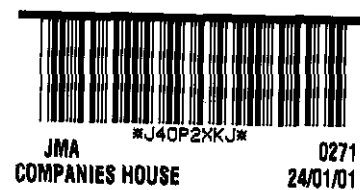


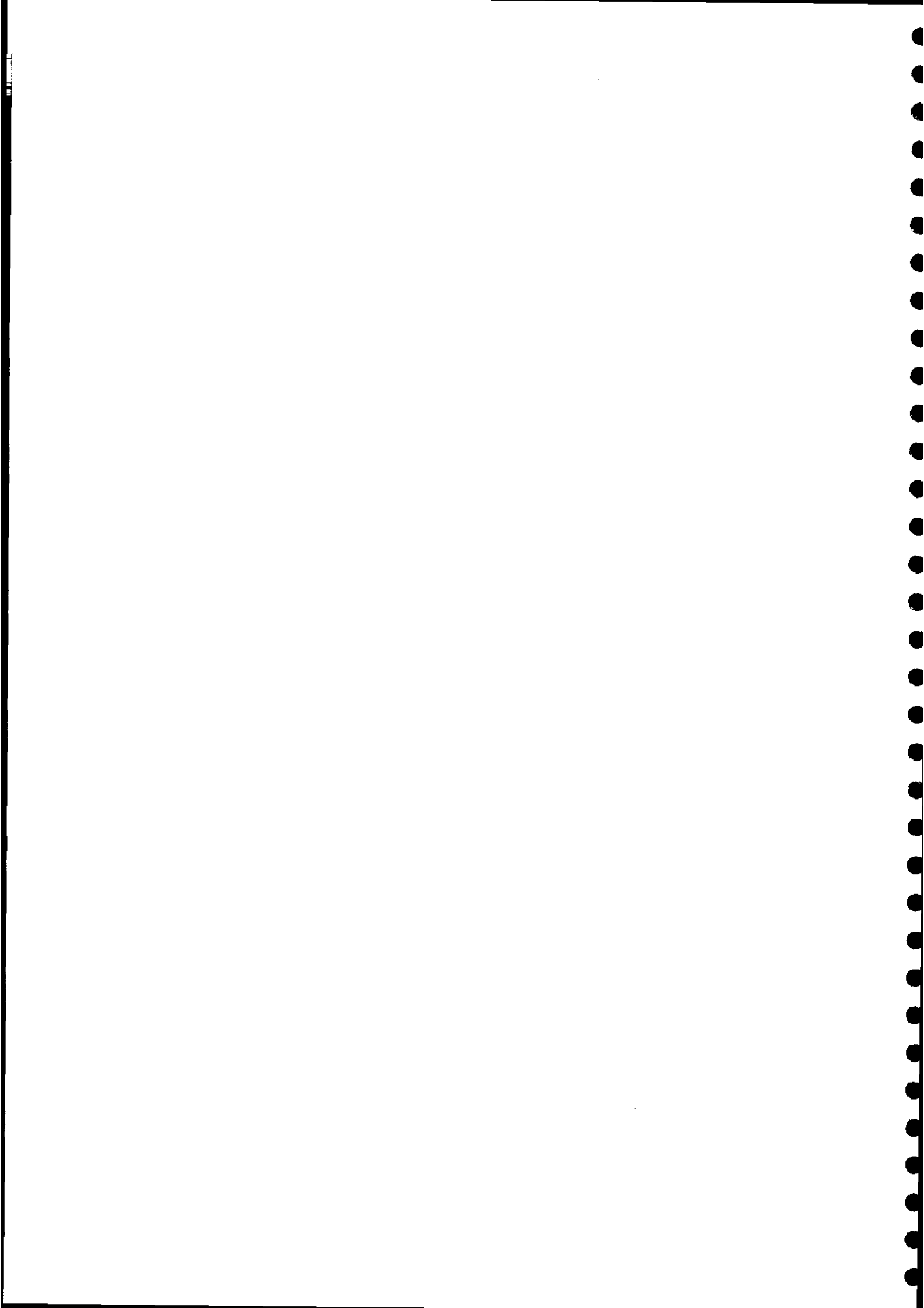
THE LOWRY CENTRE LIMITED

Report and Financial Statements

31 March 2000

**Deloitte & Touche
PO Box 500
201 Deansgate
Manchester
M60 2AT**

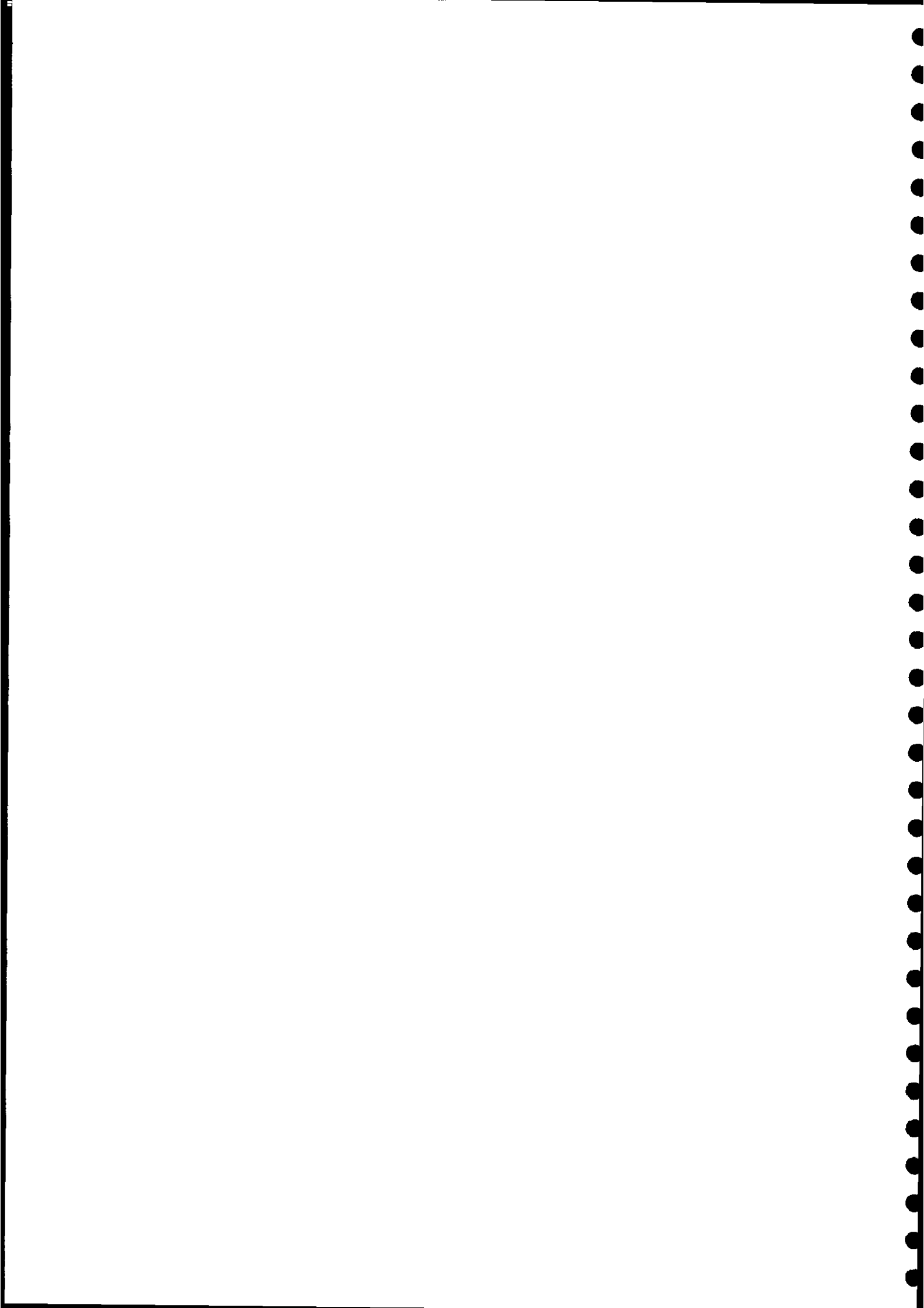




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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

F M S Goodey
C W V Hinds
R E Hough
J Hytner
D A Lancaster
J E Lawrence
J Willis

CHIEF EXECUTIVE

S Hetherington

SECRETARY

C G Hulme

REGISTERED OFFICE

West Pavilion
Harbour City
Salford Quays
Greater Manchester
M5 2BH

BANKERS

Barclays Bank Plc
Manchester Corporate Banking Centre
PO Box 543
51 Mosley Street
Manchester
M60 2BU

SOLICITORS

Masons
30 Aylesbury Street
London
EC1R 0ER

Masons
100 Barbirolli Square
Manchester
M2 3SS

AUDITORS

Deloitte & Touche
Chartered Accountants
201 Deansgate
Manchester
M60 2AT

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 March 2000.

ACTIVITIES

The object of the company is to carry on business as a general commercial company and to promote the advancement of education for the public benefit.

The principal activity of the company will be the operation of The Lowry (formerly described as the Lowry Centre).

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The results for the year are set out on page 6.

The Lowry was still in the course of construction during the period of this report. Activities therefore related, primarily, to ensuring that the operational requirements and needs of The Lowry building had been properly incorporated and reflected in the design and construction of the building. Limited trading activities in the year related to publication costs and sales of books on L S Lowry and the expenses of establishing the Box Office.

The Lowry opened, as scheduled, on 28th April 2000 and has attracted some 660,000 visitors to date.

The range, quality and depth of the theatre programme and associated projects have been welcomed and applauded in the media. Critical coverage of the galleries and publishing has been excellent regionally. In addition The Lowry has developed to differing extents its allied activities of catering and hospitality, conferencing, sponsorship and business relations services, retail, licensing and copyright work and publishing.

Public and media reaction has overall been positive. Aspects of the building were not however fully complete which has impacted on the operation of the new enterprise. Although significant progress has been made on the snagging items, the continuing work has been disruptive and presented difficulties for the operation. The extraordinary ambition for the opening programmes in both the theatres and galleries were realised in challenging circumstances due to the commitment and enormous efforts of staff in the various teams involved.

The Lowry is a new organisation which has been operating for just seven months. It has already begun to achieve many of its objectives and is coming to terms with the impact of many post-construction building related matters. In light of operational experience so far, the implications of the excellent visitor numbers which have significantly exceeded everyone's projections and performance during this start-up phase, the executive team are reviewing and updating the Business Plan for consideration by Directors in the New Year.

DIVIDENDS AND TRANSFERS FROM RESERVES

The directors do not recommend the payment of a dividend and the retained loss for the year of £37,646 (1999 - £6,855) has been transferred from reserves.

DIRECTORS

The following directors, who served during the year were:

F M S Goodey
C W V Hinds
R E Hough
J Hytner
D A Lancaster
J E Lawrence
J Willis

None of the directors had any interest in the shares of the company during the year.

None of the directors held any beneficial interest in the parent company, which is a company limited by guarantee.

DIRECTORS' REPORT

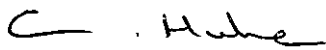
PARENT COMPANY

The Lowry Centre Trust (a company limited by guarantee) is the ultimate parent company.

AUDITORS

An elective resolution has been passed by the company to dispense with the obligation to appoint auditors annually and accordingly, the company's auditors, Deloitte & Touche, shall remain in office until the company or auditors determine otherwise.

Approved by the Board of Directors
and signed on behalf of the Board



Secretary

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 as at the end of the financial year and of the profit or loss of the company for that period. 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;
- 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 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.



THE LOWRY CENTRE LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 10 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

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

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

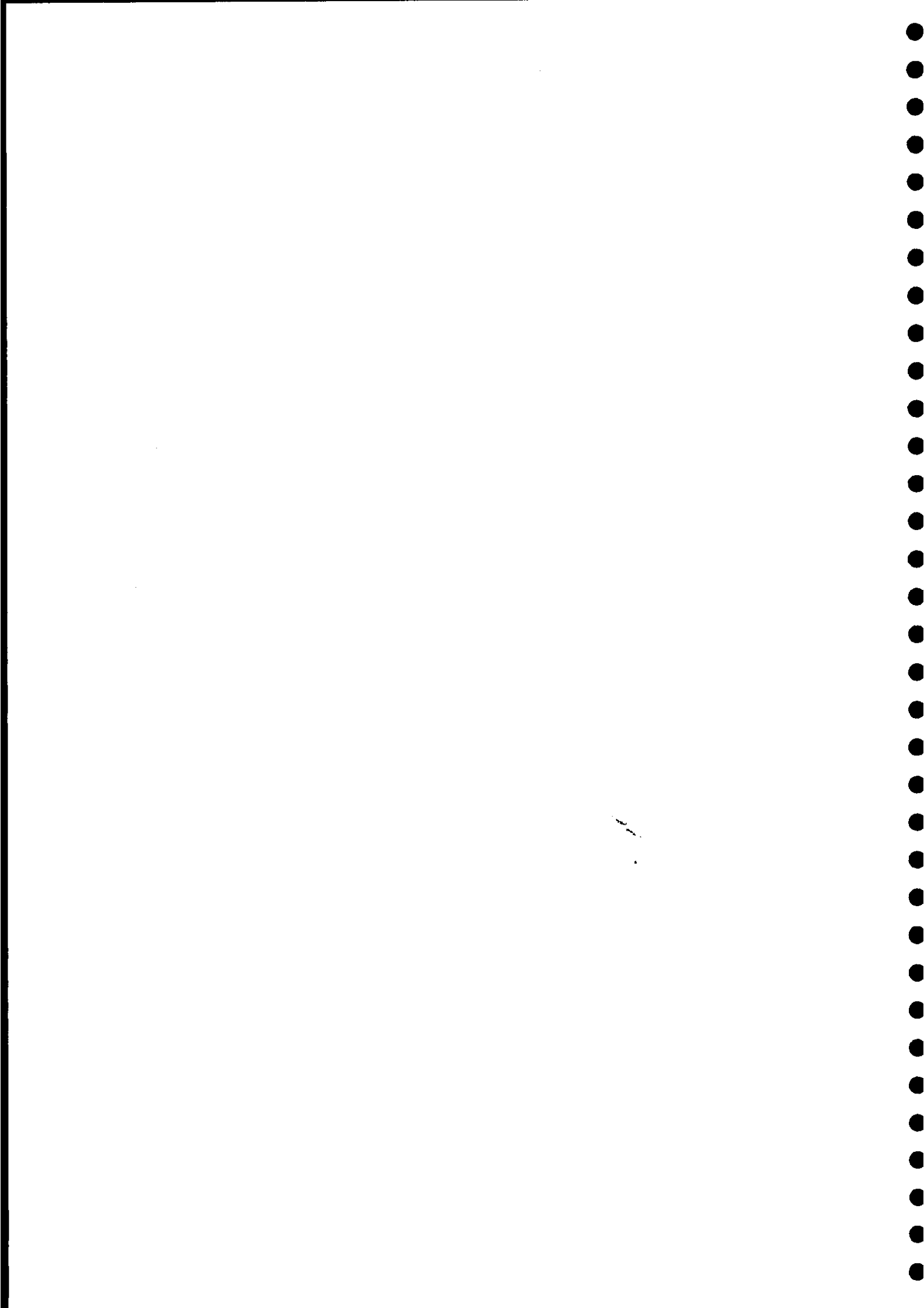
22 January 2001

PROFIT AND LOSS ACCOUNT
Year ended 31 March 2000

	Note	2000 £	1999 £
TURNOVER	2	42,459	-
Cost of sales		(36,570)	-
		<hr/>	<hr/>
Gross profit		5,889	-
Administrative expenses		(43,577)	(6,855)
		<hr/>	<hr/>
OPERATING LOSS	3,4	(37,688)	(6,855)
Interest receivable		42	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(37,646)	(6,855)
Tax on loss on ordinary activities	5	-	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(37,646)	(6,855)
Retained loss brought forward		(22,372)	(15,517)
		<hr/>	<hr/>
Retained loss carried forward		(60,018)	(22,372)
		<hr/>	<hr/>

The results relate wholly to continuing activities.

There were no recognised gains and losses other than the loss for the financial year. Accordingly a Statement of Total recognised Gains and Losses has not been prepared.



BALANCE SHEET
31 March 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets			353		-
CURRENT ASSETS					
Stocks	6	144,029		-	
Debtors	7	268,355		53,614	
Bank		277,435		-	
		<u>689,819</u>		<u>53,614</u>	
CREDITORS: amounts falling due within one year	8	<u>750,189</u>		<u>75,985</u>	
NET CURRENT LIABILITIES			<u>(60,370)</u>		<u>(22,371)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(60,017)</u>		<u>(22,371)</u>
CAPITAL AND RESERVES					
Called up share capital	9		1		1
Profit and loss account			<u>(60,018)</u>		<u>(22,372)</u>
Equity shareholders' funds			<u>(60,017)</u>		<u>(22,371)</u>

These financial statements were approved by the Board of Directors on 15 DECEMBER 2000

Signed on behalf of the Board of Directors


 - Director

NOTES TO THE ACCOUNTS

Year ended 31 March 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value and comprise books published and books in development. Cost comprises all costs directly related with development and publication including payments to authors, editing costs and design and printing costs. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of value added tax. The turnover and pre-tax loss all arise within the United Kingdom.

3. OPERATING LOSS

	2000 £	1999 £
Operating loss is after charging:		
Auditors' remuneration	5,000	-

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

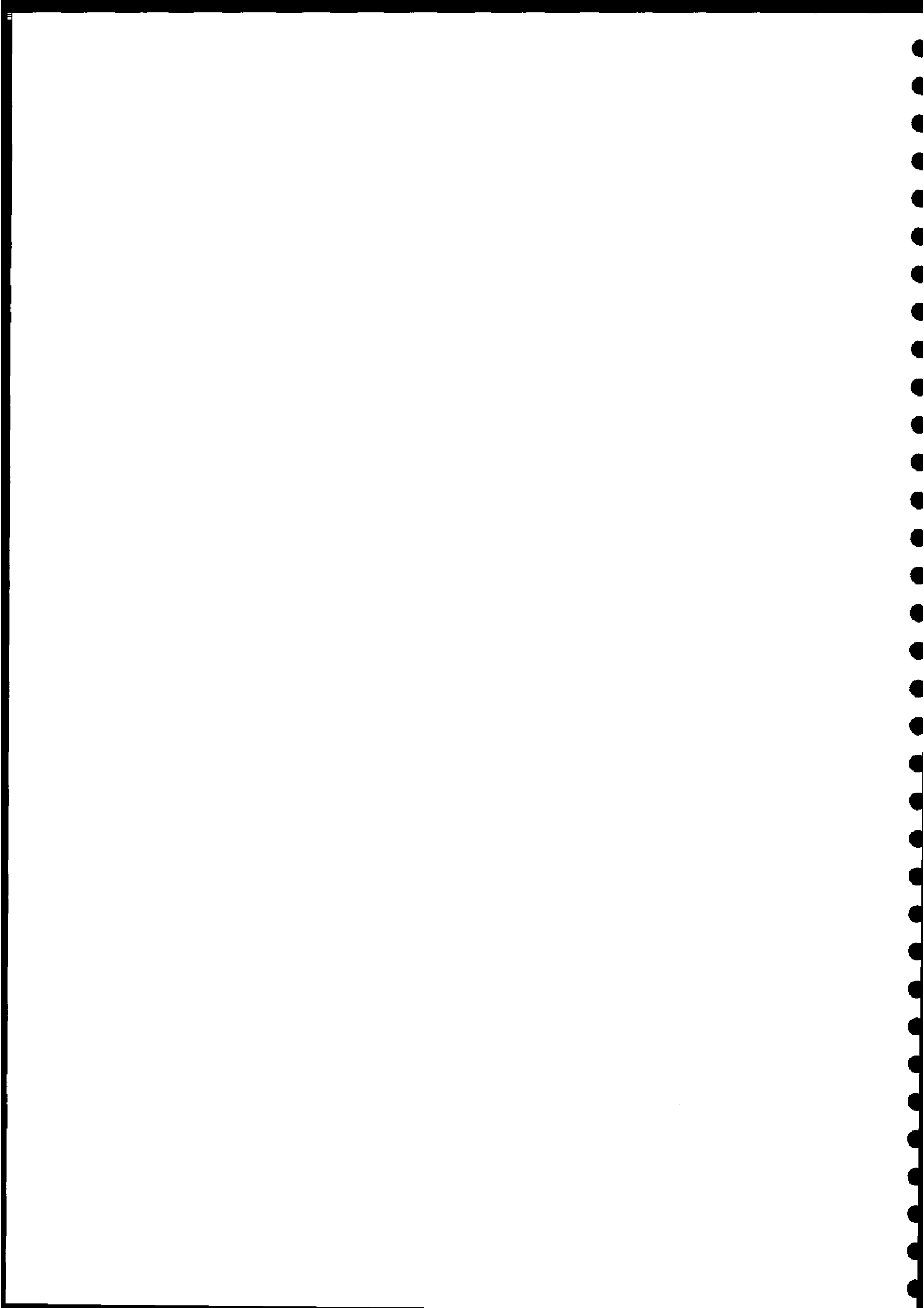
There were no employees other than the directors and not director received any remuneration during the year.

5. TAX ON LOSS ON ORDINARY ACTIVITIES

No tax charge arises due to the loss incurred in the year.

6. STOCKS

	2000 £	1999 £
Work-in-progress	54,972	-
Finished goods	89,057	-
	144,029	-



NOTES TO THE ACCOUNTS
Year ended 31 March 2000

7. DEBTORS

	2000 £	1999 £
Trade debtors	132,635	-
Prepayments and deferred expenditure	131,792	53,613
Other debtors	3,927	-
Amount due from parent company	1	1
	<u>268,355</u>	<u>53,614</u>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £	1999 £
Trade creditors	80,822	-
Amounts due to group company	210,375	75,985
Taxes and social security	23,811	-
Accruals and deferred income	435,181	-
	<u>750,189</u>	<u>75,985</u>

9. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised 100 ordinary shares of £1 each	100	100
Called up, allotted and fully paid 1 ordinary shares of £1 each	1	1

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Loss attributable to members of the company	(37,646)	(6,855)
Net reduction to shareholders' funds	(37,646)	(6,855)
Opening shareholders' funds	(22,371)	(15,516)
Closing shareholders' funds	<u>(60,017)</u>	<u>(22,371)</u>

NOTES TO THE ACCOUNTS

Year ended 31 March 2000

11. ULTIMATE PARENT COMPANY

The company's ultimate parent company is The Lowry Centre Trust (a company limited by guarantee), a company incorporated in England. Copies of the group financial statements are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.

12. TRANSACTIONS WITH GROUP COMPANIES

In accordance with FRS8 disclosure is not required of transactions with entities that are part of the group.