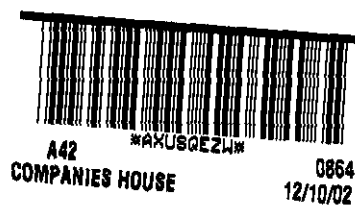


CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31ST DECEMBER 2001**



Company No. 1444368

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

COMPANY INFORMATION

Directors	L. Mays M.Mays R. Mays D.C.Rogers, F.C.A. M. Wilkin
Secretary	Ms. S. Emeny
Company Number	1444368
Registered Office	33 Golden Square London W1F 9JT
Auditors	Smith Partnership 3 Ralli Courts West Riverside Manchester M3 5FT Ernst & Young LLP Becket House 1 Lambeth Palace Road London SE1 7EU
Bankers	HSBC Bank plc City Branch 4 Dale Street Liverpool L69 2BZ

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

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CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

DIRECTORS REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

The directors present their report and the audited financial statements for the company for the year ended 31st December 2001.

Principle activities and review of business

The principal activity of the company is that of theatre services (including theatrical show production) and the operation of cinemas, bingo halls and licensed outlets.

The directors consider the state of the company's affairs to be satisfactory.

Results and dividends

The results for the year are set out in the profit and loss account on page 5.

The directors do not recommend a dividend (2000-£nil).

Future developments

The company sold its entire cinema and bingo divisions in April 2002 but intends to continue trading within theatrical and licensed premises operations.

Fixed assets

Details of movements in fixed assets are set out in the notes to the financial statements.

In the opinion of the directors, the current value of the company's interests in land and buildings exceeds the book value.

Directors and their interests

The directors who served during the year, none of whom had any beneficial interest in the issued share capital of the company were:-

L. Mays	
M. Mays	
R. Mays	
P.R. Gregg	(resigned 1 st March 2001)
D.C. Rogers, F.C.A.	(resigned 1 st March 2001, appointed 6 th June 2001)
M. Wilkin	(appointed 6 th June 2001)

Messrs L. Mays, M. Mays, and R. Mays also served as directors of the ultimate parent company, Clear Channel Communications Inc., and their beneficial interests (including family interests) in the issued share capital of that company as at 31st December 2001 are shown in that company's accounts.

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

DIRECTORS REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

Events since the balance sheet date

The company sold one of its cinemas in January 2002 for an amount in excess of its carrying value.

The remaining cinemas and bingo halls were sold on the 5th April 2002. The cinemas were sold to Apollo Cinemas Ltd and the bingo halls were sold to Apollo Bingo Ltd. Both companies are controlled by Mr P.R.Gregg - a former director of this company. The proceeds were £23m which is in excess of the book values as at 31st December 2001.

Employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the group continues and the appropriate training is arranged. It is the policy of the group that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

The group places considerable value on the involvement of its employees and continues its practice of keeping them informed on matters affecting them as employees and on the various factors affecting the performance of the group. This is achieved through regular formal and informal meetings.

Policy for payment of creditors

Whenever possible the company agrees terms of payment with individual suppliers at the point of first placing orders with the supplier. Significant amendments to established terms are discussed with suppliers before the amendments take place. The company always endeavours to abide by agreed terms.

The amount of trade creditors shown at the balance sheet date represents 92 days (2000 – 83 days) of average daily purchases for the company.

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

DIRECTORS REPORT

FOR THE YEAR ENDED 31ST DECEMBER 2001

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss for that year. In preparing those financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

Prepare 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 proper accounting records which 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 1985. 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.

Auditors

A resolution to re-appoint Smith Partnership and Ernst & Young LLP as joint auditors will be put to the members at the Annual General Meeting.

On behalf of the Board



Date: 23 SEP 2002

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

We have audited the financial statements for the year ended 31st December 2001, which comprise the Profit and Loss Account, Balance Sheet and related notes 1-31. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with the relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company or group has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company or group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st December 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Smith Partnership
Chartered Accountants & Registered Auditors
3 Ralli Courts
West Riverside
Manchester
M3 5FT

Ernst & Young LLP
Registered Auditor
Becket House
1 Lambeth Palace Road
London
SE1 7EU

Date: 23 09 02

Date: 23 SEP 2002

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED**PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 31ST DECEMBER 2001

	Notes	2001 £	2000 £
Turnover	2		
Continuing operations		56,146,653	47,583,964
Cost of sales		22,695,548	19,229,147
Gross profit		<u>33,451,105</u>	<u>28,354,817</u>
Administrative expenses		(34,712,287)	(27,266,775)
Other income		845,338	768,795
Operating loss/profit	3	<u>(415,844)</u>	<u>1,856,837</u>
Profit on sale of properties	5	237,077	341,617
Loss/profit on ordinary activities before interest		<u>(178,767)</u>	<u>2,198,454</u>
Interest payable and similar charges	6	(2,685,743)	(2,116,754)
Interest receivable	7	1,026,601	436,314
Loss/profit on ordinary activities before taxation		<u>(1,837,909)</u>	<u>518,014</u>
Tax on loss/profit on ordinary activities	8	(1,282,634)	(1,342,944)
Retained Loss for the financial year		<u><u>(3,120,543)</u></u>	<u><u>(824,930)</u></u>

All the company's operations are continuing.

There were no recognised gains and losses for 2001 or 2000 other than those included in the profit and loss account.

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	9		70,992,855		72,877,236
Investments	11		10,784,928		10,784,928
			<u>81,777,783</u>		<u>83,662,164</u>
Current assets					
Stocks	13	485,952		529,416	
Debtors	14	25,941,775		20,520,302	
Current asset investments	15	1,646,598		192,316	
Cash at bank and in hand		7,899,617		13,501,202	
		<u>35,973,942</u>		<u>34,743,236</u>	
Creditors: amounts falling due within one year	16	(73,673,278)		(71,130,703)	
Net current liabilities			<u>(37,699,336)</u>		<u>(36,387,467)</u>
Total assets less current liabilities			<u>44,078,447</u>		<u>47,274,697</u>
Creditors: amounts falling due after more than one year	17		(32,291,755)		(31,871,414)
Provisions for liabilities and charges					
Deferred taxation	20		(2,097,000)		(2,150,000)
Other provisions	21		(1,600,475)		(2,043,523)
			<u>8,089,217</u>		<u>11,209,760</u>
Capital and reserves					
Share capital	22		100		100
Revaluation reserve	24		9,497,806		9,717,927
Profit and loss account	24		(1,408,689)		1,491,733
Shareholders ' fund	23		<u>8,089,217</u>		<u>11,209,760</u>

These financial statements were approved by the board on

and signed on its behalf by:

Director

23 SEP 2002

The notes on pages 7 to 22 form part of these financial statements.

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

1 Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

The company has taken advantage of the exemption in Financial Reporting Standard Number 1 from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary.

Basis of preparation

The financial statements contain information about Clear Channel Entertainment (Theatrical) UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the company is itself a wholly owned subsidiary of a U.K. parent company, Apollo Leisure Group Limited, and the results of the company are included in the consolidated financial statements of Apollo Leisure Group Limited.

Turnover

Turnover is the amount receivable by the company for goods sold and services provided net of V.A.T.

Investment income

Investment income comprises dividends and interest and is accounted for on a receivable basis.

Tangible fixed assets and depreciation

In accordance with FRS 15 "Tangible fixed assets" the company has not adopted a policy of revaluing its tangible fixed assets. The net book values were crystallised as at 1st January 2000.

Depreciation is calculated to write off the cost or valuation less the estimated realisable value of tangible fixed assets over their estimated useful lives. The rates are calculated on a straight line basis as follows:-

Freehold properties	-mainly over 50 years
Leasehold properties	-over the term of the lease
Motor vehicles	-3 to 7 years
Fixtures and fittings	-3 to 10 years

No depreciation is charged on assets under construction.

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

Grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal instalments over the expected useful life of the relevant assets.

Grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

Investments

Fixed asset investments are shown at cost less amounts written off. Provisions are made for permanent diminutions in value. Income is included in the profit and loss account in the year in which it is receivable for both fixed and current asset investments.

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

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Deferred taxation

Provision has been made at current rates for taxation deferred in respect of all timing differences, except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the profit and loss account.

Contribution to pension funds

Pension benefits are funded through defined contribution schemes over the employees' period of service. The company's contributions are charged to the profit and loss account as incurred.

The company also operates a defined benefit pension scheme for certain employees and has complied with the transitional arrangements permitted by FRS 17 "Retirement Benefits" which applies for the first time this year.

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

Hire purchase and leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet at their fair value and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

2 Turnover

Turnover and profit/loss on ordinary activities before taxation relate to the following business segments:

	Profit/loss before taxation		Turnover	
	2001	2000	2001	2000
	£	£	£	£
Theatre services	(4,178,904)	225,519	41,427,309	36,769,839
Licensed outlets	519,118	72,124	2,605,987	2,647,378
Cinema operations	1,047,166	155,943	9,471,114	7,120,214
Bingo halls	774,711	64,428	2,642,243	1,046,533
	<u>(1,837,909)</u>	<u>518,014</u>	<u>56,146,653</u>	<u>47,583,964</u>

All amounts derive from activities in the United Kingdom.

3 Operating profit

The operating profit is stated after charging or crediting:

	2001	2000
	£	£
Depreciation of tangible fixed assets	5,679,677	4,541,712
Depreciation of assets held under finance leases and hire purchase contracts	100,340	200,404
Loss on disposal of investments	11,743	553,338
(Profit) / Loss on disposal of fixed assets	(130,357)	1,046
Operating lease payments – land and buildings	615,221	334,136
Auditors remuneration – non audit work	30,781	30,000
Auditors remuneration – audit work	126,000	118,199
Loss/ (profit) on exchange	<u>126,208</u>	<u>(19,885)</u>

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

4 Directors and employees

Staff costs, including directors' remuneration, were as follows :

	2001	2000
	£	£
Wages and salaries	21,031,901	17,711,155
Redundancy costs	2,342,305	-
Social security costs	1,631,502	1,541,155
Other pension costs	416,560	399,196
	<u>25,422,268</u>	<u>19,651,506</u>

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

	2001	2000
	Number	Number
Theatre service	1,924	1,819
Licensed outlets	77	77
Cinema and bingo operations	755	755
	<u>2,756</u>	<u>2,651</u>

Directors' emoluments

	2001	2000
	£	£
Aggregate emoluments, including benefits in kind	326,480	1,138,455
Directors' pension contributions under defined contribution schemes	181,913	173,250
	<u>508,393</u>	<u>1,311,705</u>

Retirement benefits were accruing to directors under schemes as follows:

	Number	Number
Defined contribution schemes	<u>1</u>	<u>2</u>

Highest paid director

	2001	2000
	£	£
Aggregate emoluments	239,563	616,313
Contributions under defined contribution schemes	49,613	126,000
	<u>289,176</u>	<u>742,313</u>
The highest paid director also received the following :		
Benefits in kind	<u>16,841</u>	<u>130,950</u>

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

5 Profit on the sale of fixed assets

	2001	2000
	£	£
Profit on the sale of properties	237,077	341,617

6 Interest payable and similar charges

	2001	2000
	£	£
Interest payable on group company loans	2,433,969	2,034,570
Interest payable on hire purchase contracts	3,899	12,022
Other interest payable	247,875	70,162
	2,685,743	2,116,754

7 Interest receivable

	2001	2000
	£	£
Bank interest receivable	868,048	274,856
Other interest receivable	158,553	161,458
	1,026,601	436,314

8 Taxation

	2001	2000
	£	£
Based on the profit/loss for the year:		
UK corporation tax at 30%	1,179,000	1,400,000
Deferred tax credit/charge	(53,000)	440,500
Prior periods		
Corporation tax	156,634	(497,556)
	1,282,634	1,342,944

The taxation charge for both years was distorted due to the level of depreciation charged on assets not eligible for capital allowances, and interest charged by group companies, but not yet paid and therefore ineligible for a tax deduction.

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

9 Tangible fixed assets

	Freehold property	Long leasehold properties	Short leasehold properties	Fixtures fittings & equipment	Motor vehicles	Assets under construction	Total
Cost/valuation	£	£	£	£	£	£	£
At 1st January 2001	40,874,624	22,396,120	6,524,508	30,240,955	926,240	1,782,724	102,745,171
Additions	412,817	-	679	1,553,279	315,273	1,774,762	4,056,810
Disposals	(141,441)	-	(267,589)	(2,124,798)	(174,787)	-	(2,708,615)
Transfers and Reclassifications	6,467	217,759	1,227,464	(1,186,245)	-	(265,445)	-
At 31st December 2001	<u>41,152,467</u>	<u>22,613,879</u>	<u>7,485,062</u>	<u>28,483,191</u>	<u>1,066,726</u>	<u>3,292,041</u>	<u>104,093,366</u>
Depreciation							
At 1st January 2001	7,562,973	2,081,435	2,937,112	16,703,576	582,839	-	29,867,935
Charge	843,438	393,035	473,533	3,832,343	237,668	-	5,780,017
Disposals	(135,350)	-	(234,752)	(2,014,037)	(163,302)	-	(2,547,441)
At 31st December 2001	<u>8,271,061</u>	<u>2,474,470</u>	<u>3,175,893</u>	<u>18,521,882</u>	<u>657,205</u>	<u>-</u>	<u>33,100,511</u>
Net book value							
At 31st December 2000	<u>33,311,651</u>	<u>20,314,685</u>	<u>3,587,396</u>	<u>13,537,379</u>	<u>343,401</u>	<u>1,782,724</u>	<u>72,877,236</u>
At 31st December 2001	<u>32,881,406</u>	<u>20,139,409</u>	<u>4,309,169</u>	<u>9,961,309</u>	<u>409,521</u>	<u>3,292,041</u>	<u>70,992,855</u>

The total net book value includes £49,182 (2000 - £159,522) in respect of assets held under hire purchase and finance lease agreements.

On an historical cost basis, freehold and leasehold properties would have been included at:-

	2001 £	2000 £
Cost	60,084,418	58,628,262
Accumulated depreciation	(12,252,240)	(11,132,457)
Net book value	<u>47,832,178</u>	<u>47,495,805</u>

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

10 Details of revalued assets

The values included within note 9 comprise the following :

	Freehold properties £	Long leasehold properties £	Short leasehold properties £	Total £
At cost	24,802,213	17,961,379	7,050,062	49,813,654
At valuation :				
1st December 1990	8,633,000	-	435,000	9,068,000
30th November 1991	2,754,410	-	-	2,754,410
28th November 1992	-	4,652,500	-	4,652,500
27th November 1993	4,962,844	-	-	4,962,844
	<u>41,152,467</u>	<u>22,613,879</u>	<u>7,485,062</u>	<u>71,251,408</u>

11 Fixed asset investments

	2001 £	2000 £
Shares in group undertakings	<u>10,784,928</u>	<u>10,784,928</u>

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

12 Shares in group undertakings

These represent the investment in the company's subsidiaries listed below :

Name of company	Country of Incorporation	Details of investments	Proportion held by company	Proportion held by subsidiary	Nature of business
CCL Leisure Limited	UK	Equity	100%	Nil	Sports and fitness management
Hutchinson Leisure Group of Companies and subsidiaries	UK	Equity	100%	Nil	Dormant
Apollo Lyceum London Limited	UK	Equity	100%	Nil	Dormant
Apollo Dominion Investments Limited	UK	Equity	100%	Nil	Holding company
Manchester Theatres Limited	UK	Equity	100%	Nil	Dormant
Tatton Cinemas Gatley Limited	UK	Equity	100%	Nil	Dormant
Apollo Theatre Productions Limited	UK	Equity	100%	Nil	Dormant
World Trade Centre Wales Limited	UK	Equity	100%	Nil	Dormant
Apollo Theatre (Victoria) Limited	UK	Equity	100%	Nil	Dormant
Tickets London Limited	UK	Equity	67%	Nil	Dormant
Tickets North Limited	UK	Equity	100%	Nil	Dormant

13 Stocks

	2001 £	2000 £
Consumables	105,292	85,874
Goods for resale	380,660	443,542
	<u>485,952</u>	<u>529,416</u>

The directors consider that the replacement cost of stock is not materially different to the balance sheet value.

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

14 Debtors

	2001	2000
	£	£
Trade debtors	3,704,644	2,843,107
Amounts owed by group companies	12,176,367	7,552,426
Amounts owed by subsidiary companies	8,022,812	5,629,679
Other debtors	1,251,253	888,100
Prepayments and accrued income	786,699	3,606,990
	<u>25,941,775</u>	<u>20,520,302</u>

15 Current asset investments

	2001	2000
	£	£
Listed investments at market value (2000- cost)	34,878	167,822
Unlisted investments at cost	1,611,720	3,183,814
Provision for loss	-	(3,159,320)
	<u>1,646,598</u>	<u>192,316</u>

On 31st December 2001 the listed investments were revalued to market value. The cost of those listed investments was £95,022 (2000 - £167,822). Market values were £34,878 (2000 - £120,858).

£1,531,720 of the unlisted investments represents a 50% investment in the Miss Saigon UK Tour. A joint agreement was made with Cameron Mackintosh Limited to co-produce the UK Tour. This investment will be recouped on a 50:50 basis from the weekly net box office receipts, after settlement of all costs due for use of the theatre premises, until fully recovered.

16 Creditors : amounts falling due within one year

	2001	2000
	£	£
Obligations under hire purchase and finance leases (note 19)	13,079	72,553
Trade creditors	4,245,523	4,372,406
Amounts owed to subsidiary companies	21,267,422	21,743,607
Amounts owed to group companies	10,044,144	9,575,758
Other taxes and social security	2,323,326	2,269,946
Corporation tax	815,926	-
Other creditors	21,442,857	21,941,208
Accruals and deferred income	13,521,001	11,155,225
	<u>73,673,278</u>	<u>71,130,703</u>

17 Creditors : amounts falling due after more than one year

	2001	2000
	£	£
Amounts owed to group companies (note 18)	<u>32,291,755</u>	<u>31,871,414</u>

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

18 Loans and borrowings

	2001 £	2000 £
Analysis of loans		
Obligations under hire purchase and finance lease contracts (note 19)	13,079	72,553
Amounts owed to parent undertaking	32,291,755	31,871,414
	<u>32,304,834</u>	<u>31,943,967</u>
 Maturity of debt – excluding obligations under hire purchase and finance leases		
In more than five years	<u>32,291,755</u>	<u>31,871,414</u>

19 Obligations under hire purchase and finance leases

	2001 £	2000 £
Amounts payable in the next year	<u>13,079</u>	<u>72,553</u>

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

20 Deferred taxation

	2001 £	2000 £
At 1 January 2001	2,150,000	420,000
Movement in the year	(53,000)	1,730,000
At 31 st December 2001	<u>2,097,000</u>	<u>2,150,000</u>

The movement in 2000 related to provisions transferred from subsidiary companies.

Deferred taxation provided and unprovided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 30%.

	Amount provided		Amount unprovided	
	2001 £	2000 £	2001 £	2000 £
Accelerated capital allowances	2,097,000	2,250,000	-	-
Other timing differences	-	(100,000)	-	-
Unrealised capital gains	-	-	103,000	650,000
	<u>2,097,000</u>	<u>2,150,000</u>	<u>103,000</u>	<u>650,000</u>

21 Other provisions

	Grants £	Other provisions £	Total £
At 1st January 2001	1,552,388	491,135	2,043,523
Utilisation in the year	(42,717)	(279,044)	(321,761)
Released to profit and loss account	(79,661)	(41,626)	(121,287)
Balance at 31 st December 2001	<u>1,430,010</u>	<u>170,465</u>	<u>1,600,475</u>

Other provisions related to costs anticipated to be incurred in respect of two properties held on operating leases, but from which all trading had ceased. One of these leases was sold in 2001 and the resulting over provision was released to the profit and loss account in 2001.

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED**NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 31ST DECEMBER 2001**22 Share capital**

	2001 £	2000 £
Authorised Equity shares		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted		
100 Allotted, called up and fully paid ordinary shares of £1 each	<u>100</u>	<u>100</u>

23 Reconciliation of movement in shareholders' funds

	2001 £	2000 £
Loss for the financial year	(3,120,543)	(824,930)
Opening shareholders' funds	11,209,760	12,034,690
Closing shareholders' funds	<u>8,089,217</u>	<u>11,209,760</u>

24 Reserves

	Revaluation reserve £	Profit and loss account £
At 1 st January 2000	9,818,161	2,216,429
Loss for the year	-	(824,930)
Transfers between reserves	(100,234)	100,234
At 1 st January 2001	<u>9,717,927</u>	<u>1,491,733</u>
Loss for the year	-	(3,120,543)
Transfers between reserves	(220,121)	220,121
At 31 st December 2001	<u>9,497,806</u>	<u>(1,408,689)</u>

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

25 Note on historical cost profits and losses

	2001 £	2000 £
Loss/Profit on ordinary activities before taxation	(1,837,909)	518,014
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	220,121	100,234
Historical cost losses/profits on ordinary activities before taxation	<u>(1,617,788)</u>	<u>618,248</u>
Historical cost loss transferred from reserves	<u>(2,900,422)</u>	<u>(724,696)</u>

26 Operating lease commitments

At 31st December 2001 the company had annual lease commitments under non-cancellable operating leases as set out below :

	Land and buildings	
	2001 £	2000 £
Operating leases which expire:		
Between two and five years	168,600	355,550
After five years	163,000	255,500
	<u>331,600</u>	<u>611,050</u>

27 Contingent liabilities

The bank holds a legal charge over one of the company's long leasehold properties dated 7th June 1996.

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

28 Pension scheme

Defined contribution pension scheme

The company operates a defined contribution pension scheme for the benefit of the directors and senior employees. The assets of the scheme are administered by trustees in funds independent from those of the company.

The total contributions charged in the year amounted to £323,326 (2000 - £362,967), of which £181,913 (2000 - £173,250) related to contributions paid on behalf of directors.

There were no outstanding or prepaid contributions at the balance sheet date.

Defined benefit pension scheme

SSAP 24 The group also operates a pension scheme providing benefits based on final pensionable pay for certain of its employees. The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pensions over employees' working lives with the group.

The contributions are determined by a qualified actuary using the projected unit method. The most recent valuation was at 1st April 2000. The principal financial assumptions used were :

Rate of return on investments	7%
Rate of increase in salaries	5.5%
Rate of increase in pensions	3.75%

The pension charge for the year was £93,234 (2000 - £36,229). At the balance sheet date, there were no outstanding contributions.

The most recent actuarial valuation showed that the market value of the scheme's assets was £382,000 representing a funding level of 95%. The contributions of the company and employees will be 21%/20% and 5%/6% of the earnings respectively, therefore making a combined contribution of 26%.

The company continues to account for pensions in accordance with SSAP 24 and the disclosures given above are those required by that standard.

FRS 17 FRS 17 was issued in November 2000 with full adoption not mandatory until the year ended 31st December 2003. Prior to this, transitional arrangements require additional disclosures from the year ended 31st December 2001. These disclosures to the extent not given above are set out :

Rate of increase in salaries	4.25%
Rate of increase in pensions in service	3%
Discount rate	5.8%
Inflation rate	2.6%
Rate of return in investments	6.5%

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

The assets in the scheme and the expected rate of return were :

	Long term rate of return expected at December 31st 2001	Value at December 31st 2001 £
Other	6.5%	671,000
Total market value of assets		671,000
Present value of scheme liabilities		(585,000)
Surplus in scheme		86,000
Related deferred tax liability @ 30%		(25,800)
Net pension asset		60,200

The effect of the FRS 17 pension asset on the net assets and reserves of the company are set out below :

	2001 £
Net assets	
Net assets excluding pension asset	8,089,217
Pension asset	60,200
Net assets including pension asset	8,149,417
Profit and loss deficit excluding pension asset	(1,408,689)
Pension reserve	60,200
Profit and loss reserve	(1,348,489)

29 Post balance sheet events

The company sold one of its cinemas in January 2002 for an amount in excess of its carrying value.

The remaining cinemas and bingo halls were sold on the 5th April 2002. The cinemas were sold to Apollo Cinemas Ltd and the bingo halls were sold to Apollo Bingo Ltd. Both companies are controlled by Mr P.R.Gregg - a former director of this company. The proceeds were £23m which is in excess of the book values as at 31st December 2001.

CLEAR CHANNEL ENTERTAINMENT (THEATRICAL) UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 2001

30 Transactions with related parties

In the opinion of the directors, the following transactions require to be disclosed under the definition of related parties within F.R.S. Number 8 'Related Party Transactions'.

The property occupied by the company is owned by Houston Securities Limited, a company in which Mr P.R. Gregg is minority shareholder. The company pays rent to Houston Securities Limited amounting to £145,000 per annum. There were no amounts outstanding at the balance sheet date.

The rents payable reflect a commercial charge for the property.

Nederlander Dominion Limited, a 33.33% associated undertaking of Apollo Dominion Investments Limited, a subsidiary of the company, paid a management fee of £68,781 (2000 - £66,824) for accountancy and administrative services. There were no balances outstanding at the balance sheet date.

All transactions have been carried out on normal commercial terms.

In accordance with F.R.S. Number 8, transactions with other group companies within, and investee related parties of, the group headed by Clear Channel Entertainment Inc. have not been disclosed in these financial statements.

31 Controlling party

The company's immediate parent undertaking is Apollo Leisure Group Limited. The results of the company are included within the group financial statements for Apollo Leisure Group Limited for the year ended 31st December 2001, copies of which are available from Companies House.

The largest UK group in which the results of the company for the year ended 31st December 2001 are consolidated, is that headed by Clear Channel Entertainment UK Holdings Limited, copies of which are available from Companies House.

In the directors opinion, the company's ultimate parent company and controlling party is Clear Channel Communications Inc., which is incorporated in the United States of America. Copies of the group financial statements for Clear Channel Communications Inc. for the year ended 31st December 2001, which incorporates the results of the company, are available from 200 East Basse Road, San Antonio, TX 78029, United States of America.