,685,478 Ordinary shares of £ 1 each	6,685,478	400,000
	<u> </u>	<u> </u>

On 8 February 2000, the loan stock of £2,868,000 was converted to ordinary shares for 1 share per £1 loan stock held.

On 10 February 2000, 1,113,314 ordinary shares of £1 each were allotted and fully paid at a premium of £1.78 per share.

On 17 April 2000, a further 2,304,164 ordinary shares of £1 each were allotted and fully paid at a premium of £1.78 per share.

The above shares were issued to provide additional working capital.

On 8 February 2000, 2 options were granted for the right to subscribe for 163,400 £1 ordinary shares for £1.35 per share. There is no expiry date for the exercise of the share options.

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

18 Statement of movements on reserves

Group

	Share premium account £	Profit and loss account £
Balance at 1 October 1999	250,000	(1,127,299)
Prior year adjustment	-	(290,423)
	<u>250,000</u>	<u>(1,417,722)</u>
Balance at 1 October 1999 as restated	250,000	(1,417,722)
Retained loss for the year	-	(1,120,817)
Premium on shares issued during the year	6,083,111	-
	<u>6,333,111</u>	<u>(2,538,539)</u>
Balance at 30 September 2000	<u>6,333,111</u>	<u>(2,538,539)</u>

Company

	Share premium account £	Profit and loss account £
Balance at 1 October 1999	250,000	(995,516)
Retained profit for the year	-	272,200
Premium on shares issued during the year	6,083,111	-
	<u>6,333,111</u>	<u>(723,316)</u>
Balance at 30 September 2000	<u>6,333,111</u>	<u>(723,316)</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

19 Reconciliation of movements in shareholders' funds	2000	1999
Group	£	£
Loss for the financial year	(1,120,817)	(1,729,472)
Proceeds from issue of shares	12,368,589	-
	<u> </u>	<u> </u>
Net addition to/(depletion in) shareholders' funds	11,247,772	(1,729,472)
Opening shareholders' funds	(767,722)	961,750
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>10,480,050</u>	<u>(767,722)</u>
	2000	1999
Company	£	£
Profit/(Loss) for the financial year	272,200	(1,035,122)
Proceeds from issue of shares	12,368,589	-
	<u> </u>	<u> </u>
Net addition to/(depletion in) shareholders' funds	12,640,789	(1,035,122)
Opening shareholders' funds	(345,516)	689,606
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>12,295,273</u>	<u>(345,516)</u>

20 Financial commitments

At 30 September 2000 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2000	1999
	£	£
Expiry date:		
Between two and five years	55,824	-
In over five years	110,500	110,320
	<u> </u>	<u> </u>
	<u>166,324</u>	<u>110,320</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

21 Directors' emoluments	2000 £	1999 £
Emoluments for qualifying services	265,743	130,334
Company pension contributions to money purchase schemes	22,838	14,474
	<u>288,581</u>	<u>144,808</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (1999 - 3).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	108,213	64,180
Company pension contributions to money purchase schemes	<u>6,875</u>	<u>7,457</u>

22 Transactions with directors

A motor car was sold at net book value to R Squire during the year. In the directors opinion, this was the open market value of the car and the transaction was carried out at arms length.

23 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Administration and management	<u>820</u>	<u>370</u>

Employment costs

	£	£
Wages and salaries	6,694,485	2,370,757
Social security costs	617,309	177,382
Other pension costs	42,827	24,043
	<u>7,354,621</u>	<u>2,572,182</u>

24 Control

The company has no ultimate controlling party.

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2000**

25 Related party transactions

Group

Group wide payments of £339,103 were paid to Turnstyle Group Limited in respect of productions.

Included in trade debtors is an amount of £196,421 due from Turnstyle Group Limited, and included in accruals are fees of £30,250 due to Turnstyle Group Limited. H Panter is a director of Turnstyle Group Limited. These transaction were carried out on an arms length basis and in accordance with standard industry terms.

Company

Included in trade debtors is an amount of £196,421 due from Turnstyle Group Limited, and included in accruals are fees of £30,250 due to Turnstyle Group Limited. H Panter is a director of Turnstyle Group Limited. These transaction were carried out on an arms length basis and in accordance with standard industry terms.