

Parent Co Accts of 3507468-
St Le-On-Trent Theatres Ltd

Registered number 08769976

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD FROM 11 NOVEMBER 2013 TO 29 MARCH 2014

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THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

COMPANY INFORMATION

Directors

H H Panter (appointed 29 November 2013)
A A Tisdale (appointed 11 November 2013)
R A Squire (appointed 29 November 2013)
P R M Kavanagh (appointed 29 November 2013)
R Sudo (appointed 11 November 2013)
H J Enright (appointed 29 November 2013)
C M Graham (appointed 29 November 2013)
J R Lenane (appointed 29 November 2013)
G Dyke (appointed 29 November 2013)
S Teo (appointed 29 November 2013)
Q A S Hammad (appointed 17 September 2014)

Registered number 08769976

Registered office

2nd Floor Alexander House
Church Path
Woking
Surrey
GU21 6E1

Independent Auditor

Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
United Kingdom
EC4A 3BZ

Bankers

National Westminster Bank Plc
PO Box 113 Cavell House
2A Charing Cross Road
London
WC2H 0PD

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

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THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 29 MARCH 2014

Introduction

The directors present their Strategic Report on the affairs for the Group for the period from the date of incorporation of 11 November 2013 to 29 March 2014. The Group's business activities together with the factors likely to affect its future development, performance and position are set out in this Strategic Report.

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

Business review

The principal activity of the Company is that of managing a group of companies operating theatres, producing theatrical productions and managing the associated ticketing business. The Company was incorporated on 11 November 2013 and the enclosed financial statements represent its first period of account. The Company sells the majority of its tickets to the general public both through its own ticketing businesses as well as via third party vendors. Furthermore, in relation to theatrical content the Company develops and produces its own content in addition to working with many independent producers. The Company's strategy is to develop its core business by increasing occupancy levels at its venues through more high quality content including attracting West End content to regional venues, developing its retail and ticketing activities and expanding the Group's international activity including its venue portfolio.

On 29 November 2013, ATEG Limited, a subsidiary of the Company, acquired the entire issued share capital of The Ambassador Entertainment Group Limited. The Group manages 39 venues (12 in London, 26 across the UK regions and The Lyric Theatre on Broadway) is an award-winning theatrical producer and operates the largest theatre ticketing business in the UK.

The Group operates in a large, resilient and growing theatre market benefitting from the macro trend towards live entertainment. The figures published by the Society of London Theatre for the calendar year 2013 showed an increase of 4.25% in admissions in the West End over the previous year with a Compound Annual Growth Rate (CAGR) of 1% since 2010, and an increase in ticket revenues of 10.52% over 2012 with a CAGR of 4.6% since 2010. Given the growth in the West End as a benchmark, other international markets have significant headroom for further growth and this forms a basis for the Group's strategy of international expansion.

The position of the Group at the period end is set out in the consolidated balance sheet on page 9 and in the related notes on pages 12 to 33. Owing to the seasonally strong period covered by the financial statements, the operating profit for the period from the date of incorporation of 11 November 2013 to 29 March 2014 was £9,068,096. The loss before tax on ordinary activities for this period was £3,807,220. As the Company was incorporated in the current period, there is no comparative information for the prior period.

On 29 November 2013, the Group secured senior debt finance from various lenders with an initial £155.0m borrowed with facilities to borrow an additional £40.0m if required of which £4.8m was utilised during the period in relation to the acquisition of The Ticket Machine Group Limited and £3.8m is due within one year as at the balance sheet date. A fixed interest-bearing loan was put in place for £234.8m from the parent company ATEG Luxco S a r l which is not repayable until the earlier of 2062 and the sale of the Group.

On 19 December 2013, the Group acquired The Ticket Machine Group Limited to expand and develop its on-line ticketing business in particular through the key brands LOVEtheatre and Group Line.

Principal risks and uncertainties

The principal risk to the business is a downturn in theatre attendance due to the impact of the economic environment on the theatre-going public. The Group's commitment is to attract customers with high quality productions 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 Group to take a long term view.

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

GROUP STRATEGIC REPORT (continued)

Financial risk management objectives and policies

Credit Risk

Due to the nature of the Group's business and the assets and liabilities contained within the Group's balance sheet, a significant risk that the directors consider relevant to the Group 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 Group's standard payment terms which are set under contract upfront. It should also be noted that the majority of ticket sales are to the general public who pay for their tickets in advance of shows taking place and therefore for such ticket sales there is no credit risk.

Liquidity and Interest Rates Risk

Liquidity risk is managed through Group funding arrangements as referred to previously. The Group is aware of the potential for interest rates on its borrowing to rise and monitors these closely. The Group is protected to a significant extent from increases in interest rates by an interest rate swap in place on £103.3m of its debt which fixes LIBOR at an average of 1.239%.

Foreign Exchange Risk

The Group's activities expose it to an element of financial risks of changes in foreign currency exchange rates though this is in relation to a relatively small element of the business primarily the Group's venue in the U.S.A. and some trading in Australia.

Financial key performance indicators

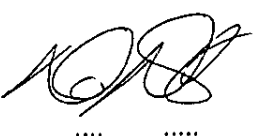
The directors monitor the Group's performance in a number of ways including key performance indicators. The key performance indicators monitored by management include:

- 1) Sales growth particularly with respect to pantomimes which are a major factor in the performance of the regional venues. Sales for the 2013/14 pantomime season were 9.4% higher than the prior period to 30 March 2013 in the consolidated accounts of The Ambassador Entertainment Group Limited.
- 2) Advanced sales for the two largest venues. The Apollo Victoria (where *Wicked* has been playing since 2006) and The Lyceum (where *The Lion King* has been playing since 1999) remain strong and are in line with the prior period to 30 March 2013 in the consolidated accounts of The Ambassador Entertainment Group Limited.
- 3) Operating profit at £9.1m for the period from 11 November 2013 to 29 March 2014 due to the seasonally strong period.

Future Developments

The Group has considerable financial resources and the directors believe is well prepared for further growth through both developing the existing business and increasing the Group's international activity.

This report was approved by the board on 1 December 2014 and signed on its behalf


.....
H J Enright
Director

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 MARCH 2014

The directors present their report and the financial statements for the period ended 29 March 2014

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, 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 the Group and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

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

Results and dividends

The loss for the period, after taxation, amounted to £5,666,628.

The directors declared a dividend of £nil during the period from 11 November 2013 to 29 March 2014.

Directors

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

H H Panter (appointed 29 November 2013)
A A Tisdale (appointed 11 November 2013)
R A Squire (appointed 29 November 2013)
P R M Kavanagh (appointed 29 November 2013)
R Sudo (appointed 11 November 2013)
S Schmidt (appointed 11 November 2013 & resigned 8 May 2014)
H J Enright (appointed 29 November 2013)
J Mollerstrom (appointed 11 November 2013 & resigned 18 August 2014)
C M Graham (appointed 29 November 2013)
J R Lenane (appointed 29 November 2013)
G Dyke (appointed 29 November 2013)
S Ieo (appointed 29 November 2013)
Q Hammad (appointed 17 September 2014)

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 MARCH 2014

Directors (continued)

The Group is majority owned by Providence Equity Partners through its investment funds, Providence Equity Partners VII-A LP and Providence VII Global Holdings LP. Providence is a global alternative investment firm established in 1989 and focused on education, media, communications and information investments. The firm's private equity platform specializes in sector-focused buyout transactions and growth capital investments. Providence made its investment in the Group through ATG Luxco S a r l.

The following members of the Board represent Providence: A Tisdale, R Sudo, S Feo and Q Hammad. S Schmidt and J Mollerstrom also represented Providence during the period.

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.

The Group introduced its 'Be a Star' training programme in 2012 focussing on front of house and box office staff from their commencement with the Group developing their skills to improve customer experience. The programme proved popular and during 2013 the 'Be a Star Manager' programme was begun broadly focussing on key aspects of people management covering everything from recruitment to effective performance management.

Disabled employees

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.

Environmental matters

The Group 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 Group's activities.

Initiatives designed to minimise the Group's impact on the environment include recycling and in particular reducing energy consumption wherever possible. Through internal initiatives to reduce fuel consumption and associated energy use the Group's UK carbon emissions for the twelve months to March 2014 were 12,948 tonnes of CO₂ compared with 13,567 tonnes for the twelve months to March 2013, a reduction of 619 tonnes in spite of a higher number of performances in the later period.

Social and community involvement

The Group's UK regional theatres are rooted in the heart of their local communities and have Creative Learning departments which take a leading role in contributing to the social cohesion of the relevant towns and cities in partnership with charities, trusts and organisations nationwide including several local authorities and further education partners.

People of a wide variety of ages and abilities participate in the Group's Creative Learning activities. Often inspired by the productions at venues, these can include workshops with visiting companies, backstage tours and pre-show talks but also Youth Theatres, summer schools and classes for adults. Further details may be obtained from the www.atg.co.uk website.

In addition to this, many regional venues are used for several weeks a year by local amateur production companies, often achieving high levels of audience attendance.

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 29 MARCH 2014

Matters covered in the Group Strategic Report

Business review principal risks and uncertainties financial key performance indicators and future developments are set out in the Group Strategic Report

Disclosure 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 and the Group'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 relevant audit information and to establish that the Company and the Group's auditor is aware of that information

Auditor

Deloitte LLP was appointed as auditor during the period. A resolution for their reappointment will be proposed for in accordance with section 485 of the Companies Act 2006

Going concern

The financial statements have been prepared on the going concern basis

The Group has net liabilities of £4.6m and net current liabilities of £54.3m at the balance sheet date however these include £234.8m of loan stock and £7.9m in accumulated interest from the parent Company ATG Luxco S a r l which are not payable until the earlier of 2062 and the sale of the Group whichever occurs first. Net current liabilities include £41.1m relating to advance sales where bookings have been made in advance of the production date which typically do not require immediate repayment and are recognised as revenue when the show is performed. Excluding this amount and short-term loans that either will be replaced by longer term debt shortly after the balance sheet date or may be at short notice the Group has a net current assets position. The Group is obliged to meet financial covenants as part of arranging senior debt however these are being met with comfortable headroom and forecasts indicate that this will continue to be the case. The hedging arrangements in place provide protection against potential increases in interest rates.

In addition through its membership of the largest theatre group in the United Kingdom, the Group 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 helps 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.

Having prepared forecasts to cover the 12 months subsequent to the date of signing the financial statements 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 1 December 2014 and signed on its behalf



H J Enright
Director

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

We have audited the financial statements of The Ambassador Theatre Group Holdings Limited for the period from 11 November 2013 to 29 March 2014 which comprise the consolidated Profit and Loss Account the consolidated and Company Balance Sheets the consolidated Cash Flow Statement the reconciliation of net cash flow to movement in net debt and the related notes 1 to 33. 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 Group's and the parent 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 Strategic Report and Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 Group's and the parent Company's affairs as at 29 March 2014 and of the Group's loss for the 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 Group Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE AMBASSADOR THEATRE GROUP
HOLDINGS 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

M. R. Lee-Amies

M R Lee-Amies FCA (Senior Statutory Auditor)

for and on behalf of

Deloitte LLP

Chartered Accountants and Statutory Auditor

London

United Kingdom

1 December 2014:

Date

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE PERIOD FROM 11 NOVEMBER 2013 TO 29 MARCH 2014**

	Notes	For the period from 11 November 2013 to 29 March 2014 £
Turnover (including share of revenues from co-production arrangements)	2	70,998,128
Revenue	1	57,454,182
Cost of sales		(7,356,986)
Gross profit		50,097,196
Administrative expenses		(40,708,365)
Other operating charges		(320,735)
Operating profit	3	9,068,096
Interest receivable and similar income		24,345
Interest payable and similar charges	7	(12,899,661)
Loss on ordinary activities before taxation		(3,807,220)
Tax on loss on ordinary activities	8	(1,859,408)
Loss for the financial period		(5,666,628)

All amounts relate to continuing operations and acquisitions in the period

There were no recognised gains or losses other than those included in the Profit and Loss Account above. Accordingly, a separate statement of total recognised gains and losses has not been presented.

The notes on pages 12 to 33 form part of these financial statements.

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED
REGISTERED NUMBER 08769976

CONSOLIDATED BALANCE SHEET
AS AT 29 MARCH 2014

	Notes	29 March 2014 £	£
Fixed assets			
Intangible assets - Goodwill	9		244,931,528
Tangible assets	10		276,372,840
			<u>521,304,368</u>
Current assets			
Stocks	13	649,205	
Debtors	14	14,951,263	
Investments	15	553,628	
Cash at bank and in hand		23,626,272	
		<u>39,780,368</u>	
Creditors amounts falling due within one year	16	(94,074,388)	
Net current liabilities			<u>(54,294,020)</u>
Total assets less current liabilities			467,010,348
Creditors amounts falling due after more than one year	17		(469,188,356)
Provisions for liabilities			
Deferred tax	18	(1,803,116)	
Other provisions	19	(585,046)	
			<u>(2,388,162)</u>
Net liabilities			<u><u>(4,566,170)</u></u>
Capital and reserves			
Called up share capital	20		1,301
Share premium account	21		1,708,285
Foreign exchange reserve deficit	21		(609,128)
Profit and loss account deficit	21		(5,666,628)
Shareholders' deficit	22		<u><u>(4,566,170)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
1 December 2014

... ..
H I Enright
Director

... ..
R A Squire
Director


The notes on pages 12 to 33 form part of these financial statements

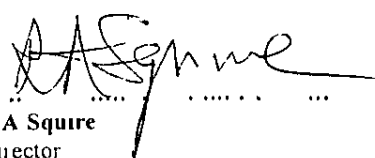
THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED
REGISTERED NUMBER 08769976

COMPANY BALANCE SHEET
AS AT 29 MARCH 2014

	Notes	29 March 2014 £	£
Fixed assets			
Investments	11		1,709,587
Current assets			
Debtors	14	393,396	
Creditors amounts falling due within one year	16	(393,396)	
Net current assets			-
Net assets			<u>1,709,587</u>
Capital and Reserves			
Called up share capital	20		1,301
Share premium account	21		<u>1,708,286</u>
Shareholders' funds	22		<u>1,709,587</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on
1 December 2014


H J Enright
Director


R A Squire
Director

The notes on pages 12 to 33 form part of these financial statements

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT
FOR THE PERIOD FROM 11 NOVEMBER 2013 TO 29 MARCH 2014**

		For the period from 11 November 2013 to 29 March 2014 £
	Notes	
Net cash flow from operating activities	23	19,390,050
Returns on investments and servicing of finance	24	(2,940,798)
Taxation	24	(1,169,937)
Capital expenditure and financial investment	24	(2,076,329)
Acquisitions and disposals	24	(283,048,980)
Cash outflow before financing		(269,845,994)
Financing	24	287,362,421
Increase in cash in the period		17,516,427

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT
FOR THE PERIOD FROM 11 NOVEMBER 2013 TO 29 MARCH 2014**

	For the period from 11 November 2013 to 29 March 2014 £
Increase in cash in the period	17,516,427
New debt and lease financing	(303,989,521)
Change in net debt resulting from cash flows	(286,473,094)
New finance lease	84,434,354
Other non-cash changes	(252,038,132)
Movement in net debt in the period	(454,076,872)
Net debt at 29 March 2014	(454,076,872)

The notes on pages 12 to 33 form part of these financial statements

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2014

1 Accounting Policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account which was £nil for the period. The company has taken the exemption afforded in FRS 1 and has not presented an individual company cash flow statement on the grounds that its cash flows are fully consolidated in the cash flow presented by the Group.

1.2 Operating results

The operating results include transactions up to and including the Saturday on or preceding 31 March of each year. The accounts for the current period are therefore from the date of incorporation of 11 November 2013 to 29 March 2014.

1.3 Going concern

The financial statements have been prepared on the going concern basis details of which can be found in the Directors' report on page 5.

1.4 Basis of consolidation

The financial statements consolidate the accounts of The Ambassador Theatre Group Holdings Limited and all of its subsidiary undertakings ('subsidiaries').

The results of subsidiaries acquired during the period are included from the effective date of acquisition: 29 November 2013 for the majority of subsidiaries and 19 December 2013 for The Ticket Machine Group Ltd.

1.5 Turnover and revenue

Revenue primarily represents the amounts due to the Group 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. Theatre related services are recognised in the period to which the services relate.

Revenue includes income derived from booking fees and commissions charged on tickets sold by the Group for its theatres and other UK venues; these fees and commissions are recognised at the time of sale.

Revenue in relation to co-production arrangements is recognised in the period to which the services relate except for production surpluses which are recognised when they can be reliably estimated.

In addition to revenue as defined above, turnover includes the following in relation to co-production arrangements:

- where a controlling interest is held, turnover represents the Group share of gross turnover for the production;
- where no controlling interest is held, turnover represents net income from productions.

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2014

1 Accounting Policies (continued)

1.6 Intangible fixed assets and amortisation

Goodwill is the difference between the fair value of the consideration paid on acquisition of a business and the fair value of the net assets and liabilities acquired. Goodwill is amortised over 20 years. Provision is made for any impairment.

1.7 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost 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	-	Shorter of leasehold term and useful life of 40 to 50 years
Short-Term Leasehold Property	-	Shorter of leasehold term and useful life of 40 to 50 years
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 is only applied to the cost of assets in the course of construction once the asset is fully brought into use.

1.8 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

1.9 Investments in Shows and co-production arrangements

Investments in shows are stated at cost less provisions for any amounts which the directors do not believe are recoverable.

Co-production arrangements are consolidated and the Group balance sheet reflects its share of the co-production's assets and liabilities, including the Group's share of the production's cash balance. The results of co-productions are not proportionately consolidated on the grounds of materiality.

1.10 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the Company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2014

1 Accounting Policies (continued)

1 11 Operating leases

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate

1 12 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks

1 13 Pensions

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

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet

1 14 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in 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 the translation reserve. The translation reserve relates to activities in the current period

1 15 Government grants

Government grants relating to tangible fixed assets are treated as deferred income and released to the Profit and Loss Account over the expected useful lives of the assets concerned. Other grants are credited to the Profit and Loss Account as the related expenditure is incurred

1 16 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

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

1 Accounting Policies (continued)

1.17 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

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

2 Turnover

	Venues £	Ticketing £	Production £	Other £	Total £
UK	38 572 715	6 743 627	17 941 526	205 227	63 463 095
USA	3 131 320	268 904	307 153	20 089	3 727 466
Asia Pacific	-	-	3 807 567	-	3 807 567
Total	<u>41 704 035</u>	<u>7 012 531</u>	<u>22 056 246</u>	<u>225 316</u>	<u>70 998 128</u>

3 Operating profit

The operating profit is stated after charging

	For the period from 11 November 2013 to 29 March 2014 £
Amortisation - intangible fixed assets	3,967,116
Depreciation of tangible fixed assets	4,446,284
Operating lease rentals	
- plant and machinery	5,196
- other operating leases	1,610,165
Foreign exchange loss	<u>322,353</u>

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014

4 Auditor's remuneration

	For the period from 11 November 2013 to 29 March 2014 £
Fees payable to the Company's auditor for the audit of the Group's annual accounts	143,350
Fees payable to the Company's auditor and its associates for other services to the Group in respect of	
Audit-related assurance services	12,800
Taxation compliance services	80,079
Other taxation advisory services	284,682
Other assurance services	7,500
Total non-audit fees	<u>385,061</u>

Auditor's remuneration comprises fees in respect of all services delivered to the company and its subsidiaries across the year ending 29 March 2014 and not solely since the date of incorporation of the company

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014

5 Staff costs

Staff costs including directors' remuneration, were as follows

	For the period from 11 November 2013 to 29 March 2014 £
Wages and salaries	19,533,415
Social security costs	1,581,010
Other pension costs	349,987
	<hr/>
	21,464,412
	<hr/>

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

	For the period from 11 November 2013 to 29 March 2014 No
Executive Directors	9
Admin Finance HR IT Marketing and Programming	237
Productions staff	64
Retail & Venue management	96
Ticketing	218
Venue Staff	2 228
	<hr/>
	2,852
	<hr/>

6 Directors' remuneration

Directors' remuneration for the period from incorporation to 29 March 2014 was £449,211 plus Company pension contributions of £61,519. During the period from 11 November 2013 to 29 March 2014 retirement benefits were accruing to 4 directors in respect of defined contribution schemes.

The highest paid director received remuneration of £123,367. The value of the Company's contributions paid to a defined contribution scheme in respect of the highest paid director amounted to £17,937.

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014

7 Interest payable

	For the period from 11 November 2013 to 29 March 2014 £
On bank loans and overdrafts	3,548,397
On finance leases and hire purchase contracts	1,465,869
On loans from parent undertakings	7,885,395
	<u>12,899,661</u>

8 Taxation

	For the period from 11 November 2013 to 29 March 2014 £
Analysis of tax charge in the period	
Current tax (see note below)	
UK corporation tax charge on loss for the period	1,838,213
Deferred tax (see note 18)	
Origination and reversal of timing differences	21,195
Tax charge on loss on ordinary activities	<u>1,859,408</u>

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014

8 Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK for the period of 23%. The differences are explained below

	For the period from 11 November 2013 to 29 March 2014 £
Loss on ordinary activities before tax	(3,807,220)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 23%	(875,661)
Effects of	
Expenses not deductible for tax purposes other than goodwill amortisation and impairment	2,630,452
Depreciation add back	712,203
Capital allowances	(341,674)
Tax losses utilised	(56,887)
Foreign tax paid	52,939
Other differences leading to an increase in the tax charge	(258,139)
Deferred revenue expenditure	(25,020)
Current tax charge for the period (see note above)	1,838,213

Factors that may affect future tax charges

There were no factors that may affect future tax charges

In the UK, the Finance Act 2012 included legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013. The Finance Act 2013 included legislation to further reduce the main rate of UK corporation tax to 21% with effect from 1 April 2014 and to 20% with effect from 1 April 2015. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date see note 18.

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

9 Intangible fixed assets

	Goodwill £
Group	
Cost	
Additions	248,898,644
At 29 March 2014	248,898,644
Amortisation	
Charge for the period	3,967,116
At 29 March 2014	3,967,116
Net book value	
At 29 March 2014	244,931,528

The intangible assets relate to goodwill which arose on acquisition of the subsidiary companies see note 12

10 Tangible fixed assets

	Freehold property £	Long-Term Leasehold Property £	Short-Term Leasehold Property £	Fixtures & fittings £	Total £
Group					
Cost					
Additions - acquired with subsidiary undertakings	150,792,580	98,142,765	8,166,608	22,274,898	279,376,851
On acquisition of subsidiary Ticket Machine Group	-	-	44,824	509,488	554,312
Additions - other	-	-	-	2,006,699	2,006,699
Foreign exchange movement	1,163	(685,836)	4,982	(439,047)	(1,118,738)
At 29 March 2014	150,793,743	97,456,929	8,216,414	24,352,038	280,819,124
Depreciation					
Charge for the period	1,041,881	904,035	490,389	2,009,979	4,446,284
At 29 March 2014	1,041,881	904,035	490,389	2,009,979	4,446,284
Net book value					
At 29 March 2014	149,751,862	96,552,894	7,726,025	22,342,059	276,372,840

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 29 MARCH 2014

10 Tangible fixed assets (continued)

The net book value of assets held under finance leases or hire purchase contracts included above, are as follows

	29 March 2014
	£
Group	
Land and buildings	205,468,274
Furniture, fittings and equipment	9,956,376
	<u>215,424,650</u>

The cost of the fixed asset additions represents the price paid for these assets as part of the acquisition accounting detailed in note 12. In the majority of the freehold and leasehold property balances, this was determined by means of a professional valuation carried out by third party surveyors.

11 Fixed asset investments

Subsidiary undertakings

The following were subsidiary undertakings of the Company

Subsidiary undertaking	Country of registration or incorporation	Registered number	Shares held Class	Shares held	Principal activity
ATEG Limited*	England and Wales	08769925	Ordinary	100%	Holding company
ATG Finance Limited	England and Wales	08770108	Ordinary	100%	Holding company
ATG London Limited*	England and Wales	03902727	Ordinary	100%	Theatre operator
ATG Management Limited*	England and Wales	04215171	Ordinary	100%	Dormant
ATG Midco Limited*	England and Wales	08769903	Ordinary	100%	Holding company
Aylesbury Waterside Theatre Limited*	England and Wales	03944591	Ordinary	100%	Theatre operator
Churchill Theatre Bromley Limited*	England and Wales	03944535	Ordinary	100%	Theatre operator
First Family Entertainment LLP*	England and Wales	OC310596	Ordinary	100%	Production company
G S Lashmar Limited*	England and Wales	00418300	Ordinary	80%	Dormant
Glasgow Theatres Limited*	England and Wales	04423391	Ordinary	100%	Theatre operator
Highland Fling Japan Limited*	England and Wales	05302902	Ordinary	100%	Dormant
London Theatre Club Limited*	England and Wales	04069735	Ordinary	100%	Dormant
London Funstyle Limited*	England and Wales	02680873	Ordinary	100%	Dormant
Milton Keynes Theatre Limited*	England and Wales	03490333	Ordinary	100%	Theatre operator
New Wimbledon Theatre Limited*	England and Wales	04787118	Ordinary	100%	Theatre operator
Playhouse Theatre Limited*	England and Wales	04510126	Ordinary	100%	Theatre operator
Richmond Theatre Limited*	England and Wales	05716049	Ordinary	100%	Theatre operator
Savoy Theatre Group Limited*	England and Wales	05527723	Ordinary	100%	Holding company
Savoy Theatre Holdings Limited*	England and Wales	03669280	Ordinary	100%	Dormant
Savoy Theatre Limited*	England and Wales	00053830	Ordinary	100%	Theatre operator
Screenstage Limited*	England and Wales	04166281	Ordinary	100%	Dormant
Screenstage Productions Limited*	England and Wales	04897979	Ordinary	100%	Dormant
Smart Plays Limited*	England and Wales	04275951	Ordinary	100%	Dormant

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

11 Fixed asset investments (continued)

✓	Sonia Friedman Productions Limited*	England and Wales	04302464	Ordinary	100%	Production company
	Stoke-on-Trent Theatres Limited*	England and Wales	03507468	Ordinary	100%	Theatre operator
	The Ambassador Entertainment Group Limited*	England and Wales	07046007	Ordinary	100%	Holding company
	The Ambassador Theatre Group Limited*	England and Wales	02671052	Ordinary	100%	Holding and production company
	The Ambassador Theatre Group (Venues) Limited*	England and Wales	01444368	Ordinary	100%	Theatre operator
	The Ambassador Theatre Group Overseas Holdings Limited*	England and Wales	08458696	Ordinary	100%	Holding company
	The Duke of York's Theatre Limited*	England and Wales	00592528	Ordinary	100%	Theatre operator
	The Ticket Machine Group Limited*	England and Wales	02638971	Ordinary	100%	Ticketing agency
	Theatre Royal Brighton Limited*	England and Wales	03735154	Ordinary	100%	Theatre operator
	Woking Turnstyle Limited*	England and Wales	02699637	Ordinary	100%	Theatre operator
	Ambassador Theatre Group - NY LLC	USA	5325449	Ordinary	100%	Production company
	Leisure Connect LLC	USA	4827123	Ordinary	100%	Ticketing agency
	Leisure Connect USA LLC	USA	4826665	Ordinary	100%	Holding company
	Lyric Theatre LLC	USA	5318164	Ordinary	100%	Theatre operator
	SFP-NY LLC	USA	5351646	Ordinary	100%	Production company
	The Ambassador Theatre Group US Holdings Inc	USA	5318162	Ordinary	100%	Holding company
	Ambassador Theatre Group New York Inc	USA		Ordinary	100%	Production company
	The Ambassador Theatre Group Asia Pacific Pty Limited	Australia	ACN15937 9290	Ordinary	100%	Production company

*The subsidiaries indicated are exempt from the requirements of the UK Companies Act 2006 relating to the audit of individual accounts by virtue of s479A of the Act

Company	Investments in subsidiary companies £
Cost or valuation	
Additions	1,709,587
At 29 March 2014	1,709,587
Net book value	
At 29 March 2014	1,709,587

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

12 Acquisitions and Disposals

On 29 November 2013 ATEG Ltd a subsidiary of the Company acquired the entire issued share capital of The Ambassador Entertainment Group Limited

Acquisitions

	Vendors' book value £	Fair value adjustments £	Fair value to the Group £
Assets and liabilities acquired			
Tangible fixed assets	117,319,133	162,057,719	279,376,852
Show investments	2,311,244	-	2,311,244
Stocks	580,244	-	580,244
Debtors	16,658,054	-	16,658,054
Cash at bank	16,589,617	-	16,589,617
Creditors	(48,550,447)	-	(48,550,447)
Advanced sales	(48,196,728)	-	(48,196,728)
Finance liability	(84,821,522)	-	(84,821,522)
Net assets acquired	<u>(28,110,405)</u>	<u>162,057,719</u>	<u>133,947,314</u>
Satisfied by			
Consideration			
Cash			292,949,816
Shares			82,192,774
			<u>375,142,590</u>
Goodwill arising on consolidation (see note 9)			<u>241,195,276</u>

The fair values of the net assets acquired are provisional based on the work performed to date

The summarised profit and loss account for The Ambassador Entertainment Group Limited for the period from 31 March 2013 to the date of acquisition was as follows

Turnover	77,050,251
Operating profit	6,170,768
Loss before tax	(5,933,530)
Taxation	(609,582)
Loss after tax	<u>(6,543,112)</u>

The Ticket Machine Group Limited was acquired on 19 December 2013. The purpose of the acquisition was to enhance the Group's activities in the ticketing area. The acquisition did not have a material impact on profits for the period or the net assets at the balance sheet date. The purchase price was settled in cash and goodwill arising on the acquisition has been capitalised on the balance sheet and is being amortised over 20 years.

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

13 Stocks

	<u>Group</u>	<u>Company</u>
	29 March 2014	29 March 2014
	£	£
Finished goods and goods for resale	649,205	-

There is no material difference between book and replacement values

14 Debtors

	<u>Group</u>	<u>Company</u>
	29 March 2014	29 March 2014
	£	£
Trade debtors	7,022,460	-
Amounts owed by parent undertakings	393,396	393,396
Other debtors	4,502,396	-
Prepayments and accrued income	3,033,011	-
	<u>14,951,263</u>	<u>393,396</u>

15 Current asset investments

	<u>Group</u>	<u>Company</u>
	29 March 2014	29 March 2014
	£	£
Investment in shows	553,628	-

16 Creditors

Amounts falling due within one year

	<u>Group</u>	<u>Company</u>
	29 March 2014	29 March 2014
	£	£
Bank loans and overdrafts	9,859,845	-
Trade creditors	9,169,566	-
Amounts owed to parent undertakings	11,115,395	393,396
Social security and other taxes	4,735,435	-
Other creditors	42,679,645	-
Accruals and deferred income	16,514,502	-
	<u>94,074,388</u>	<u>393,396</u>

The bank overdraft is secured by a charge over the assets of the Company
There is nil interest rate in the current period on the intercompany balances

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

17 Creditors

Amounts falling due after more than one year

	<u>Group</u>	<u>Company</u>
	29 March 2014	29 March 2014
	£	£
Bank loans	148,596,278	-
Other loans	234,812,667	-
Net obligations under finance leases and hire purchase contracts	84,434,354	-
Government grants received and not utilised	1,345,057	-
	<u>469,188,356</u>	<u>-</u>

Included within the above are amounts falling due as follows

	<u>Group</u>	<u>Company</u>
	29 March 2014	29 March 2014
	£	£
Between two and five years		
Bank loans	34,964,000	-
Over five years		
Bank loans	113,632,278	-
Other loans	234,812,667	-
On demand or within one year		
Bank loans	3,750,000	-
	<u>387,158,945</u>	<u>-</u>

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

17 Creditors
Amounts falling due after more than one year (continued)

Creditors include amounts not wholly repayable within 5 years as follows

	<u>Group</u>	<u>Company</u>
	29 March 2014	29 March 2014
	£	£
Repayable by instalments	12,250,000	-
Repayable other than by instalments	417,891,196	-
	<u>430,141,196</u>	<u>-</u>

The loans bear interest at a rate which fluctuates in line with LIBOR. At the period end the interest rates were

	2014 period end interest rate %
Bank loan - £50 0m	4.4825
Bank loan - £105 0m	4.9825
Bank loan - £4.8m	4.4844

The bank loans are secured by a fixed charge on the assets of the business. All other loans are unsecured.

The Group uses interest rate swaps to economically hedge exposure to changes in interest rates on £103.3m of the Group's senior debt by fixing the variable rate of interest payable at an average of 1.239%. As at the period end the fair value of the interest rate swaps which were taken out on 14 February 2014 was £129,066. The interest rate swaps mature on 14 December 2016.

Obligations under finance leases and hire purchase contracts included above, are payable as follows

	<u>Group</u>	<u>Company</u>
	29 March 2014	29 March 2014
	£	£
Between one and five years	2,738,103	-
After five years	81,696,251	-
	<u>84,434,354</u>	<u>-</u>
On demand or within one year	691,955	-
	<u>85,126,309</u>	<u>-</u>

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

18 Deferred taxation liability

	<u>Group</u>	<u>Company</u>
	29 March 2014	29 March 2014
	£	£
Deferred tax acquired	1,781,921	-
Charge for the period	21,195	-
At end of period	<u>1,803,116</u>	<u>-</u>

The provision for deferred taxation is made up as follows

	<u>Group</u>	<u>Company</u>
	29 March 2014	29 March 2014
	£	£
Capital allowances in excess of depreciation	1,828,178	-
Unutilised tax losses	(61,118)	-
Accrued pensions	(40,308)	-
Other timing differences	76,364	-
	<u>1,803,116</u>	<u>-</u>

Capital allowances exceed depreciation due to the Group's ongoing policy of capital improvements to its theatres and infrastructure

19 Provisions

Group	Dilapidations
	£
Additions on acquisition at 29 November 2013	570,386
Additions during the period from 29 November 2013 to 29 March 2014	14,660
At 29 March 2014	<u>585,046</u>

Dilapidations

The Group continues to provide for the expected level of dilapidations for the Southport Theatre, Birmingham Alexandra and Donmar Warehouse following negotiations with each venue's 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 revision. The Birmingham Alexandra provision is also considered sufficient but will have to be reviewed in the event of the lease extending or terminating. 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. The provision for Donmar Warehouse was created in anticipation of relinquishing the Donmar Warehouse Theatre at the end of the lease in 2016. There is no expectation that the lease will be renewed.

The Company has no provisions

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

20 Called up share capital

**29 March 2014
£**

Allotted, called up and fully paid

1 301 Ordinary shares of £1 each

1,301

The Company issued shares in the following tranches

11 November 2013, 1 share of £1 nominal value at a price of £1 per share

28 November 2013, 1000 shares of £1 nominal value at a price of £1,316,190

29 November 2013, 300 shares of £1 nominal value at a price of £393 396

21 Statement of movements on reserves

	Share premium account £	Foreign exchange reserve £	Profit and loss account deficit £
Group			
Loss for the period	-	-	(5,666,628)
Premium on shares issued during the period	1,708,285	-	-
Movement on foreign exchange	-	(609,128)	-
At 29 March 2014	<u>1,708,285</u>	<u>(609,128)</u>	<u>(5,666,628)</u>
Company			Share premium account £
Premium on shares issued during the period			1,708,286
At 29 March 2014			<u>1,708,286</u>

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

22 Reconciliation of movement in shareholders' deficit

	29 March 2014 £
Group	
Opening shareholders' funds	-
Loss for the period	(5,666,628)
Shares issued during the period	1,301
Share premium on shares issued (net of expenses)	1,708,285
Translation loss	(609,128)
	<u>(4,566,170)</u>
Closing shareholders' deficit	<u>(4,566,170)</u>
	29 March 2014 £
Company	
Opening shareholders' funds	-
Shares issued during the period	1,301
Share premium on shares issued (net of expenses)	1,708,286
	<u>1,709,587</u>
Closing shareholders' funds	<u>1,709,587</u>

The Company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account

The profit for the period dealt with in the accounts of the Company was £nil

23 Net cash flow from operating activities

	For the period from 11 November 2013 to 29 March 2014 £
Operating profit	9,068,096
Amortisation of intangible fixed assets	3,967,116
Depreciation of tangible fixed assets	4,446,284
Decrease in stocks	34,086
Decrease in debtors	3,335,545
Decrease in creditors	(2,110,540)
Translation movement	1,118,738
Increase in provisions	14,722
Show investment provision	(483,997)
	<u>19,390,050</u>
Net cash inflow from operating activities	<u>19,390,050</u>

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014

24 Analysis of cash flows for headings netted in cash flow statement

	For the period from 11 November 2013 to 29 March 2014 £
Returns on investments and servicing of finance	
Interest received	24,345
Interest paid	(2,965,143)
	<hr/>
Net cash outflow from returns on investments and servicing of finance	(2,940,798) <hr/>
	For the period from 11 November 2013 to 29 March 2014 £
Taxation	
UK Corporation tax paid	(1,169,937)
	<hr/>
	For the period from 11 November 2013 to 29 March 2014 £
Capital expenditure and financial investment	
Purchase of tangible fixed assets	(2,006,698)
Purchase of short term unlisted investments	(69,631)
	<hr/>
Net cash outflow from capital expenditure	(2,076,329) <hr/>
	For the period from 11 November 2013 to 29 March 2014 £
Acquisitions and disposals	
Purchase of fixed asset investments	(300,158,163)
Cash received on acquisition	17,109,183
	<hr/>
Net cash outflow from acquisitions and disposals	(283,048,980) <hr/>

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

24 Analysis of cash flows for headings netted in cash flow statement (continued)

	For the period from 11 November 2013 to 29 March 2014 £
Financing	
Issue of ordinary share capital	1,709,586
New secured loans	148,013,024
Short term loan	155,976,497
Ground rent payment	(1,228,358)
VAT on financing transactions	(17,108,328)
Net cash inflow from financing	287,362,421

25 Analysis of changes in net debts

	29 November 2013 £	Cash flow £	Other non-cash changes £	29 March 2014 £
Cash at bank and in hand	-	23,626,272	-	23,626,272
Bank overdraft	-	(6,109,845)	-	(6,109,845)
	<u>-</u>	<u>17,516,427</u>	<u>-</u>	<u>17,516,427</u>
Debt				
Debts due within one year	-	(303,989,521)	300,239,521	(3,750,000)
Debts falling due after more than one year	-	-	(467,843,299)	(467,843,299)
	<u>-</u>	<u>(286,473,094)</u>	<u>(167,603,778)</u>	<u>(454,076,872)</u>
Net debts	<u>-</u>	<u>(286,473,094)</u>	<u>(167,603,778)</u>	<u>(454,076,872)</u>

26 Contingent liabilities

A corporate cross guarantee of the senior debt exists between ATG Finance Limited a subsidiary of the Company and its parent and fellow subsidiary undertakings. The senior debt is secured by a debenture over the majority of the assets of the Group.

27 Pensions

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £349,987. Contributions totalling £146,726 were payable to the fund at the balance sheet date.

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 29 MARCH 2014**

28 Operating lease commitments

At 29 March 2014 the Group had annual commitments under non-cancellable operating leases as follows

	Land and buildings 29 March 2014 £	Other 29 March 2014 £
Group		
Expiry date		
Between 2 and 5 years	618,563	-
After more than 5 years	426,465	-
	<u>618,563</u>	<u>-</u>

29 Finance lease commitments

Capital commitments are as follows

	For the period from 11 November 2013 to 29 March 2014 £
Finance leases entered into	3,230,000
	<u>3,230,000</u>

30 Post balance sheet events

On 4 April 2014 the Group received £3,230,000 relating to the ground rent arrangement for 2 further venues

31 Non coterminous periods

Lynn Theatre LLC has a year end date of 30 March 2014 this is due to the theatre being open on Sundays whereas other venues are closed

32 Controlling party

The ultimate parent company of the Company is ATG Luxco S a r l (Luxembourg) which is controlled by Providence Equity Partners VII A LP (Cayman Islands) and ultimately PEP VII A International Ltd (Cayman Islands)

THE AMBASSADOR THEATRE GROUP HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
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33 Related party transactions

The Company has taken advantage of the exemption in paragraph 3 of FRS 8 'Related party disclosures' not to disclose transactions entered into between two or more members of a Group as the Company is a wholly-owned subsidiary undertaking of the Group to which it is party to the transactions

Transactions with participating interests are not disclosed as they are immaterial in terms of both the Company and the relevant participating interests