

Company Registration No. 2671052 (England and Wales)

THE AMBASSADOR THEATRE GROUP LIMITED
ANNUAL REPORT
FOR THE YEAR ENDED 30 SEPTEMBER 2009

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THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS AND ADVISERS

Directors	H H Panter R A Squire D Blyth H J Enright M C Lynas P R M Kavanagh
Secretary	H J Enright
Company number	2671052
Registered office	The Ambassadors Peacocks Centre Woking Surrey GU21 6GQ
Registered auditors	Saffery Champness Lion House Red Lion Street London WC1R 4GB
Bankers	National Westminster Bank plc PO Box 113 Cavell House 2A Charing Cross Road London WC2H 0PD

THE AMBASSADOR THEATRE GROUP LIMITED

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THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2009

The directors present their report and financial statements for the year ended 30 September 2009

Directors

The following directors have held office since 1 October 2008

Sir Eddie Kulukundis OBE	(Resigned 31 October 2009)
H H Panter	
P M Beckwith	(Resigned 25 February 2010)
R A Squire	
C A Smith	(Resigned 31 October 2009)
L I Isaacson CBE	(Resigned 31 October 2009)
D Blyth	
N W Humby	(Resigned 31 October 2009)
J Simpson	(Resigned 31 October 2009)
J L Tanner	(Resigned 31 October 2009)
R G Orf	(Resigned 31 October 2009)
D G D Cassidy	(Resigned 31 October 2009)
H J Enright	
W S Benjamin	(Resigned 25 February 2010)
A R Gavin	(Resigned 31 October 2009)
S P Berrill	(Resigned 31 October 2009)
M C Lynas	
M Pashley	(Resigned 31 October 2009)
S M D Oliver	(Resigned 31 October 2009)
M Leigh	(Resigned 31 October 2009)
P R M Kavanagh	
F W Cieslik	(Resigned 14 May 2009)
L C Beresford Jones	(Appointed 11 May 2009 and resigned 31 October 2009)
G Dyke	(Appointed 10 December 2009 and resigned 25 February 2010)
C Graham	(Appointed 31 October 2009 and resigned 25 February 2010)
S R Davidson	(Appointed 31 October 2009 and resigned 25 February 2010)
J R Lenane	(Appointed 31 October 2009 and resigned 10 December 2009)

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 trading environment, in common with other economic sectors has become increasingly challenging throughout the year and competition intensifies between theatres in London with musicals continuing to dominate the market

The group's long term strategy is to continue to develop its existing theatres and acquire profitable venues as and when they become available, and to enhance its producing activity such as that undertaken by First Family Entertainment LLP

The results for the year and the financial position at the year end were considered satisfactory by the directors given the current trading environment

THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2009

Principal risks and uncertainties

The trading environment in London with its high concentration of venues continues to be very competitive and the company is sensitive to general economic trends. As with other areas of the economy there is an ongoing potential threat from terrorism.

The company's borrowings mean that there is a certain level of exposure to increases in interest rates.

Key performance indicators

The company considers its key performance indicators to be

- 1) Sales growth, particularly with respect to pantomimes which are a major factor in the performance of the group's regional venues and which led to the group's involvement in First Family Entertainment LLP. Revenue in relation to pantomimes was in line with the previous year. Overall group turnover at £67M is in line with 2008.
- 2) Gross margin improved from £35.3M (54%) in 2008 to £37.5M (56%) in 2009.
- 3) Net profit growth - loss before taxation at £0.5M in 2009 was about £0.1M better than the loss achieved in 2008 with the 2009 result impacted by large losses on overseas activity.

Results and dividends

The consolidated profit and loss account for the year is set out on pages 7 to 8.

The directors do not recommend the payment of a final dividend.

Market value of land and buildings

The net book value of the Group's land and buildings (including freehold, long leasehold and short leasehold) as at 30 September 2009 was £16.9m. Since the year end, as part of the transaction noted below, a formal independent valuation of the Group's freehold and two of the long leasehold land and buildings has valued those properties at £37.7m, including £4.9m being the Group's share of the Playhouse and Savoy Theatres.

Post balance sheet events and future developments

On 2 November 2009 the Group completed the acquisition of Live Nation (Venues) UK Limited. On 3 November 2009 Live Nation (Venues) UK Limited changed its name to The Ambassador Theatre Group (Venues) Limited.

The acquisition of Live Nation (Venues) UK Limited brings the number of theatres owned by the group to 39 and includes the homes of two of London's most successful shows: The Lion King (at The Lyceum) and Wicked (at the Apollo Victoria). The Live Nation (Venues) UK Limited theatres acquired are the Edinburgh Playhouse, The Auditorium, Grimsby, Liverpool Empire, Bristol Hippodrome, The Palace Theatre and The Opera House, Manchester, Southport Theatre, Sunderland Empire, Grand Opera House, York, Alexandra Theatre, Birmingham, Leas Cliff Hall, Folkestone, The New Theatre, Oxford, the Princess Theatre, Torquay and The Lyceum and Apollo Victoria Theatre, London. The financial effect of this has not been disclosed as the figures remain sensitive due to the nature of the deal.

THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2009

Post balance sheet events and future developments (continued)

Also on 2 November 2009, the shareholders of the Company sold their shareholdings to a newly formed company, The Ambassador Entertainment Group Limited which is ultimately controlled by Exponent Private Equity LLP

On 17th December 2009 The Ambassador Theatre Group Limited was contracted to operate Aylesbury Waterside Theatre Limited. Whilst the directors believe that this will enhance the company's presence in the Home Counties and make a positive contribution, the venue is due to open in Autumn 2010 and therefore the financial effect of the operation is not yet certain

Environment

The company recognises the importance of its environmental responsibilities and monitors its impact on the environment and designs and implements appropriate policies to minimise any damage that might be caused by the company's activities. Initiatives designed to minimise the company's impact on the environment include recycling and reducing energy consumption wherever possible

Employee involvement

Details of the numbers of employees are given in Note 24 of the financial statements

The company aims to keep employees informed of all relevant matters through regular staff meetings, both formal and informal, and through written communications and any staff issues are dealt with efficiently and fairly. The company feels it has a transparent and appropriate policy for employee remuneration

Disabled persons

Applications for employment by disabled persons are always fully considered. In the event of existing members of staff becoming disabled every effort would be made to ensure that their employment with the company continues and the appropriate support and training is available

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

On average, trade creditors at the year end represented 25 (2008- 39) days' purchases

Auditors

Saffery Champness have expressed their willingness to remain in office as auditors of the company

THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS' REPORT (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2009

Statement of Directors' responsibilities

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 group and of the profit or loss of the group 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,
- 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 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 the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the group's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the group's auditors are aware of that information.

On behalf of the board



H J Enright

11 June 2010

THE AMBASSADOR THEATRE GROUP LIMITED

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THE AMBASSADOR THEATRE GROUP LIMITED

We have audited the group and parent company financial statements (the "financial statements") of The Ambassador Theatre Group Limited for the year ended 30 September 2009 set out on pages 7 to 36. 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 auditors' 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 4, 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 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 group's and 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.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and parent company's affairs as at 30 September 2009 and of the group's loss for the year 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 year for which the financial statements are prepared is consistent with the financial statements.

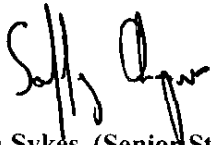
THE AMBASSADOR THEATRE GROUP LIMITED

**INDEPENDENT AUDITORS' REPORT (continued)
TO THE MEMBERS OF THE AMBASSADOR THEATRE GROUP LIMITED**

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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



Jonathan Sykes (Senior Statutory Auditor)
for and on behalf of Saffery Champness

30/6/10

**Chartered Accountants
Statutory Auditors**

Lion House
Red Lion Street
London
WC1R 4GB

THE AMBASSADOR THEATRE GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Notes	2009 £	2008 £
Turnover including share of associates and joint ventures		72,611,420	68,345,021
Less share of turnover of joint ventures		(5,714,591)	(4,613,268)
Group turnover	2	66,896,829	63,731,753
Cost of sales		(29,348,584)	(28,473,361)
Gross profit		37,548,245	35,258,392
Administrative expenses		(38,841,647)	(37,009,934)
Other operating income		1,295,442	1,204,026
Operating profit/(loss)	3	2,040	(547,516)
Share of operating loss in joint ventures		(276,100)	(108,427)
Other interest receivable and similar income of the group		90,790	386,390
Share of joint ventures other interest receivable and similar income		3,730	37,060
Interest payable and similar charges of the group	4	(257,950)	(277,843)
Share of joint ventures interest payable and similar charges	4	(74,354)	(92,812)
Loss on ordinary activities before taxation		(511,844)	(603,148)
Tax on loss on ordinary activities	5	(369,018)	(275,948)
Loss for the year		<u>(880,862)</u>	<u>(879,096)</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

The profit and loss account has been prepared on the basis that all operations are continuing operations

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

The above tax charge relates to the
following

Group	546,940	231,311
Joint ventures	(177,922)	44,637
	<u>369,018</u>	<u>275,948</u>

THE AMBASSADOR THEATRE GROUP LIMITED

BALANCE SHEETS AS AT 30 SEPTEMBER 2009

	Notes	Group 2009 £	2008 £	Company 2009 £	2008 £
Fixed assets					
Intangible assets	8	2,805,505	3,085,274	-	-
Tangible assets	9	25,343,666	24,458,792	951,611	892,210
Investments	10	-	-	10,244,154	10,350,404
Investments in joint ventures					
- Share of gross assets		7,480,721	6,849,206	-	-
- Share of gross liabilities		(6,820,712)	(5,851,487)	-	-
		<u>660,009</u>	<u>997,719</u>	<u>-</u>	<u>-</u>
		<u>28,809,180</u>	<u>28,541,785</u>	<u>11,195,765</u>	<u>11,242,614</u>
Current assets					
Stocks	11	211,468	192,932	-	-
Debtors	12	8,310,042	8,562,450	26,107,241	29,743,066
Investments	13	700,065	1,027,297	668,801	993,532
Cash at bank and in hand		<u>4,618,712</u>	<u>6,857,034</u>	<u>2,614,728</u>	<u>3,116,739</u>
		13,840,287	16,639,713	29,390,770	33,853,337
Creditors: amounts falling due within one year	14	<u>(24,319,860)</u>	<u>(23,235,682)</u>	<u>(13,812,362)</u>	<u>(14,772,952)</u>
Net current liabilities		<u>(10,479,573)</u>	<u>(6,595,969)</u>	<u>15,578,408</u>	<u>19,080,385</u>
Total assets less current liabilities		18,329,607	21,945,816	26,774,173	30,322,999
Creditors: amounts falling due after more than one year	15	(211,000)	(4,085,950)	-	(3,875,000)
Provisions for liabilities and charges	16	(82,807)	(69,322)	-	-
Accruals and deferred income	17	<u>(1,264,118)</u>	<u>(138,000)</u>	<u>-</u>	<u>-</u>
		<u>16,771,682</u>	<u>17,652,544</u>	<u>26,774,173</u>	<u>26,447,999</u>
Capital and reserves					
Called up share capital	19	9,798,138	9,798,138	9,798,138	9,798,138
Share premium account	20	11,373,668	11,373,668	11,373,668	11,373,668
Profit and loss account	20	<u>(4,400,124)</u>	<u>(3,519,262)</u>	<u>5,602,367</u>	<u>5,276,193</u>
Shareholders' funds - equity interests	21	<u>16,771,682</u>	<u>17,652,544</u>	<u>26,774,173</u>	<u>26,447,999</u>

THE AMBASSADOR THEATRE GROUP LIMITED

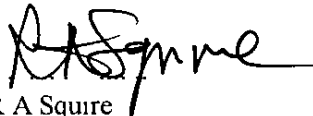
**BALANCE SHEETS (continued)
AS AT 30 SEPTEMBER 2009**

The notes on pages 12 to 36 form part of these financial statements

The financial statements were approved by the board on 11 June 2010



H J Enright
Director



R A Squire
Director

Company Registration No 2671052

THE AMBASSADOR THEATRE GROUP LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

	Notes	2009 £	2008 £
Net cash inflow/(outflow) from operating activities	28	1,199,209	(610,971)
Returns on investments and servicing of finance			
Interest received	94,520	423,450	
Interest paid	(332,304)	(370,655)	
Net cash (outflow)/inflow for returns on investments and servicing of finance		(237,784)	52,795
Taxation		(103,743)	(577,011)
Capital expenditure			
Payments to acquire tangible assets	(2,937,887)	(2,524,048)	
Net cash outflow for capital expenditure		(2,937,887)	(2,524,048)
Equity dividends paid		-	(244,954)
Net cash outflow before management of liquid resources and financing		(2,080,205)	(3,904,189)
Financing			
Government grant received	1,160,618	-	
Repayment of long term bank loan	(500,000)	(500,000)	
Repayment of other short term loans	(28,000)	-	
Net cash inflow/(outflow) from financing		632,618	(500,000)
Decrease in cash in the year	29, 30	<u>(1,447,587)</u>	<u>(4,404,189)</u>

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

1.2 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)

1.3 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 2009. 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.

1.4 Joint ventures

Joint ventures are accounted for using the gross equity method of accounting. Whilst The Ambassador Theatre Group Limited owns a 50% share in Porgy & Bess Limited (the producer of the show Porgy & Bess), the substance of this transaction is that the company is an investment vehicle, in which The Ambassador Theatre Group Limited committed to 13.8%. Therefore the company has not used the gross equity method of accounting for this investment.

1.5 Turnover

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

1.6 Goodwill

Acquired goodwill 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.

1.7 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 to 10 years

1.8 Leasing

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

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2009

1 Accounting policies

(continued)

1.9 Investments

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

Current asset investments, being investment in shows, are stated at the lower of cost and net realisable value

1.10 Stock

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

1.11 Pensions

The group contributes to a defined contribution scheme. The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

The company makes contributions to a defined benefit pension scheme to meet the cost of the benefits which are accruing to scheme members during the period of the company's management of one of the theatres. Any actuarial gains or losses arising during this period in respect of these employees must be funded by the company by the end of the agreement. No assessment of the surplus or deficit has been made since the start of the agreement. The pension cost charge represents contributions payable by the company to the fund in accordance with FRS 17.

1.12 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

1.13 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All the differences are taken to the profit and loss account.

Results of overseas subsidiaries are translated at the average rate for the year. Assets and liabilities of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves.

1.14 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

2 Turnover

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

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

3	Operating loss	2009	2008
		£	£
	Operating loss is stated after charging		
	Amortisation of intangible assets	279,819	279,827
	Depreciation of tangible assets	2,053,014	1,591,548
	Operating lease rentals	<u>557,376</u>	<u>453,988</u>
	Auditors' remuneration		
	Fees payable to the group's auditor for the audit of the group's annual accounts (company £2,350, 2008 £5,000)	58,125	58,502
	Taxation Advice	<u>59,725</u>	<u>57,480</u>
4	Interest payable	2009	2008
		£	£
	On bank loans and overdrafts for the group	256,266	277,843
	Share of joint ventures interest payable on bank loans and overdrafts	74,354	92,812
	Other interest	<u>1,684</u>	<u>-</u>
		<u>332,304</u>	<u>370,655</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

5 Taxation	2009	2008
	£	£
Domestic current year tax		
U K corporation tax	355,533	328,640
Adjustment for prior years	-	(13,185)
	<u>355,533</u>	<u>315,455</u>
Current tax charge	355,533	315,455
Deferred tax		
Deferred tax charge/(credit)	13,485	(39,507)
	<u>369,018</u>	<u>275,948</u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(511,844)	(603,148)
	<u>(511,844)</u>	<u>(603,148)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 28.00% (2008: 29.00%)	(143,316)	(174,913)
	<u>(143,316)</u>	<u>(174,913)</u>
Effects of		
Non deductible expenses	162,464	157,879
Depreciation and amortisation add back	667,676	558,767
Capital allowances	(355,105)	(315,944)
Tax losses utilised	(103,051)	(94,167)
Adjustments to previous periods	-	(13,185)
Other tax adjustments	126,865	197,018
	<u>498,849</u>	<u>490,368</u>
Current tax charge	355,533	315,455
	<u>355,533</u>	<u>315,455</u>

6 Profit for the financial year

As permitted by section 408 Companies Act 2006, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2009	2008
	£	£
Holding company's profit for the financial year	<u>326,174</u>	<u>721,521</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

7	Dividends	2009	2008
		£	£
	Ordinary interim paid	<u>-</u>	<u>244,954</u>
8	Intangible fixed assets		
	Group		Goodwill
			£
	Cost		
	At 1 October 2008 & at 30 September 2009		<u>5,829,190</u>
	Amortisation		
	At 1 October 2008		2,743,866
	Charge for the year		<u>279,819</u>
	At 30 September 2009		<u>3,023,685</u>
	Net book value		
	At 30 September 2009		<u>2,805,505</u>
	At 30 September 2008		<u>3,085,274</u>

Following a review by ATG London Limited of its investment in Maidstone Productions (Playhouse) Limited ATG London Limited has adjusted £881,859 of its investment to other debtors. On consolidation the effect of this reclassification has been an adjustment to the goodwill recognised on this investment. A prior year adjustment has been recognised in respect of this adjustment.

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

**9 Tangible fixed assets
Group**

	Land and buildings Freehold £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Total £
Cost					
At 1 October 2008	16,049,437	5,445,150	1,164,748	11,581,192	34,240,527
Additions	-	-	-	2,937,887	2,937,887
At 30 September 2009	16,049,437	5,445,150	1,164,748	14,519,079	37,178,414
Depreciation					
At 1 October 2008	1,866,271	2,315,746	575,746	5,023,971	9,781,734
Charge for the year	194,535	268,742	121,260	1,468,477	2,053,014
At 30 September 2009	2,060,806	2,584,488	697,006	6,492,448	11,834,748
Net book value					
At 30 September 2009	13,988,631	2,860,662	467,742	8,026,631	25,343,666
At 30 September 2008	14,183,165	3,129,404	589,002	6,557,221	24,458,792

THE AMBASSADOR THEATRE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**
FOR THE YEAR ENDED 30 SEPTEMBER 2009

9 Tangible fixed assets (continued)
Company

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Total
	£	£	£	£
Cost				
At 1 October 2008	56,901	1,164,748	941,073	2,162,722
Additions	-	-	337,663	337,663
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2009	56,901	1,164,748	1,278,736	2,500,385
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 October 2008	27,814	575,746	666,952	1,270,512
Charge for the year	2,805	121,260	154,197	278,262
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2009	30,619	697,006	821,149	1,548,774
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 30 September 2009	26,282	467,742	457,587	951,611
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 September 2008	29,087	589,002	274,121	892,210
	<hr/>	<hr/>	<hr/>	<hr/>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

**10 Fixed asset investments
Company**

	Shares in participating interests	Shares in subsidiary undertakings	Loans in subsidiary undertakings	Total
	£	£	£	£
Cost				
At 1 October 2008	1,878,256	7,122,148	1,350,000	10,350,404
Disposal	(106,250)	-	-	(106,250)
At 30 September 2009	<u>1,772,006</u>	<u>7,122,148</u>	<u>1,350,000</u>	<u>10,244,154</u>
Net book value				
At 30 September 2009	<u>1,772,006</u>	<u>7,122,148</u>	<u>1,350,000</u>	<u>10,244,154</u>
At 30 September 2008	<u>1,878,256</u>	<u>7,122,148</u>	<u>1,350,000</u>	<u>10,350,404</u>

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

THE AMBASSADOR THEATRE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009****10 Fixed asset investments****(continued)****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		
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
Aylesbury Waterside Theatre Limited	England and Wales	Ordinary 100
Whitehall Theatre Limited	England and Wales	Ordinary 100
Smart Plays Limited	England and Wales	Ordinary 100
ATG Management Limited	England and Wales	Ordinary 100
Sonia Friedman Productions Limited	England and Wales	Ordinary 100
Glasgow Theatres Limited	England and Wales	Ordinary 100
Piccadilly Theatre Limited	England and Wales	Ordinary 100
Phoenix Theatre Limited	England and Wales	Ordinary 100
New Wimbledon 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
Natural Nylon Theatre Company Limited	England and Wales	Ordinary 100
Highland Fling Japan Limited	England and Wales	Ordinary 100
Screenstage Productions Limited	England and Wales	Ordinary 100
Brighton Theatre Limited	England and Wales	Ordinary 100
Ambassador Theatre Group New York Inc	USA	Ordinary 100

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

10 Fixed asset investments

(continued)

Participating interests

ScreenStage Limited	England and Wales	Ordinary	50
Trademark Theatre Company Limited	England and Wales	Ordinary	50
Maidstone Productions (Playhouse) Limited	England and Wales	Ordinary	50
First Family Entertainment LLP	England and Wales	Not applicable	50
Maidstone Productions (Savoy) Limited	England and Wales	Ordinary	50
Savoy Theatre Holdings Limited	England and Wales	Ordinary	50
Savoy Theatre Limited	England and Wales	Ordinary	50
Porgy and Bess Limited	England and Wales	Ordinary	50

THE AMBASSADOR THEATRE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

10 Fixed asset investments**(continued)**

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

	Principal activity
Milton Keynes Theatre Limited	Theatre operator
Stoke-on-Trent Theatres Limited	Theatre operator
Theatre Royal Brighton Limited	Theatre operator
ATG London Limited	Theatre operator
Churchill Theatre Bromley Limited	Theatre operator
Richmond Theatre Limited	Theatre operator
Comedy Theatre Limited	Dormant
Donmar Warehouse Theatre Limited	Dormant
Aylesbury Waterside Theatre Limited	Dormant
Whitehall Theatre Limited	Dormant
Smart Plays Limited	Production company
ATG Management Limited	Production company
Sonia Friedman Productions Limited	Production company
Glasgow Theatres Limited	Theatre operator
Piccadilly Theatre Limited	Dormant
Phoenix Theatre Limited	Dormant
New Wimbledon Theatre Limited	Theatre operator
The Duke Of York's Theatre Limited	Theatre operator
Woking Turnstyle Limited	Theatre operator
ScreenStage Limited	Production company
Trademark Theatre Company Limited	Production company
Maidstone Productions (Playhouse) Limited	Theatre operator
First Family Entertainment LLP	Production partnership
Maidstone Productions (Savoy) Limited	Holding company
Savoy Theatre Holdings Limited	Dormant
Savoy Theatre Limited	Theatre operator
Porgy and Bess Limited	Production company
Natural Nylon Theatre Company Limited	Production company
Highland Fling Japan Limited	Production company
Screenstage Productions Limited	Dormant
Brighton Theatre Limited	Dormant
Ambassador Theatre Group New York Inc	Production company

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2009

10 Fixed asset investments (continued)

Additional disclosures required for joint ventures exceeding the 15% threshold as defined by FRS 9		£	£
Share of assets			
Fixed assets	6,011,334		
Current assets	2,094,964		
			8,106,298
Share of liabilities			
Due within on year or less	(4,660,736)		
Due after more than one year	(2,159,842)		
			(6,820,577)
			1,285,721

The accounting periods of Porgy and Bess Limited and First Family Entertainment LLP are not 30 September each year. In respect of Porgy and Bess Limited it is 30 June, which is not considered to affect the group accounts due to the consolidation of this company in accordance with the accounting policy. First Family Entertainment LLP has an accounting period end of 31 March 2009, this does not materially affect the group's results due to the nature of the LLP's business.

11 Stocks

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Finished goods and goods for resale	211,468	192,932	-	-

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

12 Debtors

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	2,384,570	2,130,170	80,370	13,018
Amounts owed by group undertakings	-	-	25,467,720	28,709,205
Amounts owed by participating interests	3,632,261	3,623,193	280	240,371
Corporation tax	-	-	-	119,487
Other debtors	759,449	1,121,138	154,393	259,681
Prepayments and accrued income	1,533,762	1,687,949	325,474	323,142
Deferred tax asset (note 16)	-	-	79,004	78,162
	<u>8,310,042</u>	<u>8,562,450</u>	<u>26,107,241</u>	<u>29,743,066</u>

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

	2009	2008	2009	2008
	£	£	£	£
Amounts owed by group undertakings	-	-	13,599,967	13,599,967
Amounts owed by participating interests	<u>881,859</u>	<u>881,859</u>	<u>-</u>	<u>-</u>

13 Current asset investments

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Other unlisted investments	<u>700,065</u>	<u>1,027,297</u>	<u>668,801</u>	<u>993,532</u>

Current asset investments represent investments in shows

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

14 Creditors : amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	4,810,334	2,226,069	4,062,552	1,115,790
Trade creditors	2,008,496	3,064,156	523,436	765,947
Amounts owed to group undertakings	-	-	7,035,113	10,580,597
Amounts owed to participating interests	3,727	101,600	1,503	69,070
Corporation tax	533,323	137,689	-	-
Other taxes and social security costs	1,408,964	1,700,099	838,536	1,168,569
Other creditors	1,334,493	690,584	68,137	35,860
Accruals and deferred income	14,220,523	15,315,485	1,283,085	1,037,119
	<u>24,319,860</u>	<u>23,235,682</u>	<u>13,812,362</u>	<u>14,772,952</u>
Debt due in one year or less	<u>3,912,000</u>	<u>565,000</u>	<u>3,875,000</u>	<u>500,000</u>

The bank loan and overdrafts are secured by a debenture over the whole of the assets of the company and its subsidiary undertakings

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

15 Creditors : amounts falling due after more than one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans	-	3,875,000	-	3,875,000
Other loans	211,000	210,950	-	-
	<u>211,000</u>	<u>4,085,950</u>	<u>-</u>	<u>3,875,000</u>

Analysis of loans

Not wholly repayable within five years by instalments

Other loan	-	2,539,000	-	-
Repayable within five years	-	-	-	2,500,000

Not wholly repayable within five years other than by instalments

Wholly repayable within five years	4,123,000	2,111,950	3,875,000	1,875,000
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	4,123,000	4,650,950	3,875,000	4,375,000
Included in current liabilities	(3,912,000)	(565,000)	(3,875,000)	(500,000)

	<u>211,000</u>	<u>4,085,950</u>	<u>-</u>	<u>3,875,000</u>
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Instalments not due within five years	<u>-</u>	<u>2,539,000</u>	<u>-</u>	<u>-</u>
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Loan maturity analysis

In more than one year but not more than two years	-	565,000	-	500,000
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In more than two years but not more than five years	211,000	1,711,050	-	1,500,000
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In more than five years	<u>-</u>	<u>1,809,900</u>	<u>-</u>	<u>1,875,000</u>
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The bank loan is secured by a debenture over the whole of the assets of the company and its subsidiary undertakings

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

16 Provisions for liabilities
Group

	Deferred taxation £
Balance at 1 October 2008	69,322
Profit and loss account	13,485
	<u>82,807</u>
Balance at 30 September 2009	<u>82,807</u>

Company

Balance at 1 October 2008	(78,162)
Profit and loss account	(842)
	<u>(79,004)</u>
Balance at 30 September 2009	<u>(79,004)</u>

The deferred tax liability is made up as follows:

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Accelerated capital allowances	318,680	317,052	26,183	26,838
Other timing differences	(105,187)	(105,000)	(105,187)	(105,000)
Tax losses available	(130,686)	(142,730)	-	-
	<u>82,807</u>	<u>69,322</u>	<u>(79,004)</u>	<u>(78,162)</u>

17 Accruals and deferred income

Group	Government grants £
Balance at 1 October 2008	138,000
Amortisation in the year	(34,500)
Grants received during the year	1,160,618
	<u>1,264,118</u>
Balance at 30 September 2009	<u>1,264,118</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

18 Pension and other post-retirement benefit commitments

Defined contribution

	2009	2008
	£	£
Contributions payable by the group for the year	<u>554,477</u>	<u>472,527</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

19 Share capital	2009	2008
	£	£
Authorised		
10,500,000 ordinary shares of £1 each	-	10,500,000
10,499,750 Preferred ordinary shares of £1 each	10,499,750	-
25,000 "A" preference shares of 1p each	250	-
	<u>10,500,000</u>	<u>10,500,000</u>
 Allotted, called up and fully paid		
9,798,138 Preferred ordinary shares of £1 each	<u>9,798,138</u>	<u>9,798,138</u>
	<u>9,798,138</u>	<u>9,798,138</u>

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2009

19 Share capital

(continued)

On 1 October 2008 the Company passed a resolution which determined that 250 of the existing authorised but unissued ordinary shares of £1 each of the Company be sub-divided into and re-designated as 25,000 "A" ordinary shares of 1 pence each and that each of the existing issued ordinary shares of £1 each of the company and each of the existing authorised but unissued ordinary shares of the Company be re-designated as preferred ordinary shares of £1 each

The holders of the preferred ordinary shares shall be entitled, on a pari passu basis in proportion to the number of shares held -

- i) to all dividends paid by the Company,
- ii) to 100% of any Realised Equity Value up to and including £40,000,000,
- iii) to the balance of any Realised Equity Value in excess of £40,000,000 which is not allocated to the holders of the "A" ordinary shares in issue at the time of the Realisation

The "A" ordinary shares have the following rights -

- i) the holders of the "A" ordinary shares shall not be entitled to any dividends paid by the company,
- ii) if the Realised Equity Value is £40,000,000 or less the holders the "A" ordinary shares shall not be entitled to any part of the Realised Equity Value,
- iii) if the Realised Equity Value is more than £40,000,000 the holders of the "A" ordinary shares who are employees of the Company immediately before the Realisation shall be entitled, as between all members of the Company, to receive in respect of each "A" ordinary share held by him/her at the time of the Realisation 1/25,000 of 25% (twenty five percent) of that part of the Realised Equity Value as exceeds £40,000,000 and the holders of the "A" ordinary shares who are not employees of the Company immediately before the Realisation shall be entitled, as between all members of the Company, to receive in respect of each "A" ordinary share held by him/her at the time of the Realisation the lower of (A) Fair Value at the time the holder ceased to be employed by the company or, if the board so determines (in its absolute discretion) that a value which is lower than such Fair Value is more appropriate in the circumstances, such value and (B) the Realisation Value

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

20 Statement of movements on reserves
Group

	Share premium account £	Profit and loss account £
Balance at 1 October 2008	11,373,668	(3,519,262)
Loss for the year	-	(880,862)
	<hr/>	<hr/>
Balance at 30 September 2009	<u>11,373,668</u>	<u>(4,400,124)</u>

Company

	Share premium account £	Profit and loss account £
Balance at 1 October 2008	11,373,668	5,276,193
Profit for the year	-	326,174
	<hr/>	<hr/>
Balance at 30 September 2009	<u>11,373,668</u>	<u>5,602,367</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

21 Reconciliation of movements in shareholders' funds	2009	2008
Group	£	£
Loss for the financial year	(880,862)	(879,096)
Dividends	-	(244,954)
	<u> </u>	<u> </u>
Net depletion in shareholders' funds	(880,862)	(1,124,050)
Opening shareholders' funds	17,652,544	18,776,594
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>16,771,682</u>	<u>17,652,544</u>
	2009	2008
Company	£	£
Profit for the financial year	326,174	721,521
Dividends	-	(244,954)
	<u> </u>	<u> </u>
Net addition to shareholders' funds	326,174	476,567
Opening shareholders' funds	26,447,999	25,971,432
	<u> </u>	<u> </u>
Closing shareholders' funds	<u>26,774,173</u>	<u>26,447,999</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

22 Financial commitments

At 30 September 2009 the group had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Expiry date				
Within one year	-	-	25,092	25,092
In over five years	521,830	521,830	-	-
	<u>521,830</u>	<u>521,830</u>	<u>25,092</u>	<u>25,092</u>

At 30 September 2009 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	2009	2008	2009	2008
	£	£	£	£
Expiry date				
In over five years	219,550	219,550	-	-
	<u>219,550</u>	<u>219,550</u>	<u>-</u>	<u>-</u>

23 Directors' emoluments

	2009	2008
	£	£
Emoluments for qualifying services	1,199,648	1,492,270
Company pension contributions to money purchase schemes	222,151	163,752
	<u>1,421,799</u>	<u>1,656,022</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 6 (2008- 6)

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

Emoluments for qualifying services	313,190	303,798
Company pension contributions to money purchase schemes	45,023	43,712
	<u>358,213</u>	<u>347,510</u>

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE YEAR ENDED 30 SEPTEMBER 2009

24 Employees

Number of employees

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

	2009 Number	2008 Number
Administration and management	1,107	1,105

Employment costs

	2009 £	2008 £
Wages and salaries	17,762,542	17,539,924
Social security costs	1,709,832	1,638,065
Other pension costs	554,477	472,527
	20,026,851	19,650,516

25 Control

At 30 September 2009 the company had no controlling party. As stated in the directors report following the transaction on 2 November 2009 the company's immediate parent is The Ambassador Entertainment Group Limited, and the ultimate controlling party of the group is Exponent Private Equity LLP on behalf of the funds under its management.

26 Related party transactions

Group

During the year The Ambassador Theatre Group Limited received management fees from Screenstage Limited amounting to £43,000 (2008 £38,942). Screenstage Limited is a joint venture between The Ambassador Theatre Group Limited and Carlton Communications Limited.

During the year The Ambassador Theatre Group Limited received management fees from Savoy Theatre Limited amounting to £89,427 (2008 £nil). The company is a subsidiary of Maidstone Productions (Savoy) Ltd. Maidstone Productions (Savoy) Ltd is a joint venture between ATG London Limited and Tulbart LLC. ATG London Limited is a 100% subsidiary of The Ambassador Theatre Group Limited.

During the year The Ambassador Theatre Group Limited received management fees from Maidstone Productions (Playhouse) Limited amounting to £58,468 (2008 £47,275). Maidstone Productions (Playhouse) Limited is a joint venture between The Ambassador Theatre Group Limited and Playhouse Theatre LLC.

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009**

27 Post Balance Sheet Events

Please refer to the Directors' Report for details of the post balance sheet event

28 Reconciliation of operating loss to net cash inflow/(outflow) from operating activities	2009	2008
	£	£
Operating profit/(loss)	2,040	(547,516)
Depreciation of tangible assets	2,053,014	1,591,548
Amortisation of intangible assets	279,819	279,827
(Increase)/decrease in stocks	(18,536)	66,145
Decrease/(increase) in debtors	252,408	(251,525)
Decrease/increase in investment in shows	327,232	(104,387)
Decrease in creditors within one year	(1,662,268)	(1,610,563)
Movement on grant provision	(34,500)	(34,500)
Net cash inflow/(outflow) from operating activities	1,199,209	(610,971)

29 Analysis of net funds	1 October 2008	Cash flow	Other non-cash changes	30 September 2009
	£	£	£	£
Net cash				
Cash at bank and in hand	6,857,034	(2,238,322)	-	4,618,712
Bank overdrafts	(1,726,069)	790,735	-	(935,334)
	<u>5,130,965</u>	<u>(1,447,587)</u>	<u>-</u>	<u>3,683,378</u>
Debts falling due within one year	(565,000)	(3,347,000)	-	(3,912,000)
Debts falling due after one year	(4,085,950)	3,874,950	-	(211,000)
	<u>(4,650,950)</u>	<u>527,950</u>	<u>-</u>	<u>(4,123,000)</u>
Net funds	<u>480,015</u>	<u>(919,637)</u>	<u>-</u>	<u>(439,622)</u>

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 30 SEPTEMBER 2009

30 Reconciliation of net cash flow to movement in net funds	2009	2008
	£	£
Decrease in cash in the year	(1,447,587)	(4,404,189)
Cash outflow from decrease in debt	<u>527,950</u>	<u>250,050</u>
Movement in net funds in the year	(919,637)	(4,154,139)
Opening net funds	<u>480,015</u>	<u>4,634,154</u>
Closing net funds	<u>(439,622)</u>	<u>480,015</u>