

GROSVENOR THEATRICAL PRODUCTIONS LIMITED

DIRECTORS' REPORT

The Directors present their Report and Accounts for the period ended 28 September 1996.

CHANGE OF ACCOUNTING PERIOD

Following the acquisition of Forte Plc and its subsidiaries in January 1996 by Granada Group PLC, the Company has changed its year end from 31 January in order to coincide with its ultimate parent undertaking. Consequently these accounts cover the period from 1 February 1996 to 28 September 1996.

PRINCIPAL ACTIVITY

The Company provides entertainment and production services to the hotel and cruise line industry.

TRADING RESULTS

The loss on ordinary activities before taxation for the period was £270,196 (year ended 31 January 1996 - profit: £66,263).

DIVIDEND

The Directors do not recommend the payment of a dividend for the period (year ended 31 January 1996 - £nil).

DIRECTORS

The Directors of the Company as at 28 September 1996 were as follows:

CCJ Copner
GJ Parrot
HE Staunton

DJ Stevens resigned as a Director on 31 March 1996. GB Chiandetti and MAC Gelardi resigned as Directors of the Company on 26 March 1996 and 25 July 1996 respectively.

GJ Parrott and HE Staunton were appointed as Directors of the Company on 12 February 1996 and CC Copner was appointed as a Director of the Company on 15 April 1996.

DIRECTORS' INTERESTS

None of the Directors had a direct interest in the issued share capital of the Company.

The beneficial interests of the Directors in the issued share capital of Granada Group PLC were as follows:

	<u>As at 28 September 1996</u>	<u>As at 31 January 1996</u> (or date of appointment where later)
CCJ Copner	Nil	Nil



GROSVENOR THEATRICAL PRODUCTIONS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' INTERESTS (CONTINUED)

The following Director held share options under the Granada Group PLC Executive and Savings-Related Share Option Schemes:

	<u>At 28 September 1996</u>	<u>At 31 January 1996</u> (or date of appointment where later)	<u>Granted</u>	<u>Exercised</u>
CCJ Copner	72,369	47,369	25,000	Nil

GJ Parrot and HE Staunton were also Directors of Granada Group PLC and as such, their interests are shown in the Directors' Report and Accounts of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

It is the responsibility of the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period.

The Directors consider that, in preparing the financial statements on pages 4 to 11, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, that all accounting standards which they consider to be applicable have been followed and that it is appropriate to use a going concern basis.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The Directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

ELECTIVE RESOLUTIONS

The Company has passed Elective Resolutions to dispense with the laying of the Annual Report and Accounts before the Company in General Meeting, the appointment of auditors annually and the holding of Annual General Meetings, pursuant to Section 252, 386 and 366A respectively of the Companies Act 1985.

By order of the Board


HJ Tautz
Secretary

27 June 1997

Registered office:
166 High Holborn
London
WC1V 6TT

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF GROSVENOR THEATRICAL PRODUCTIONS LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of Directors and auditors

As described on page 2 the Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 28 September 1996 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

27 June 1997

GROSVENOR THEATRICAL PRODUCTIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 28 SEPTEMBER 1996

	Period ended 28 September 1996 £	Year ended 31 January 1996 £
Turnover (Notes 1(b), 2)	2,099,742	4,010,816
Operating costs (Note 3) - recurring exceptional	(2,084,315) (280,000)	(3,936,136) -
Total operating costs	(2,364,315)	(3,936,136)
OPERATING (LOSS)/PROFIT (Note 2,4)	(264,573)	74,680
Depreciation	(5,623)	(8,433)
(LOSS)/PROFIT BEFORE INTEREST	(270,196)	66,247
Net interest receivable (Note 7)	-	16
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	(270,196)	66,263
Taxation on (loss)/profit on ordinary activities (Note 8)	87,363	(29,072)
RETAINED (LOSS)/PROFIT (Note 13)	(182,833)	37,191

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE PERIOD ENDED 28 SEPTEMBER 1996

The Company had no gains or losses during the period other than those reflected in the above profit and loss account.

NOTE OF HISTORICAL COST PROFITS AND LOSSES FOR THE PERIOD ENDED 28 SEPTEMBER 1996

There is no difference between the reported results for the period and those that would be reported under the historical cost convention.

GROSVENOR THEATRICAL PRODUCTIONS LIMITED

BALANCE SHEET - 28 SEPTEMBER 1996

	28 September 1996 £	31 January 1996 £
FIXED ASSETS		
Tangible assets (Note 9)	112,470	31,645
CURRENT ASSETS		
Debtors (Note 10)	428,699	848,248
Cash at bank and in hand	17,473	800
	446,172	849,148
CREDITORS - Amounts falling due within one year (Note 11)	(356,913)	(496,231)
NET CURRENT ASSETS	89,259	352,917
TOTAL ASSETS LESS CURRENT LIABILITIES	201,729	384,562
CAPITAL AND RESERVES		
Called up share capital (Note 12)	300	300
Profit and loss account (Note 13)	201,429	384,262
Total shareholders' funds	201,729	384,562

A separate movement of shareholders' funds statement has not been provided as there are no changes for the current period or the previous year other than the retained loss in the profit and loss account.

APPROVED BY THE BOARD ON 27 June 1997


DIRECTOR

GROSVENOR THEATRICAL PRODUCTIONS LIMITED

NOTES TO THE ACCOUNTS - 28 SEPTEMBER 1996

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with the Companies Act 1985, as amended by the Companies Act 1989, and applicable Accounting Standards. Following the acquisition of Forte Plc and its subsidiaries by Granada Group PLC in January 1996, the Company has changed its year end from 31 January in order to coincide with its ultimate parent undertaking. Consequently these accounts cover the period from 1 February 1996 to 28 September 1996.

(b) Turnover

Sales represent the amounts receivable for services provided and goods sold, excluding VAT and similar sales taxes.

(c) Depreciation

Depreciation is provided on furniture and equipment on a straight line basis over the estimated useful lives of 4 - 10 years.

(d) Deferred taxation

Provision is made for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the financial statements to the extent that the liability will be payable in the foreseeable future.

(e) Pensions

Contributions to the Forte group pension schemes are assessed by a qualified actuary based on the cost of providing pensions across all participating Forte group companies, rather than on an individual company basis. Employer's contributions are charged to the profit and loss account in the period in which they become payable.

2 SEGMENT INFORMATION

The turnover and operating (loss)/profit attributable to the different geographical regions (before reorganisation costs) are:

	Turnover		Operating profit/(loss)	
	Period ended 28 September 1996 £	Year ended 31 January 1996 £	Period ended 28 September 1996 £	Year ended 31 January 1996 £
United Kingdom	1,589,161	3,191,618	11,676	59,443
Europe	376,920	556,228	2,769	10,346
Other	133,660	262,970	982	4,891
Reorganisation costs	-	-	(280,000)	-
	2,099,742	4,010,816	(264,573)	74,680

GROSVENOR THEATRICAL PRODUCTIONS LIMITED

NOTES TO THE ACCOUNTS - 28 SEPTEMBER 1996 (CONTINUED)

3 OPERATING COSTS

	Period ended 28 September 1996 £	Year ended 31 January 1996 £
Recurring:		
External charges	1,907,784	3,617,693
Staff costs:		
- Wages and salaries	155,848	282,273
- Social security costs	15,340	24,547
- Other pension costs	5,343	11,623
Exceptional:	2,084,315	3,936,136
Reorganisation costs	280,000	-
	<u>2,364,315</u>	<u>3,936,136</u>

The reorganisation costs relate principally to redundancy costs following the acquisition by Granada Group PLC.

4 OPERATING LOSS

Operating loss is stated after charging:

	Period ended 28 September 1996 £	Year ended 31 January 1996 £
Directors' emoluments (Note 5)	38,627	59,475
Auditors' remuneration	2,240	3,069
Provision for doubtful debts	-	6,333
	<u></u>	<u></u>

5 DIRECTORS' EMOLUMENTS

	Period ended 28 September 1996 £	Year ended 31 January 1996 £
Particulars of Directors' emoluments excluding pension contributions:		
Chairman	Nil	Nil
Highest paid Director	36,517	55,631

No other Directors received any emoluments in respect of their services to the company (year ended 31 January 1996 - £nil).

GROSVENOR THEATRICAL PRODUCTIONS LIMITED

NOTES TO THE ACCOUNTS - 28 SEPTEMBER 1996 (CONTINUED)

6 EMPLOYEES

The average number of employees of the Company during the period was:

	Period ended 28 September 1996 Number	Year ended 31 January 1996 Number
United Kingdom - full time	9	11

7 NET INTEREST RECEIVABLE

	Period ended 28 September 1996 £	Year ended 31 January 1996 £
Interest receivable on tax repayment	Nil	16

8 TAXATION ON LOSS ON ORDINARY ACTIVITIES

	Period ended 28 September 1996 £	Year ended 31 January 1996 £
Corporation tax credit/(charge) at 33% (year ended 31 January 1996 - 33%)	87,363	(29,072)

GROSVENOR THEATRICAL PRODUCTIONS LIMITED

NOTES TO THE ACCOUNTS - 28 SEPTEMBER 1996 (CONTINUED)

9 TANGIBLE ASSETS

	Furniture & equipment £
Cost	
At 1 February 1996	123,145
Additions during the period	95,401
Disposals	<u>(18,775)</u>
At 28 September 1996	199,771
Depreciation	
At 1 February 1996	91,500
Charge for the period	5,623
Disposals	<u>(9,822)</u>
At 28 September 1996	87,301
Net book amount	
At 28 September 1996	112,470
At 31 January 1996	<u>31,645</u>

10 DEBTORS

	28 September 1996 £	31 January 1996 £
Trade debtors	270,148	366,612
Amounts owed by group undertakings	97,982	172,523
Amounts owed by immediate parent undertaking	-	258,693
Other debtors and prepayments	14,212	50,520
Taxation	<u>46,357</u>	<u>-</u>
	428,699	848,348

GROSVENOR THEATRICAL PRODUCTIONS LIMITED

NOTES TO THE ACCOUNTS - 28 SEPTEMBER 1996 (CONTINUED)

11 CREDITORS - Amounts falling due within one year

	28 September 1996 £	31 January 1996 £
Bank overdraft	-	157,514
Trade creditors	148,658	156,425
Amounts owed to immediate parent undertaking	11,405	-
Taxation	-	41,072
Other creditors	<u>196,850</u>	<u>141,220</u>
	<u>356,913</u>	<u>496,231</u>

12 CALLED UP SHARE CAPITAL

	28 September 1996 £	31 January 1996 £
300 ordinary shares of £1 each Authorised, allotted and fully paid	300	300

13 PROFIT AND LOSS ACCOUNT

	£
At 31 January 1996	384,262
Loss for the period	<u>(182,833)</u>
At 28 September 1996	<u>201,429</u>

14 PENSION COMMITMENTS

The Company participates in the Forte Pension and Life Assurance Fund. This scheme is of the defined benefit type providing benefits to certain employees within the Forte group and the assets are held separately from the group's assets.

The latest actuarial valuation of the main scheme, the Forte Pension and Life Assurance Fund, was carried out as at 5 April 1994. Details of this valuation are contained in the Report and Accounts of Granada Group PLC.

The total pension cost for the Company for the period was £5,343 (year ended 31 January 1996: £11,623).

15 ULTIMATE PARENT UNDERTAKING

The Company's ultimate parent undertaking is Granada Group PLC, a company incorporated in England. Copies of the group accounts of Granada Group PLC can be obtained at the following address: Stornoway House, 13 Cleveland Row, London, SW1A 1GG.