

Rupert Loewenstein Limited

REPORT AND FINANCIAL STATEMENTS

31 March 2006

REGISTRAR OF COMPANIES



Company Registration No 2246783

Rupert Loewenstein Limited

DIRECTORS AND OFFICERS

DIRECTORS

Prince Rupert Loewenstein
Sir John Lucas-Tooth
Clare S G Turner
Princess Maria Theodora Loewenstein
Princess Josephine Clare Loewenstein

SECRETARY

SLC Corporate Services Limited

REGISTERED OFFICE

2 King Street
London SW1Y 6QL

AUDITORS

Baker Tilly
Chartered Accountants
Lancaster House
7 Elmfield Road
Bromley
Kent BR1 1LT

Rupert Loewenstein Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Rupert Loewenstein Limited for the year ended 31 March 2006

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of business and financial managers

DIRECTORS

The following directors have held office since 1 April 2005

Prince Rupert Loewenstein
Sir John Lucas-Tooth
Clare S G Turner
Princess Maria Theodora Loewenstein
Princess Josephine Clare Loewenstein

DIRECTORS' INTERESTS IN SHARES

None of the directors held any beneficial interest in the shares of the company. The interest of Prince Rupert Loewenstein in the ultimate parent company Rupert Loewenstein Holdings Limited, is disclosed in the accounts of that company.

POLITICAL AND CHARITABLE DONATIONS

During the year the company made charitable donations of £250 to the local hospital and to St James Conservation Trust of £1,000.

AUDITORS

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small entities.

By order of the board



Director

Rupert Loewenstein Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual 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). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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 proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the requirements of 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RUPERT LOEWENSTEIN LIMITED

We have audited the financial statements on pages 5 to 12

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company 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 other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 March 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

BAKER TILLY
Registered Auditor
Chartered Accountants
Lancaster House
7 Elmfield Road
Bromley
Kent BR1 1LT

25/3/2007

Rupert Loewenstein Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 2006

	Notes	2006 £	2005 £
TURNOVER	1	3,976,901	819,382
Cost of sales		(223,952)	(181,523)
GROSS PROFIT		<u>3,752,949</u>	<u>637,859</u>
Operating expenses (net)	2	(1,774,976)	(1,647,372)
OPERATING PROFIT/(LOSS)		<u>1,977,973</u>	<u>(1,009,513)</u>
Investment income	3	84,756	176,546
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>2,062,729</u>	<u>(832,967)</u>
Taxation	6	(631,177)	248,922
RETAINED PROFIT/(LOSS) FOR THE YEAR	13	<u><u>£1,431,552</u></u>	<u><u>£(584,045)</u></u>

The operating profit for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account

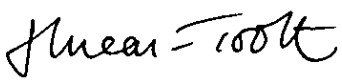

Rupert Loewenstein Limited

BALANCE SHEET

31 March 2006

	Notes	2006 £	2005 £
FIXED ASSETS			
Tangible assets	7	114,294	132,072
Investments	8	485,787	-
		<u>600,081</u>	<u>132,072</u>
CURRENT ASSETS			
Debtors – due within one year	9	743,338	691,957
Debtors – due after more than one year	9	8,816	6,675
Cash at bank and in hand		4,085,799	2,593,762
		<u>4,837,953</u>	<u>3,292,394</u>
CREDITORS Amounts falling due within one year	10	(688,038)	(106,022)
NET CURRENT ASSETS		<u>4,149,915</u>	<u>3,186,372</u>
NET ASSETS		<u>£4,749,996</u>	<u>£3,318,444</u>
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Profit and loss account	13	4,749,994	3,318,442
EQUITY SHAREHOLDERS' FUNDS	14	<u>£4,749,996</u>	<u>£3,318,444</u>

The financial statements on pages 5 to 12 were approved by the board and authorised for issue on 26/3/07



) Directors

Rupert Loewenstein Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost

Depreciation is provided on all tangible fixed assets calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

Motor vehicles	25% per annum on a reducing balance basis
Office and computer equipment	33 33% per annum on a straight line basis

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

INVESTMENTS

Long term investments are classified as fixed assets and are stated at cost. Provision is made for any impairment in value of fixed asset investments

CONSOLIDATION

The accounts present information about the company as an individual undertaking and not about its group, as the company has taken advantage of the exemption provided by Section 228 of the Companies Act 1985, as it is a subsidiary undertaking of Rupert Loewenstein Holdings Limited

Rupert Loewenstein Holdings Limited is the parent undertaking of the smallest and largest group for which accounts are drawn up

Group accounts for Rupert Loewenstein Holdings Limited may be obtained from 2 King Street, London SW1Y 6QU

FOREIGN CURRENCIES

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

Assets, liabilities and results of overseas subsidiaries are translated at the rate ruling at the balance sheet date. Exchange differences arising are dealt with through reserves

LEASED ASSETS AND OBLIGATIONS

Operating leases and annual rentals are charged to the profit and loss account on a straight line basis over the lease term

PENSION COSTS

The pension costs charged in the financial statements represent the contributions payable by the company during the year

TURNOVER

Turnover represents fees and commissions receivable, net of Value Added Tax, for services provided to customers

Rupert Loewenstein Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and loss before taxation were all derived from its principal activity. An analysis of turnover by geographical market is given below.

	2006 £	2005 £
United Kingdom	120,418	118,177
Other European countries	487,310	546,217
Rest of the world	3,369,173	154,988
	<u>£3,976,901</u>	<u>£819,382</u>
	2006 £	2005 £
2 OPERATING EXPENSES (NET)		
Administrative expenses	<u>£1,765,732</u>	<u>£1,638,496</u>
	2006 £	2005 £
3 INVESTMENT INCOME		
Interest receivable and similar income	75,512	167,670
Exchange gains	9,244	8,876
	<u>£84,756</u>	<u>£176,546</u>
	2006 £	2005 £
4 PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging/(crediting)		
Auditors' remuneration	11,000	10,550
Depreciation	40,053	26,190
Profit on disposal of fixed assets	(666)	(6,898)
Operating lease payments – land and buildings	<u>119,285</u>	<u>95,671</u>
	2006 No	2005 No
5 EMPLOYEES		
The average monthly number of persons (including directors) employed by the company during the year was		
Office and management	<u>15</u>	<u>16</u>
	2006 £	2005 £
Staff costs for the above persons		
Wages and salaries	1,024,488	963,916
Social security costs	126,500	118,666
Other pension costs	41,098	40,358
	<u>£1,192,086</u>	<u>£1,122,940</u>

Rupert Loewenstein Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

5	EMPLOYEES <i>(continued)</i>	2006	2005
		£	£
	DIRECTORS		
	Emoluments (including benefits in kind)	670,722	628,759
	Pension contributions	9,744	9,062
		<u>£680,466</u>	<u>£637,821</u>
	Directors' emoluments disclosed above include the following payments		
	Emoluments (including benefits in kind)	<u>£431,673</u>	<u>£404,039</u>
	The number of directors to whom retirement benefits are accruing under money purchase schemes was 1 (2005 – 1)		
6	TAXATION	2006	2005
		£	£
	Current tax		
	UK corporation tax payment/(recovery) due on profits/(losses) of the period	633,318	(257,815)
	Deferred taxation		
	Origination and reversal of timing differences	(2,141)	8,893
	Tax on profit/(loss) on ordinary activities	<u>£631,177</u>	<u>£(248,922)</u>
	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 of 30% (2005 30%) The differences are explained below		
	Profit/(loss) on ordinary activities before tax	<u>£2,062,729</u>	<u>£(832,967)</u>
	Profit/(loss) on ordinary activities charged at the standard rate of UK corporation tax of 30% (2005 30%)	618,819	(249,890)
	Effects of		
	Expenses not deductible for tax purposes	12,358	968
	Capital allowances in excess of depreciation	2,141	(8,893)
		<u>£633,318</u>	<u>£(257,815)</u>

Rupert Loewenstein Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

7 TANGIBLE FIXED ASSETS

	Motor vehicles £	Office equipment £	Computer equipment £	Total £
Cost				
1 April 2005	158,715	24,342	23,398	206,455
Additions	22,250	775	3,584	26,609
Disposals	(17,220)	(1,295)	(5,544)	(24,059)
31 March 2006	163,745	23,822	21,438	209,005
Depreciation				
1 April 2005	32,198	22,862	19,323	74,383
Charged in the year	35,714	1,117	3,222	40,053
Disposals	(12,886)	(1,295)	(5,544)	(19,725)
31 March 2006	55,026	22,684	17,001	94,711
Net book value				
31 March 2006	108,719	1,138	4,437	£114,294
31 March 2005	126,517	1,480	4,075	£132,072

	Shares £	2006 Loan £	Total £	2005 Total £
8 INVESTMENTS				
Subsidiary				
Cost -				
Additions	1	485,786	485,787	-
	£1	£485,786	£485,787	£ -

<i>Name</i>	<i>Class of holding</i>	<i>Proportion held</i>	<i>Nature of business</i>
Rupert Loewenstein Canada Limited	Common	100%	Theatre Production investment

9 DEBTORS	2006 £	2005 £
Due within one year		
Trade debtors	10,274	86,563
Amount owed by group undertakings	169,273	118,227
Corporation tax recoverable	257,815	257,815
Other debtors	77,249	44,087
Prepayments and accrued income	228,727	185,265
	£743,338	£691,957
Due after more than one year		
Deferred tax (note 11)	£8,816	£6,675

Rupert Loewenstein Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 2006

10	CREDITORS Amounts falling due within one year	2006 £	2005 £
	Amounts owed to group undertakings	-	21,719
	Corporation tax	633,318	-
	Other taxation and social security	42,425	44,723
	Director's current account	1,077	1,167
	Accruals and deferred income	11,218	38,413
		<u>£688,038</u>	<u>£106,022</u>
11	DEFERRED TAX ASSET	2006 £	2005 £
	Balance at 1 April 2005	6,675	15,568
	Transfer from profit and loss account	2,141	(8,893)
	Balance at 31 March 2006	<u>£8,816</u>	<u>£6,675</u>
	Deferred tax asset is made up as follows		
	Deferred capital allowances	6,716	4,575
	Tax losses carried forward	2,100	2,100
		<u>£8,816</u>	<u>£6,675</u>
12	SHARE CAPITAL	2006 £	2005 £
	Authorised 1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
	Allotted, issued and fully paid 2 ordinary shares of £1 each	<u>£2</u>	<u>£2</u>
13	PROFIT AND LOSS ACCOUNT	2006 £	2005 £
	1 April 2005	3,318,442	3,902,487
	Retained profit/(loss) for the year	1,431,552	(584,045)
	31 March 2006	<u>£4,749,994</u>	<u>£3,318,442</u>
14	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	2006 £	2005 £
	Profit/(loss) for the financial year	1,431,552	(584,045)
	Opening shareholders' funds	3,318,444	3,902,489
	Closing shareholders' funds	<u>£4,749,996</u>	<u>£3,318,444</u>

Rupert Loewenstein Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 March 2006

15 COMMITMENTS UNDER OPERATING LEASES

At 31 March 2006 the company had annual commitments under non-cancellable operating leases as follows

	2006 £	2005 £
Land and buildings expiring within five years	£113,500	£95,671

16 PENSION COMMITMENTS

The company made payments on behalf of employees who have personal pension schemes. These costs are charged to the profit and loss account as incurred and amounted to £41,098 (2005 £40,358)

17 CONTINGENT LIABILITIES

The company is party to a composite guarantee covering the bank borrowings of group companies. There were no such borrowings at 31 March 2006 (2005 £nil)

18 ULTIMATE PARENT COMPANY

The ultimate parent company is Rupert Loewenstein Holdings Limited, a company registered in England. The ultimate controlling party is Prince Rupert Loewenstein.

19 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption granted by Financial Reporting Standard 8 not to disclose transactions with other group companies.

20 POST BALANCE SHEET EVENTS

Subsequent to the year end the production of Lord of the Rings in which the subsidiary, Rupert Loewenstein Canada Limited, invested, closed with reported losses. As a result the investment in Rupert Loewenstein Canada Limited was written down as at 31 December 2006 to £72,062.