

Company Registration No. 4884791 (England and Wales)

**THE PRODUCERS LONDON LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2005**



# THE PRODUCERS LONDON LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R Frankel T Viertel M Routh
<b>Secretary</b>	A Fell
<b>Company number</b>	4884791
<b>Registered office</b>	4 Ching Court 49 - 51 Monmouth Street London WC2H 9EY
<b>Auditors</b>	R D Brown & Co The Watch Oak Chain Lane Battle East Sussex TN33 0YD
<b>Business address</b>	4 Ching Court 49 - 51 Monmouth Street London WC2H 9EY
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS

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# THE PRODUCERS LONDON LIMITED

## CONTENTS

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	<b>Page</b>
Directors' report	1 - 2
Independent auditors' report	3 - 4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the cash flow statement	8
Notes to the financial statements	9 - 13

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# THE PRODUCERS LONDON LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

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The directors present their report and financial statements for the year ended 31 December 2005.

### Principal activities and review of the business

The principal activity of the company continued to be that of theatre producers.

### Results and dividends

The results for the year are set out on page 5.

### Directors

The following directors have held office since 1 January 2005:

R Frankel  
T Viertel  
M Routh

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
R Frankel	-	-
T Viertel	-	-
M Routh	-	-

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that R D Brown & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

# THE PRODUCERS LONDON LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

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### Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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;
- 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 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.

### Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) 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 the company's auditors are aware of that information.

By order of the board



A Fell

**Secretary**

10 August 2006

# **THE PRODUCERS LONDON LIMITED**

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE PRODUCERS LONDON LIMITED**

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We have audited the financial statements of The Producers London Limited for the year ended 31 December 2005 set out on pages 5 to 13. These financial statements have been prepared under the accounting policies set out therein.

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 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 the directors and auditors**

As described in the Statement of Directors' Responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records or 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.

# THE PRODUCERS LONDON LIMITED

## INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF THE PRODUCERS LONDON LIMITED

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### 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 as at 31 December 2005 and of its profit for the year then ended ; and
- have been properly prepared in accordance with the Companies Act 1985.



R D Brown & Co

10 August 2006

Chartered Accountants  
**Registered Auditor**

The Watch Oak  
Chain Lane  
Battle  
East Sussex  
TN33 0YD

# THE PRODUCERS LONDON LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover	2	17,842,355	4,691,852
Cost of sales		(14,571,565)	(3,384,563)
<b>Gross profit</b>		3,270,790	1,307,289
Distribution costs		(3,065,599)	(1,395,401)
Other operating income		59,808	23,209
<b>Operating profit/(loss)</b>	3	264,999	(64,903)
Other interest receivable and similar income	4	99,298	39,695
Interest payable and similar charges	5	(89,606)	(87,424)
<b>Profit/(loss) on ordinary activities before taxation</b>		274,691	(112,632)
Tax on profit/(loss) on ordinary activities	6	(52,997)	-
<b>Profit/(loss) for the year</b>	11	221,694	(112,632)

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

There are no recognised gains and losses other than those passing through the profit and loss account.



# THE PRODUCERS LONDON LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
<b>Current assets</b>					
Stocks	7	20,558		3,085,075	
Debtors	8	511,609		1,477,856	
Cash at bank and in hand		1,644,636		1,060,857	
		<u>2,176,803</u>		<u>5,623,788</u>	
<b>Creditors: amounts falling due within one year</b>	9	<u>(2,067,641)</u>		<u>(5,736,320)</u>	
<b>Total assets less current liabilities</b>			<u>109,162</u>		<u>(112,532)</u>
<b>Capital and reserves</b>					
Called up share capital	10		100		100
Profit and loss account	11		109,062		(112,632)
<b>Shareholders' funds</b>	12		<u>109,162</u>		<u>(112,532)</u>

Approved by the Board and authorised for issue on 10 August 2006



T Viertel  
Director

# THE PRODUCERS LONDON LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	£	2005 £	£	2004 £
<b>Net cash inflow from operating activities</b>		574,087		1,108,486
<b>Returns on investments and servicing of finance</b>				
Interest received	99,298		39,695	
Interest paid	(89,606)		(87,424)	
<b>Net cash inflow/(outflow) for returns on investments and servicing of finance</b>		9,692		(47,729)
<b>Net cash inflow before management of liquid resources and financing</b>		583,779		1,060,757
<b>Financing</b>				
Issue of ordinary share capital	-		100	
<b>Net cash (outflow)/inflow from financing</b>		-		100
<b>Increase in cash in the year</b>		583,779		1,060,857

# THE PRODUCERS LONDON LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

1	Reconciliation of operating profit/(loss) to net cash inflow from operating activities	2005	2004
		£	£
	Operating profit/(loss)	264,999	(64,903)
	Decrease/(increase) in stocks	3,064,517	(3,085,075)
	Decrease/(increase) in debtors	966,247	(1,477,856)
	(Decrease)/Increase in creditors within one year	(3,721,676)	5,736,320
	<b>Net cash inflow from operating activities</b>	<b>574,087</b>	<b>1,108,486</b>

  

2	Analysis of net funds	1 January 2005	Cash flow	Other non-cash changes	31 December 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	1,060,857	583,779	-	1,644,636
	Bank deposits	-	-	-	-
	<b>Net funds</b>	<b>1,060,857</b>	<b>583,779</b>	<b>-</b>	<b>1,644,636</b>

  

3	Reconciliation of net cash flow to movement in net funds	2005	2004
		£	£
	Increase in cash in the year	583,779	1,060,857
	<b>Movement in net funds in the year</b>	<b>583,779</b>	<b>1,060,857</b>
	Opening net funds	1,060,857	-
	<b>Closing net funds</b>	<b>1,644,636</b>	<b>1,060,857</b>

# THE PRODUCERS LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.4 Stock and production costs

Stock is valued at the lower of cost and net realisable value.

Production costs consist of all expenses incurred in mounting the production. The production costs of the company are being amortised over the estimated life of the production using the income forecast method. Amortisation expense for the year ended 31 December 2005 was £3,065,599 (2004 was £1,395,401).

#### 1.5 Accounting period

These financial statements have been prepared for the year ended 31 December 2005 (2004 - was for the period from 2 September 2003, the date of incorporation, to 31 December 2004).

### 2 Turnover

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

### 3 Operating profit/(loss)

	2005	2004
	£	£
Operating profit/(loss) is stated after charging:		
Auditors' remuneration	7,500	6,000

### 4 Investment income

	2005	2004
	£	£
Bank interest	99,298	39,695

### 5 Interest payable

	2005	2004
	£	£
On other loans wholly repayable within five years	89,606	87,424

# THE PRODUCERS LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

6	Taxation	2005 £	2004 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	52,997	-
	<b>Current tax charge</b>	<u>52,997</u>	<u>-</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit/(loss) on ordinary activities before taxation	<u>274,691</u>	<u>(112,632)</u>
	Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2004 - 0.00%)	<u>52,191</u>	<u>-</u>
	Effects of:		
	Non deductible expenses	2,843	-
	Capital allowances	(2,037)	-
		<u>806</u>	<u>-</u>
	<b>Current tax charge</b>	<u>52,997</u>	<u>-</u>

The company has estimated losses of £ nil (2004 - £ 10,719) available for carry forward against future trading profits.

7	Stocks and production costs	2005 £	2004 £
	Stock of merchandise	20,558	19,476
	Unamortised production costs	-	3,065,599
		<u>20,558</u>	<u>3,085,075</u>

8	Debtors	2005 £	2004 £
	Trade debtors	449,578	1,094,238
	Prepayments and accrued income	62,031	383,618
		<u>511,609</u>	<u>1,477,856</u>

# THE PRODUCERS LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

<b>9</b>	<b>Creditors: amounts falling due within one year</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	Trade creditors	707,030	895,952
	Amounts owed to parent and fellow subsidiary undertakings	489,499	4,108,174
	Corporation tax	52,997	-
	Other taxes and social security costs	313,015	548,813
	Other creditors	66,814	103,771
	Accruals and deferred income	438,286	79,610
		<u>2,067,641</u>	<u>5,736,320</u>
<b>10</b>	<b>Share capital</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b>		
	1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<b>Allotted, called up and fully paid</b>		
	100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<b>11</b>	<b>Statement of movements on profit and loss account</b>		<b>Profit and loss account</b>
			<b>£</b>
	Balance at 1 January 2005		(112,632)
	Profit for the year		221,694
	Balance at 31 December 2005		<u>109,062</u>
<b>12</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2005</b>	<b>2004</b>
		<b>£</b>	<b>£</b>
	Profit/(Loss) for the financial year	221,694	(112,632)
	Proceeds from issue of shares	-	100
	Net addition to/(depletion in) shareholders' funds	<u>221,694</u>	<u>(112,532)</u>
	Opening shareholders' funds	(112,532)	-
	Closing shareholders' funds	<u>109,162</u>	<u>(112,532)</u>

# THE PRODUCERS LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

### 13 Employees

#### Number of employees

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

	2005 Number	2004 Number
Management and administration	3	3
Production and running	85	67
	<u>88</u>	<u>70</u>

#### Employment costs

	2005 £	2004 £
Wages and salaries	4,258,032	1,140,008
Social security costs	326,483	89,665
	<u>4,307,391</u>	<u>1,159,729</u>

### 14 Control

The immediate and the ultimate parent company is B & B Producers London UK investment company LP, a Limited Liability partnership registered in the state of New York, USA.

# THE PRODUCERS LONDON LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

### 15 Related party transactions

During the period 2004 the company received from the parent concern, interest free Loans of £2,680,500 and interest bearing loans of £2,680,500. The interest charged for the year ended 31 December 2005 was £ 89,606 (2004 - £87,424). The company paid the parent concern £3,134,675 (2004 - £1,340,250) being part repayment of the loans.

The following were related parties of the company being general partners of B & B Producers London UK Investment company LP.

During the year royalties were payable to them and services were sold to the company by them. The amounts outstanding at the year end were £ 334,851 (2004 - £261,539).

	2005		2004	
	Royalties Payable	Services Sold to the Company	Royalties Payable	Services Sold to the Company
	£	£	£	£
Clear Channel (part of Pace Theatrical Groups Inc)	39,774	17,921	12,675	14,317
Rocco Lanesman (Thunderbird Theatricals Inc)	39,774	17,921	12,675	2,223
Mel Brooks (Brookscan Inc)	458,747	8,961	148,511	1,116
Robert Sillerman (MJX London Inc)	19,887	8,961	6,338	1,116
Scorpio Entertainment Inc (T. Viertel)	19,887	8,961	6,337	8,998
Richard Frankel Productions Inc (R. Frankel)	9,940	4,480	3,170	8,180
Marc Routh Productions Inc (Marc Routh)	9,941	4,480	3,169	558
B & B Producers UK London Licencing Company LP.	17,186	111,954	0	32,146

R. Frankel, T. Viertel and M. Routh were also Directors of the company.