

Company Registration No. 02671052 (England and Wales)

THE AMBASSADOR THEATRE GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE 52 WEEK PERIOD TO 26 MARCH 2011

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THE AMBASSADOR THEATRE GROUP LIMITED

COMPANY INFORMATION

Directors

R A Squire
H H Panter
N G Potter (Appointed 12 May 2011)
D Blyth
H J Enright
M C Lynas
P R M Kavanagh (Appointed 11 June 2010)

Secretary

H J Enright

Company number

02671052

Registered office

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

Independent Auditor

Deloitte LLP
2 New Street Square
London
United Kingdom
EC4A 3BZ

Business address

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THE AMBASSADOR THEATRE GROUP LIMITED

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THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS' REPORT FOR THE 52 WEEK PERIOD TO 26 MARCH 2011

The directors present their report and financial statements for the 52 week period to 26 March 2011

Principal activities and review of the business

The principal activity of the company continued to be that of managing a group of companies operating theatres and producing theatrical productions

The results for the year, which are set out on page 7, were considered satisfactory by the directors given the prior period included the most profitable months of the calendar year '

In October 2010, the company purchased further shares in five of its wholly- owned subsidiaries as part of the parent company's refinancing arrangements. The consideration paid for these shares totalled £8.45m. Subsequently, the Directors decided to impair £3.8m of these additions in respect of the further investment in the subsidiary, Stoke-on-Trent Theatres Limited, as the future profitability of the subsidiary is uncertain. In addition, the refinancing also saw the company forgive group loans to the value of £1.35m.

Principal risks and uncertainties

The principal risk to the business is a downturn in theatre attendance due to the impact of the recession on theatre-going public. The Company's commitment is to attract customers with new material 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 Company, along with the rest of the Group, to take a long-term view.

Due to the nature of the Company's business and the assets and liabilities contained within the Company's balance sheet, the only significant financial risk that the Directors consider relevant to this Company 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 Company's standard payment terms, which are set under contract upfront. Liquidity risk is mitigated through Group funding arrangements.

Dividends

An ordinary dividend of £10,500,000 (2010: £Nil) was paid during the period.

Environment

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

Future developments

The directors expect renewed growth in the foreseeable future based on the known availability of future productions.

THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS' REPORT (continued) FOR THE 52 WEEK PERIOD TO 26 MARCH 2011

Directors

The following directors have held office since 28 March 2010 and to the date of signing the financial statements

R A Squire

H H Panter

N G Potter

(Appointed 12 May 2011)

D Blyth

H J Enright

M C Lynas

P R M Kavanagh

(Appointed 11 June 2010)

Employee involvement

Details of the numbers of employees are given in Note 20 of the financial statements

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

Disabled persons

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

Auditors

Deloitte LLP were appointed auditor to the company during the period and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a forthcoming General Meeting.

THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS' REPORT (continued) FOR THE 52 WEEK PERIOD TO 26 MARCH 2011

Directors' responsibilities statement

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the 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,
- 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.

THE AMBASSADOR THEATRE GROUP LIMITED

DIRECTORS' REPORT (continued) FOR THE 52 WEEK PERIOD TO 26 MARCH 2011

Statement of disclosure to auditors

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

Going concern

The financial statements have been prepared on a going concern basis.

The Company has net assets of £18.5m and net current liabilities of £103m at the balance sheet date, the latter largely due to a loan from the company's parent, The Ambassador Entertainment Group Limited. However, through being the largest theatre group in the United Kingdom, the company and its subsidiaries benefit 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 and also considered the financial support available from the company's ultimate parent, The Ambassador Entertainment Group Limited, as evidenced by the letter dated 22 July 2011, the directors are confident that the company is well placed to manage its business risks despite the current uncertain economic outlook.

Accordingly, 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.

On behalf of the board



H J Enright

Director

22/07/2011

THE AMBASSADOR THEATRE GROUP LIMITED

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

We have audited the financial statements of The Ambassador Theatre Group Limited for the 52 week period to 26 March 2011 which comprise the Balance Sheet, the Profit and Loss Account, and the related notes 1 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on pages 1 - 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 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 Directors' Report to identify material inconsistencies with the audited financial statements. 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 company's affairs as at 26 March 2011 and of its profit for the 52 week period to 26 March 2011,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

THE AMBASSADOR THEATRE GROUP LIMITED

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
2 New Street Square
London
United Kingdom
EC4A 3BZ

22 July 2011

THE AMBASSADOR THEATRE GROUP LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE 52 WEEK PERIOD TO 26 MARCH 2011**

		Period ended 26 March 2011 £	6 Months ended 27 March 2010 £
	Notes		
Turnover	2	1,661,936	1,409,058
Cost of sales		<u>(4,646)</u>	<u>(3,328)</u>
Gross profit		1,657,290	1,405,730
Administrative expenses		(12,836,785)	(6,234,649)
Other operating income		<u>9,999,000</u>	<u>3,306,202</u>
Operating loss	3	(1,180,495)	(1,522,717)
Impairment of fixed asset investment	9	<u>(3,800,000)</u>	<u>-</u>
		<u>(3,800,000)</u>	<u>-</u>
Loss on ordinary activities before interest		(4,980,495)	(1,522,717)
Investment income	4	15,641,000	2,047,000
Other interest receivable and similar income	4	5,704	5,457
Interest payable and similar charges	5	<u>(8,647,236)</u>	<u>(392,242)</u>
Profit on ordinary activities before taxation		2,018,973	137,498
Tax on profit on ordinary activities	6	<u>(79,094)</u>	<u>(61,005)</u>
Profit for the period	16	<u>1,939,879</u>	<u>76,493</u>

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

There are no recognised gains and losses other than those passing through the profit and loss account in either period accordingly no statement of total recognised gains and losses has been presented

The notes on pages 10 to 23 form part of these financial statements

THE AMBASSADOR THEATRE GROUP LIMITED

**BALANCE SHEET
AS AT 26 MARCH 2011**

	Notes	As at 26 March 2011 £	As at 27 March 2010 £	£
Fixed assets				
Tangible assets	8	4,003,689	2,169,342	
Investments in shows	9	113,733,796	106,720,967	
		117,737,485	108,890,309	
Current assets				
Debtors amounts falling due within one year	10	8,417,674	12,456,014	
Debtors amounts falling due after more than one year	10	13,599,967	13,599,967	
Investments in shows	11	520,837	460,721	
Cash at bank and in hand		10,050,595	6,695,728	
		32,589,073	33,212,430	
Creditors: amounts falling due within one year	12	(131,724,918)	(115,002,073)	
Net current liabilities		(99,135,845)	(81,789,643)	
Total assets less current liabilities		18,601,640	27,100,666	
Provisions for liabilities	13	(61,095)	-	
Net assets		18,540,545	27,100,666	
Capital and reserves				
Called up share capital	15	9,983,322	9,983,322	
Share premium account	16	11,438,484	11,438,484	
Profit and loss account	16	(2,881,261)	5,678,860	
Shareholders' funds	17	18,540,545	27,100,666	

The notes on pages 10 to 23 form part of these financial statements

THE AMBASSADOR THEATRE GROUP LIMITED

BALANCE SHEET (continued)
AS AT 26 MARCH 2011

Approved by the Board and authorised for issue on **22/07/2011**



H J Enright
Director



R A Squire
Director

Company Registration No. 02671052

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 26 MARCH 2011

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The financial statements have been prepared on a going concern basis, details of which can be found on page 4 of the Directors' report

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a subsidiary undertaking where 90 percent or more of the voting rights are controlled within the group

The financial statements present information about the company as an individual undertaking and not about its group. The company has not prepared group financial statements as it is exempt from the requirement to do so by section 400 of the Companies Act 2006 as it is a subsidiary undertaking of The Ambassador Entertainment Group Limited, a company incorporated in England and Wales, and is included in the consolidated financial statements of that company

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards

1.3 Turnover

Turnover primarily represents the amounts due from providing theatre related services including sponsorship, excluding value added tax. Theatre related services are recognised in the period to which the services relate. All turnover is derived from operations in the UK

Where the company invests in productions, income can be generated from the success of that production. This is included within turnover and is recognised when it can be estimated reliably

1.4 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 less estimated residual value of each asset over its expected useful life, as follows

Leasehold improvements	20 years
Plant and machinery	4 to 10 years
Fixtures, fittings & equipment	Between 4 and 10 years
Assets under construction	nil

1.5 Investments

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

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

1.6 Pensions

The company operates a defined contribution pension scheme for all employees upon meeting certain criteria. The pension cost charge represents contributions payable by the company in respect of the accounting period. The assets of the scheme are held separately from those of the company

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 26 MARCH 2011

1 Accounting policies

(continued)

1.7 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 Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

1.8 Foreign currency translation

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

1.9 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.

2 Turnover

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

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2011**

3 Operating loss	2011	2010
	£	£
Operating loss is stated after charging		
Depreciation of tangible assets	675,979	158,591
Loss on disposal of tangible assets	-	43,295
and after crediting		
Profit on foreign exchange transactions	(61,438)	-

Auditors' remuneration

Fees payable to the company's auditor for the audit of the company's annual accounts	15,000	5,000
Taxation Advice	-	2,000
	<u>15,000</u>	<u>7,000</u>

Auditor's remuneration for 2011 is in respect of audit fees, auditor's remuneration for 2010 is for audit fees and accounting services

4 Investment income	2011	2010
	£	£
Income from shares in group undertakings	15,641,000	2,047,000
Bank interest	5,704	5,457
	<u>15,646,704</u>	<u>2,052,457</u>

5 Interest payable	2011	2010
	£	£
On amounts payable to group companies	7,195,000	-
On bank loans and overdrafts	1,452,236	7,258
Other interest	-	384,984
	<u>8,647,236</u>	<u>392,242</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2011**

6	Taxation	2011 £	2010 £
	Total current tax	-	-
	Deferred tax		
	Deferred tax charge/credit current year	<u>79,094</u>	<u>61,005</u>
	Factors affecting the tax charge for the period		
	Profit on ordinary activities before taxation	<u>2,018,973</u>	<u>137,498</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2010 - 28.00%)	<u>423,984</u>	<u>38,499</u>
	Effects of		
	Non deductible expenses	59,440	9,767
	Depreciation add back	141,956	56,528
	Capital allowances	(104,222)	(180,120)
	Write off of fixed asset investments	798,000	-
	Group relief surrendered	1,628,199	837,464
	Dividends and distributions received	(3,087,000)	(476,000)
	Deferred revenue expenditure	(617)	(748)
	Other tax adjustments	<u>140,260</u>	<u>(285,390)</u>
		<u>(423,984)</u>	<u>(38,499)</u>
	Current tax charge for the period	<u>-</u>	<u>-</u>

The company has estimated losses of £ 355,833 (2010 - £ nil) available for carry forward against future trading profits

The company did not pay corporation tax in 2010 as it obtained group relief

7	Dividends	2011 £	2010 £
	Ordinary interim paid	<u>10,500,000</u>	<u>-</u>

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2011**

8 Tangible fixed assets

	Leasehold improve- ments	Plant and machinery	Fixtures, fittings & equipment	Assets under construc- tion	Total
	£	£	£	£	£
Cost					
At 28 March 2010	56,901	1,164,748	2,589,577	-	3,811,226
Additions	-	-	2,274,724	235,604	2,510,328
Reclassification	(56,901)	(54,650)	111,551	-	-
Disposals	-	(370,107)	-	-	(370,107)
At 26 March 2011	-	739,991	4,975,852	235,604	5,951,447
Depreciation					
At 28 March 2010	30,619	753,296	857,969	-	1,641,884
Reclassification	(30,619)	95,910	(65,291)	-	-
On disposals	-	(370,107)	-	-	(370,107)
Charge for the period	-	101,154	574,827	-	675,981
At 26 March 2011	-	580,253	1,367,505	-	1,947,758
Net book value					
At 26 March 2011	-	159,738	3,608,347	235,604	4,003,689
At 27 March 2010	26,282	411,452	1,731,608	-	2,169,342

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2011**

9 Fixed asset investments

	Shares in participating interests £	Shares in group undertakings £	Loans to group undertakings £	Total £
Cost				
At 28 March 2010	2,514,506	103,356,461	1,350,000	107,220,967
Additions	1,551,250	10,111,579	-	11,662,829
Disposals	-	-	(1,350,000)	(1,350,000)
At 26 March 2011	4,065,756	113,468,040	-	117,533,796
Provisions for diminution in value				
At 28 March 2010	500,000	-	-	500,000
(Reversal)/charge for the period	(500,000)	3,800,000	-	3,300,000
At 26 March 2011	-	3,800,000	-	3,800,000
Net book value				
At 26 March 2011	4,065,756	109,668,040	-	113,733,796
At 27 March 2010	2,014,506	103,356,461	1,350,000	106,720,967

Additions during the year represent further investment in the subsidiary The Ambassador Theatre Group (Venues) Limited of £1.66m and the participating interest First Family Entertainment LLP of £1.55m, and increased investments in the shares of 5 wholly-owned subsidiaries of the company as part of the parent company's refinancing arrangements in October 2010. The latter consideration in respect of the purchase of 1 ordinary share in each of the following companies is as follows:

New Wimbledon Theatre Limited	£1,800,000
Richmond Theatre Limited	£700,000
Sonia Friedman Productions Limited	£750,000
Stoke-on-Trent Theatres Limited	£3,800,000
Theatre Royal Brighton Limited	£1,400,000

It was subsequently decided to impair the above further investment in Stoke-on-Trent Theatres Limited as the future profitability of the subsidiary is uncertain.

In addition, an impairment previously recognised against the investment in First Family Entertainment LLP of £500k was reversed during the period as the participating interest is enabling other subsidiaries of the company to generate significant income.

The disposal in the period represents the waiver of the loans to group undertakings as part of the refinancing arrangement referred to above.

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 26 MARCH 2011

9 Fixed asset investments (continued)

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held	%
Subsidiary undertakings				
Milton Keynes Theatre Limited	England and Wales	Ordinary	100 00	
Stoke-on-Trent Theatres Limited	England and Wales	Ordinary	100 00	
Theatre Royal Brighton Limited	England and Wales	Ordinary	100 00	
ATG London Limited	England and Wales	Ordinary	100 00	
Churchill Theatre Bromley Limited	England and Wales	Ordinary	100 00	
Richmond Theatre Limited	England and Wales	Ordinary	100 00	
Comedy Theatre Limited	England and Wales	Ordinary	100 00	
Donmar Warehouse Limited	England and Wales	Ordinary	100 00	
Aylesbury Waterside Theatre Limited	England and Wales	Ordinary	100 00	
Whitehall Theatre Limited	England and Wales	Ordinary	100 00	
Smart Plays Limited	England and Wales	Ordinary	100 00	
ATG Management Limited	England and Wales	Ordinary	100 00	
Sonia Friedman Productions	England and Wales	Ordinary	100 00	
Glasgow Theatres Limited	England and Wales	Ordinary	100 00	
Piccadilly Theatre Limited	England and Wales	Ordinary	100 00	
Phoenix Theatre Limited	England and Wales	Ordinary	100 00	
New Wimbledon Theatre Limited	England and Wales	Ordinary	100 00	
The Duke of York's Theatre Limited	England and Wales	Ordinary	100 00	
Woking Tumstyle Limited	England and Wales	Ordinary	100 00	
Natural Nylon Theatre Company Limited	England and Wales	Ordinary	100 00	
Highland Fling Japan Limited	England and Wales	Ordinary	100 00	
Screenstage Productions Limited	England and Wales	Ordinary	100 00	
Brighton Theatre Limited	England and Wales	Ordinary	100 00	
Ambassador Theatre Group US Inc	USA	Ordinary	100 00	
Participating interests				
Screenstage Limited	England and Wales	Ordinary	50 00	
Trademark Theatre Company Limited	England and Wales	Ordinary	50 00	
Maidstone Productions (Playhouse) Limited	England and Wales	Ordinary	50 00	
Maidstone Productions (Savoy) Limited	England and Wales	Ordinary	50 00	
Savoy Theatre Limited	England and Wales	Ordinary	50 00	
Savoy Theatre Holdings Limited	England and Wales	Ordinary	50 00	
Porgy and Bess Limited	England and Wales	Ordinary	50 00	
First Family Entertainment	England and Wales	Ordinary	50 00	

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 26 MARCH 2011

9 Fixed asset investments

(continued)

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2011 £	Profit/(loss) for the year 2011 £
	Principal activity		
Milton Keynes Theatre Limited	Theatre operator	1,204,934	60,319
Stoke-on-Trent Theatres Limited	Theatre operator	(45,679)	(361,912)
Theatre Royal Brighton Limited	Theatre operator	21,883	(207,921)
ATG London Limited	Theatre operator	492,111	(288,712)
Churchill Theatre Bromley Limited	Theatre operator	266,598	53,451
Richmond Theatre Limited	Theatre operator	134,335	(240,589)
Comedy Theatre Limited	Dormant	-	-
Donmar Warehouse Limited	Dormant	-	-
Aylesbury Waterside Theatre Limited	Dormant	(369,029)	(369,030)
Whitehall Theatre Limited	Dormant	-	-
Smart Plays Limited	Production company	27,493	(32)
ATG Management Limited	Production company	(1,626)	238
Sonia Friedman Productions	Production company	123,984	129,625
Glasgow Theatres Limited	Theatre operator	252,195	(387,849)
Piccadilly Theatre Limited	Dormant	-	-
Phoenix Theatre Limited	Dormant	-	-
New Wimbledon Theatre Limited	Theatre operator	175,696	(183,569)
The Duke of York's Theatre Limited	Theatre operator	1,474,410	(173,200)
Woking Tumstyle Limited	Theatre operator	625,449	6,284
Natural Nylon Theatre Company Limited	Production company	(72,177)	-
Highland Fling Japan Limited	Production Company	(1,007)	-
Screenstage Productions Limited	Dormant	-	-
Brighton Theatre Limited	Dormant	2	-
Ambassador Theatre Group US Inc	Production company	(2,388,740)	(665,788)
Screenstage Limited	Production company	-	-
Trademark Theatre Company Limited	Dormant	-	-
Maidstone Productions (Playhouse) Limited	Theatre operator	-	-
Maidstone Productions (Savoy) Limited	Holding company	-	-
Savoy Theatre Limited	Theatre operator	-	-
Savoy Theatre Holdings Limited	Dormant	-	-
Porgy and Bess Limited	Production company	-	-
First Family Entertainment	Production partnership	2,765,586	(1,754,296)

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2011**

10 Debtors	2011 £	2010 £
Amounts falling due within one year		
Trade debtors	171,922	1,578,947
Amounts owed by subsidiary undertakings	5,014,232	9,006,216
Amounts owed by participating interests	1,874,403	1,370,894
Corporation tax	199,350	-
Other debtors	742,862	131,495
Prepayments and accrued income	414,905	350,463
Deferred tax asset (see note 13)	-	17,999
	<u>8,417,674</u>	<u>12,456,014</u>
Amounts falling due after more than one year		
Amounts owed by group undertakings	13,599,967	13,599,967
	<u>22,017,641</u>	<u>26,055,981</u>
11 Current asset investments	2011 £	2010 £
Other unlisted investments	<u>520,837</u>	<u>460,721</u>
Current asset investments represent investments in shows		
12 Creditors: amounts falling due within one year	2011 £	2010 £
Bank loans and overdrafts	-	496,830
Trade creditors	1,168,393	298,865
Amounts owed to parent and fellow subsidiary undertakings	124,857,533	102,951,927
Amounts owed to subsidiary undertakings	-	7,668,006
Corporation tax	-	55,106
Other taxes and social security costs	1,728,152	1,005,468
Other creditors	1,202,164	98,321
Accruals and deferred income	2,768,676	2,427,550
	<u>131,724,918</u>	<u>115,002,073</u>

The bank loans and overdrafts are secured by a charge over the whole of the assets of The Ambassador Theatre Group Limited

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2011**

13 Provisions for liabilities

	Deferred tax liability £
Balance at 28 March 2010	(17,999)
Profit and loss account	79,094
Balance at 26 March 2011	<u>61,095</u>

The deferred tax liability is made up as follows:

	2011 £	2010 £
Accelerated capital allowances	173,396	157,793
Other timing differences	(112,301)	(175,792)
	<u>61,095</u>	<u>(17,999)</u>

**14 Pension and other post-retirement benefit commitments
Defined contribution**

	2011 £	2010 £
Contributions payable by the company for the period	<u>425,652</u>	<u>122,914</u>

The amount outstanding from the company in respect of such obligations was £55,786 (2010 £43,071)

THE AMBASSADOR THEATRE GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE PERIOD ENDED 26 MARCH 2011**

15 Share capital	2011 £	2010 £
Authorised		
10 499 750 Preferred ordinary shares of £1 each	10,499,750	10,499,750
25,000 "A" ordinary shares of 1p each	250	250
	<u>10,500,000</u>	<u>10,500,000</u>
Allotted, called up and fully paid		
9,797,888 preferred ordinary shares of £1 each	9,983,072	9,983,072
25,000 "A" ordinary shares of 1p each	250	250
	<u>9,983,322</u>	<u>9,983,322</u>

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

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

The "A" ordinary shares have the following rights -

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

THE AMBASSADOR THEATRE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**
FOR THE PERIOD ENDED 26 MARCH 2011

16 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 28 March 2010	11,438,484	5,678,860
Profit for the period	-	1,939,879
Dividends paid	-	(10,500,000)
	<u>11,438,484</u>	<u>(2,881,261)</u>
Balance at 26 March 2011	<u>11,438,484</u>	<u>(2,881,261)</u>

17 Reconciliation of movements in shareholders' funds

	2011 £	2010 £
Profit for the financial period	1,939,879	76,493
Dividends	(10,500,000)	-
	<u>(8,560,121)</u>	<u>76,493</u>
Proceeds from issue of shares	-	250,000
	<u>(8,560,121)</u>	<u>326,493</u>
Net (depletion in)/addition to shareholders' funds	(8,560,121)	326,493
Opening shareholders' funds	27,100,666	26,774,173
	<u>27,100,666</u>	<u>26,774,173</u>
Closing shareholders' funds	<u>18,540,545</u>	<u>27,100,666</u>

18 Contingent liabilities

A Corporate Cross Guarantee exists between The Ambassador Theatre Group Limited, and its subsidiary undertakings. The bank holds a debenture over the whole of the assets of The Ambassador Theatre Group Limited.

THE AMBASSADOR THEATRE GROUP LIMITED**NOTES TO THE FINANCIAL STATEMENTS (continued)**
FOR THE PERIOD ENDED 26 MARCH 2011

19 Directors' remuneration	2011	2010
	£	£
Remuneration for qualifying services	1,710,913	2,034,984
Company pension contributions to defined contribution schemes	195,126	126,882
	<u>1,906,039</u>	<u>2,161,866</u>

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 6 (2010 - 6)

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

Remuneration for qualifying services	370,576	465,458
Company pension contributions to defined contribution schemes	<u>46,714</u>	<u>23,017</u>

20 Employees**Number of employees**

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

	2011	2010
	Number	Number
Management and administration	<u>100</u>	<u>77</u>

Employment costs

	2011	2010
	£	£
Wages and salaries	4,535,027	2,836,006
Social security costs	534,517	254,704
Other pension costs	425,652	122,914
	<u>5,495,196</u>	<u>3,213,624</u>

21 Control

The company's immediate parent company is The Ambassador Entertainment Group Limited, which is controlled by Exponent Private Equity LLP. The company has no ultimate controlling party

THE AMBASSADOR THEATRE GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued) FOR THE PERIOD ENDED 26 MARCH 2011

22 Related party relationships and transactions

The company has taken advantage of the exemption in Financial Reporting Standard Number 8 from the requirement to disclose transactions with group companies on the grounds that consolidated financial statements are prepared by the ultimate parent company

The Company's results are included in the consolidated results of The Ambassador Entertainment Group Limited, copies of whose accounts may be obtained from the Company's registered office, 2nd floor Alexander House, Church Path, Woking, Surrey, GU21 6EJ

During the period The Ambassador Theatre Group Limited received management fees from Rocky Horror Company Limited amounting to £65,000 (2010 £32,500) Howard Panter is a director of Rocky Horror Company Limited

There was a loan outstanding with Exponent Private Equity Partners GP II, LP at 26 March 2011 of £Nil (2010 £30,367,397 including £367,397 of accrued interest) The loan and additional accrued interest amounting to £31,828,110 were repaid in full on 15 October 2010 £1,585,667 was charged by Exponent Equity Partners GP II, LP in relation to the acquisition for an Advisory Fee and an Arrangement Fee together with £133,742 of deal costs C M Graham and J R Lenane are LLP designated members and S R Davidson a LLP member of Exponent Private Equity LLP a company which is under common control with Exponent Private Equity Partners GP II, LP

During the period The Ambassador Theatre Group Limited received management fees from Savoy Theatre Limited amounting to £59,726 (2010 £25,861) The company is a subsidiary of Maidstone Productions (Savoy) Ltd Maidstone Productions (Savoy) Ltd is a joint venture between ATG London Limited and Tulbart LLC ATG London Limited is a 100% subsidiary of The Ambassador Theatre Group Limited

During the period The Ambassador Theatre Group Limited received management fees from Maidstone Productions (Playhouse) Limited amounting to £59,726 (2010: £29,234) Maidstone Productions (Playhouse) Limited is a joint venture between The Ambassador Theatre Group Limited and Playhouse Theatre LLC

The company had the following balances due from joint venture companies at 26 March 2011
Maidstone Productins (Savoy) Limited £1,451,653 (2010 £1,451,653) Trademark Theatre Company Limited £84,084 (2010 £84,084) Screenstage Limited £455,143 (2010 £455,143)

All of the above transactions were conducted on an arms length basis

THE AMBASSADOR THEATRE GROUP LIMITED

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 26 MARCH 2011**

		Period ended 26 March 2011		6 Months ended 27 March 2010
	£	£	£	£
Turnover				
Sales		1,661,936		1,409,058
Cost of sales				
Purchases	4,646		3,328	
		(4,646)		(3,328)
Gross profit	99.72%	1,657,290	99.76%	1,405,730
Administrative expenses		(12,836,785)		(6,234,649)
		(11,179,495)		(4,828,919)
Other operating income				
Fees received as other operating income		9,999,000		3,306,202
Operating loss		(1,180,495)		(1,522,717)
Write off of fixed asset investment	(3,800,000)		-	
		(3,800,000)		-
Other interest receivable and similar income				
Bank interest received		5,704		5,457
Income from investments				
Interest receivable from sub unds	941,000		347,000	
Dividends received from subsidiary unds	4,000,000		-	
Dividends receivable from sub unds	10,700,000		1,700,000	
		15,641,000		2,047,000
Interest payable				
Interest paid to group companies	7,195,000		-	
Bank interest paid	1,452,236		7,258	
Other interest paid	-		384,984	
		(8,647,236)		(392,242)
Profit before taxation	121.48%	2,018,973	9.76%	137,498

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THE AMBASSADOR THEATRE GROUP LIMITED

**SCHEDULE OF ADMINISTRATIVE EXPENSES
FOR THE PERIOD ENDED 26 MARCH 2011**

	Period ended 26 March 2011 £	6 Months ended 27 March 2010 £
Administrative expenses		
Wages and salaries (excl N I)	2,824,114	801,022
Directors' remuneration	1,710,913	2,034,984
Employer's N I contributions	534,517	254,704
Directors' pension costs	195,126	126,882
Staff pension costs	230,526	(3,968)
Staff training	90,755	25,931
Rent re licences and other	258,045	117,176
Rates	148,009	47,761
Management charges	500,000	-
Insurance	355,656	168,998
Project development expenses	429,039	175,237
Cleaning	40,139	15,275
Electricity	39,518	28,156
Repairs and maintenance	42,303	17,097
Production costs written off	221,370	582,571
Printing postage and stationery	125,281	47,681
Advertising	156,553	52,161
Telephone	114,874	26,966
Computer running costs	797,212	209,241
Travelling expenses	197,021	96,145
Entertaining	41,692	2,862
Entertaining	-	19,800
Legal and prof fees	2,828,811	1,102,691
Accountancy	50,050	12,000
Audit fees	98,075	10,000
Bank charges	50,980	11,760
Profit/loss on foreign currency	(61,438)	-
Staff welfare	5,211	1,741
Sundry expenses	73,916	39,032
Subscriptions	62,538	8,857
Depreciation on plant and machinery	108,409	56,290
Depreciation on FF & E	567,570	102,301
Profits/losses on disp of tangibles	-	43,295
	<u>12,836,785</u>	<u>6,234,649</u>

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