

ACADEMY MUSIC HOLDINGS LIMITED

Consolidated Report and Financial Statements

31 December 2011

Registered No 05141419

TUESDAY



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COMPANIES HOUSE

Academy Music Holdings Limited

COMPANY INFORMATION

DIRECTORS

R B H Angus
D Desmond
S R Douglas
P R Latham
S J Moran
J M Hands

SECRETARY

S Emeny

AUDITORS

Grant Thornton UK LLP
Grant Thornton House
Melton Street
London
NW1 2EP

BANKERS

HSBC Bank plc
City Corporate Banking Centre
First Floor
60 Queen Victoria Street
London
EC4N 4TR

Santander UK plc
2 Triton Square
Regent's place
London
NW1 3AN

REGISTERED OFFICE

211 Stockwell Road
London
SW9 9SL

Academy Music Holdings Limited

DIRECTORS' REPORT

The directors present their report and financial statements for the group for the year ended 31 December 2011

PRINCIPAL ACTIVITY

The principal activity of the group continues to be that of the operation of live music venues across the UK

FUTURE DEVELOPMENTS

Notwithstanding the risk and uncertainties outlined below, the directors do not anticipate any significant change in the activities and results of the group in the foreseeable future

RESULTS AND DIVIDENDS

The consolidated loss after tax for the year ended 31 December 2011 was £885,460 (2010 - loss of £2,022,050) A dividend of £nil was paid during the year (2010 – £nil)

As shown in the consolidated profit and loss account on page 6, the group's turnover has decreased by 0.1% over the prior year to £36,697,016 and the operating profit has increased by 45% to £2,660,484 over the prior year

The consolidated balance sheet on page 7 of the financial statements shows the group's financial position at the year end. Net liabilities have increased by 217% to £1,266,736

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business

PRINCIPAL RISKS AND UNCERTAINTIES

Systems and procedures are in place to identify, assess and mitigate major business risks that could impact the group. Monitoring exposure to risk and uncertainty is an integral part of the group's structured management processes. The principal risks that the group faces are operational risk, competition, regulatory and legislative impacts, recruitment and retention of staff and maintenance of reputation

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 December 2011, except as noted, were as follows

R B H Angus	
S R Douglas	
D Desmond	
P R Latham	
S J Moran	
J Northcote	(appointment ended 18 August 2011)
T Rolph	(resigned 1 April 2012)
J M Hands	(appointed 1 April 2012)

None of the directors had any interests in the share capital of the company at any time during the year or at 31 December 2011

Academy Music Holdings Limited

DIRECTORS' REPORT (CONTINUED)

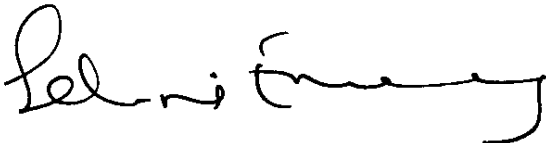
EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF DISABLED PERSONS

The employees of the company are systematically provided with information on matters which concern them as employees. Employees or their representation are regularly consulted when decisions are taken which are likely to affect their interests. The directors continue to provide information to employees in order to achieve employee awareness of financial and economic factors affecting the company. The company maintains a policy of giving fair consideration to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. In the event of an employee becoming disabled, the company uses its best endeavors to ensure continued employment.

AUDITORS

During 2011 the decision was made to appoint Grant Thornton UK LLP as the auditor of the company. As a result Rees Pollock resigned as auditor and Grant Thornton UK LLP were appointed. A resolution to re-appoint Grant Thornton UK LLP as the group's auditor will be proposed in accordance with section 485 of the Companies Act 2006.

On behalf of the Board



S H Emery
Secretary

Date 26/04/12

Academy Music Holdings Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 laws). 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 and profit or loss of the company and group 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 estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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.

In so far as each of the directors is aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Academy Music Holdings Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ACADEMY MUSIC HOLDINGS LIMITED

We have audited the consolidated financial statements of Academy Music Holdings Limited for the year ended 31 December 2011 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and the related notes 1 to 27. 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 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

As explained more fully in the Directors' Responsibilities Statement, 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2011 and of its loss for the year then ended,
- 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 matters prescribed by the Companies Act 2006

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

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company 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.

Grant Thornton UK LLP

Nicholas Page (Senior Statutory Auditor)

for and on behalf of Grant Thornton UK LLP, Statutory Auditor, Chartered Accountants

London

Date

1 May 2012

Academy Music Holdings Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
TURNOVER	2	36,697,016	36,739,835
Cost of sales		(5,053,146)	(4,914,928)
GROSS PROFIT		31,643,870	31,824,907
Administrative expenses		(27,637,533)	(28,651,537)
Amortisation of goodwill		(1,345,853)	(1,345,853)
Total administrative expenses		(28,983,386)	(29,997,390)
OPERATING PROFIT	3	2,660,484	1,827,517
Interest receivable and similar income		856	22
Interest payable and similar charges	5	(4,110,993)	(4,218,719)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAX		(1,449,653)	(2,391,180)
Tax on loss on ordinary activities	6	651,734	383,227
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		(797,919)	(2,007,953)
Equity Minority Interests	19	(87,541)	(14,097)
(LOSS) FOR THE FINANCIAL YEAR	19	(885,460)	(2,022,050)

All the group's operations are continuing

There are no recognised gains or losses other than as stated in the profit and loss account

The accompanying accounting policies and notes form part of the financial statements

Academy Music Holdings Limited

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Intangible assets	8	15,380,975	16,767,077
Tangible fixed assets	9	28,828,040	30,241,350
		<u>44,209,015</u>	<u>47,008,427</u>
CURRENT ASSETS			
Stocks	11	373,129	434,972
Debtors	12	5,199,091	3,863,798
Cash at bank and in hand		5,145,925	4,024,939
		<u>10,718,145</u>	<u>8,323,709</u>
CREDITORS: amounts falling due within one year	13	<u>(14,015,837)</u>	<u>(13,744,810)</u>
NET CURRENT (LIABILITIES)		<u>(3,297,692)</u>	<u>(5,421,101)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		40,911,323	41,587,326
CREDITORS: amounts falling due after more than one year	14	(40,477,719)	(39,823,468)
PROVISIONS FOR LIABILITIES	17	(1,700,340)	(2,165,175)
NET (LIABILITIES)		<u>(1,266,736)</u>	<u>(401,317)</u>
CAPITAL AND RESERVES			
Called up share capital	19	500,000	500,000
Profit and loss account	19	(2,068,215)	(1,182,755)
EQUITY SHAREHOLDERS' DEFICIT	19	<u>(1,568,215)</u>	<u>(682,755)</u>
Equity Minority Interests	19	301,479	281,438
		<u>(1,266,736)</u>	<u>(401,317)</u>

Signed on behalf of the Board

J M Hands
Director

Date 26 April 2012

Registered No 05141419

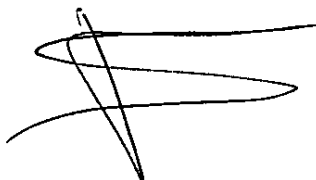
The accompanying accounting policies and notes form part of the financial statements

Academy Music Holdings Limited

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2011

	Notes	2011 £	2010 £
FIXED ASSETS			
Investments	10	516,266	516,266
CURRENT ASSETS			
Debtors	12	282,141	265,742
Cash at bank and in hand		7,046	7,110
		<u>289,187</u>	<u>272,852</u>
CREDITORS: amounts falling due within one year	13	<u>(1,069,664)</u>	<u>(950,028)</u>
NET CURRENT LIABILITIES		<u>(780,477)</u>	<u>(677,176)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(264,211)</u>	<u>(160,910)</u>
CAPITAL AND RESERVES			
Called up share capital	18	500,000	500,000
Profit and loss account	19	(764,211)	(660,910)
EQUITY SHAREHOLDERS' DEFICIT	19	<u>(264,211)</u>	<u>(160,910)</u>

Signed on behalf of the Board



J M Hands
Director

Date 26 April 2012

Registered No 05141419

The accompanying accounting policies and notes form part of the financial statements

Academy Music Holdings Limited

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Net cash flow from operating activities	20	8,109,044	8,585,526
Returns on investment and servicing of finance	21	(2,811,203)	(1,273,058)
Taxation		(194,839)	(229,577)
Capital expenditure and financial instruments	21	(1,706,079)	(1,024,853)
CASH INFLOW BEFORE FINANCING		3,396,923	6,058,038
Financing	21	(2,275,937)	(7,218,800)
INCREASE / (DECREASE) IN CASH IN THE YEAR		1,120,986	(1,160,762)
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2011			
Increase / (decrease) in cash in the year		1,120,986	(1,160,762)
Cash inflow decrease in loans		1,800,000	6,455,093
Cash outflow from decrease in finance leases		475,936	763,707
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		3,396,922	6,058,038
New finance lease		-	(741,404)
Non-cash movements in loans		(1,386,122)	(2,679,990)
MOVEMENT IN NET DEBT IN THE YEAR		2,010,800	2,636,644
Net debt at 1 January 2011		(37,838,352)	(40,474,996)
NET DEBT AT 31 DECEMBER 2011	22	(35,827,552)	(37,838,352)

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

1 ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. Accounting policies for all material transactions have been applied consistently unless otherwise stated, and are set out below.

Basis of consolidation

The consolidated financial statements consolidate those of the company and all of its subsidiaries made up to 31 December 2011.

Entities in which the group holds an interest on a long term basis and are jointly controlled by the group and one or more other ventures under a contractual arrangement are treated as joint ventures. In the group financial statements, joint ventures are accounted for using the gross equity method.

In the parent company financial statements investments in subsidiaries, joint ventures and associates are accounted for at the lower of cost and net realisable value.

No profit and loss account is provided for Academy Music Holdings Limited as provided by section 408 of the Companies Act 2006. The profit of the company is disclosed in note 8 of the financial statements.

Going concern

The group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Directors' Report on page 2.

The group refinanced its facilities in 2010 which has left it in a good financial position. The new financing is providing adequate support for the group's business plan over the next 5 years which envisages significant ongoing growth. The group's strength is demonstrated in the cashflow statement which shows cash inflows from operating activities of £8.1m which more than cover debt servicing outflows of £1.8m and in the profit and loss account where underlying EBITDA has reached £6.7m for the year to 31 December 2011.

Based on the above 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.

Revenue recognition

Turnover

Turnover, which is stated net of value added tax, represents amounts receivable for goods and services. Turnover is attributable to the group's principal activity and is all generated in the UK. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer. Turnover from the supply of services represents the value of services provided under contracts to the extent that there is a right to consideration and is phased equally over the duration of the contract at the value of the consideration due.

Where a contract has only been partially completed at the balance sheet date turnover represents the value of the service provided to date based on a proportion of the total contract value. Where payments are received from customers in advance of services provided, the amounts are recorded as Deferred Income and included as part of Creditors due within one year or after more than one year.

Interest income

Revenue is recognised as interest accrues using the interest rate determined by the loan agreement or the prevailing interest rate.

Income from fixed asset investments

Revenue is recognised when the company's right to receive payment is established.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

1 ACCOUNTING POLICIES (CONTINUED)

Intangible fixed assets and amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of the asset

Amortisation is provided at the following rates

Trademarks 10% straight line

Goodwill

Positive purchased goodwill arising on acquisition is capitalised, classified as an asset on the balance sheet and amortised over its estimated life up to a maximum of 20 years. This length of time is presumed to be the maximum useful life of purchased goodwill because it is difficult to make projections beyond this year. Goodwill is reviewed for impairment at the end of the first full financial year following each acquisition and subsequently as and when as necessary if circumstances emerge that indicate that the carrying value may not be recoverable.

Tangible Assets

Fixed assets are stated at cost less accumulated depreciation

Fixed assets are depreciated so as to write them off over their anticipated useful lives on a straight line basis as follows

Freehold properties	-	2% per annum straight line
Leasehold properties	-	over the term of the lease
Plant and machinery	-	straight line over 6 years
Fixtures and fittings	-	straight line over 7 years

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

Finance leases

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risk of ownership are assumed by the group. Obligations under such agreements are included in creditors net of finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating leases

Rentals under operating lease are charged to the profit and loss account on a straight line basis over the lease term.

Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Government grants

Government grants in respect of capital expenditure are credited to deferred income and are released to profit over the expected useful lives of the relevant assets by equal annual installments.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

1 ACCOUNTING POLICIES (CONTINUED)

Deferred taxation

In accordance with FRS 19 (Deferred Tax), full provision is made for deferred tax arising from timing differences between the differing treatment of certain items for taxation and accounting purposes. The provision is calculated at the rates of taxation at which it is estimated the liability will arise and is not discounted.

No provision is made in respect of timing differences arising from the sale or revaluation of fixed assets unless there is a commitment to the disposal of the assets at the balance sheet date. No provision is made for the tax which would become payable on the distribution of retained profits by foreign subsidiaries, associates or joint ventures, unless there is an intention to distribute such retained earnings giving rise to a charge.

Provision on timing differences arising when an asset is continuously revalued to fair value is only made where changes in fair value are recognised in the profit and loss account. Deferred tax assets are recognised only to the extent that the directors consider there to be suitable taxable profits from which the underlying timing differences can be deducted.

Pensions

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the group to the fund in respect of the year.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

2 TURNOVER

Turnover, which excludes value added tax, represents amounts due from the group's principal business, that of management of concert venues. All turnover is derived in the United Kingdom.

3 OPERATING PROFIT

This is stated after charging/(crediting)

	2011	2010
	£	£
Amortisation of intangible assets	48,062	7,393
Amortisation of goodwill	1,345,853	1,345,853
Depreciation of tangible fixed assets		
owned by the group	2,927,780	5,133,370
held under finance leases	144,554	238,723
Fees payable to the company's auditor for the audit of the company's annual accounts	1,000	4,750
Fees payable to the company's auditor and its associates for other services		
the audit of the company's subsidiaries	55,500	47,750
other fees	-	12,500
Operating lease rentals - land and buildings	2,194,599	2,126,719
Release of deferred income on government grant	(8,600)	(8,600)

Accelerated depreciation

During 2010, the directors decided to align the group's accounting estimates and accounting policies with those of its parent companies. The outcome of the consequent review was an acceleration of the depreciation charged on a number of assets. This resulted in a one-off additional depreciation charge in 2010, giving a charge in the accounts which is significantly greater than that in previous years.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

4 STAFF COSTS

	2011	2010
	£	£
Wages and salaries	6,600,575	6,577,128
Social security costs	471,104	471,898
Pension costs	165,189	116,323
	<u>7,236,868</u>	<u>7,165,349</u>

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

	2011	2010
Number of operations staff	221	212
Number of administrative staff	149	140
	<u>370</u>	<u>352</u>

Directors' emoluments included in the staff costs above are

	2011	2010
	£	£
Emoluments, including benefits in kind	311,683	457,842
Pension contributions under defined contribution schemes	36,305	57,230
	<u>347,988</u>	<u>515,072</u>

During the year retirement benefits were accruing to 1 director (2010 - 1) in respect of defined contribution pension schemes

	2011	2010
	£	£
Highest paid director		
Emoluments, including benefits in kind	199,858	283,744
Pension contributions under defined contribution schemes	22,326	35,468
	<u>222,184</u>	<u>319,212</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£	£
On bank loans and overdrafts	1,661,126	1,310,134
On other loans	2,141,896	1,961,055
On finance lease and hire purchase contracts	38,943	38,610
Amortisation of loan issue expenses	269,028	908,920
	<u>4,110,993</u>	<u>4,218,719</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

6 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credit in the year

	2011 £	2010 £
Current tax		
UK Corporation Tax on losses for the year	-	576,998
Adjustments in respect of previous years	(186,900)	5,100
	<u>(186,900)</u>	<u>582,098</u>
Total current tax (note 6 (b))	<u>(186,900)</u>	<u>582,098</u>
Deferred tax		
Origination and reversal of timing differences	(320,538)	(885,178)
Adjustments in respect of previous periods	16,086	-
Changes in tax rates and laws	(160,383)	(80,147)
	<u>(464,835)</u>	<u>(965,325)</u>
Total deferred tax	<u>(464,835)</u>	<u>(965,325)</u>
Total tax (credit)	<u>(651,735)</u>	<u>(383,227)</u>

(b) Factors affecting the current tax (credit) / charge for the year

The difference between the total current tax (credit) / charge shown above and the amount calculated by applying the standard rate of UK Corporation tax of 26.5% (2010 - 28%) to the loss before tax is as follows

	2011 £	2010 £
Loss on ordinary activities before taxation	(1,449,653)	(2,391,180)
	<u>(1,449,653)</u>	<u>(2,391,180)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 26.5% (2010 - 28%)	(384,158)	(669,530)
Effects of		
Expenses not deductible for tax purposes	569,569	559,974
Depreciation in excess of capital allowances	343,295	886,146
Adjustments to tax charge in respect of prior periods	(186,900)	5,100
Short term timing differences	(3,526)	(2,211)
Transfer pricing adjustment	(525,180)	(197,381)
	<u>(186,900)</u>	<u>582,098</u>
Current tax (credit) / charge for the year (note 6 (a))	<u>(186,900)</u>	<u>582,098</u>

The prior year adjustment principally relates to a change in the transfer pricing adjustments estimated at provision

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

7 PROFIT OF THE PARENT UNDERTAKING

The amount of the group result attributable to Academy Music Holdings Limited, which has been accounted for within its own financial statements, is a loss after tax of £103,301 (2010 - loss of 107,923)

8 INTANGIBLE FIXED ASSETS

Group	Goodwill £	Trademarks £	Total £
Cost			
At 1 January 2011	24,144,659	73,933	24,218,592
Additions	-	7,813	7,813
Disposal	-	(81,746)	(81,746)
At 31 December 2011	24,144,659	-	24,144,659
Amortisation			
At 1 January 2011	7,417,831	33,684	7,451,515
Charge for the year	1,345,853	48,062	1,393,915
Disposal	-	(81,746)	(81,746)
At 31 December 2011	8,763,684	-	8,763,684
Net book value			
At 31 December 2011	15,380,975	-	15,380,975
At 31 December 2010	16,726,828	40,249	16,767,077

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

9 TANGIBLE FIXED ASSETS

Group	Freehold property	Leasehold property	Plant and machinery	Fixtures and fittings	Total
Cost	£	£	£	£	£
At 1 January 2011	6,272,274	25,790,765	9,642,341	1,980,817	43,686,197
Additions	165,354	487,157	371,854	654,975	1,679,340
Disposals	-	(92,997)	(20,316)	-	(113,313)
At 31 December 2011	<u>6,437,628</u>	<u>26,184,925</u>	<u>9,993,879</u>	<u>2,635,792</u>	<u>45,252,224</u>
Depreciation					
At 1 January 2011	1,194,182	5,596,493	5,344,686	1,309,486	13,444,847
Charge for year	137,363	1,208,791	1,236,505	489,675	3,072,334
Disposals	-	(92,997)	-	-	(92,997)
At 31 December 2011	<u>1,331,545</u>	<u>6,712,287</u>	<u>6,581,191</u>	<u>1,799,161</u>	<u>16,424,184</u>
Net book value					
At 31 December 2011	<u>5,106,083</u>	<u>19,472,638</u>	<u>3,412,688</u>	<u>836,631</u>	<u>28,828,040</u>
At 31 December 2010	<u>5,078,092</u>	<u>20,194,272</u>	<u>4,297,655</u>	<u>671,331</u>	<u>30,241,350</u>

Finance lease agreement

Included within the net book value of plant and machinery is £584,169 (2010 - £1,911,464) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £144,553 (2010 - £238,723)

Leasehold property

All of the leasehold property is ascribable to land held on short lease

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

10 FIXED ASSET INVESTMENTS

Company	Investment in subsidiary companies £
Cost or valuation	
At 1 January 2011 and 31 December 2011	516,266

Subsidiary undertakings

At 31 December 2011, except where indicated, the company held 100% of the issued share capital of the following companies

Name	Principal activity	Country of company registration	Holdings	Holding
Academy Music Group Limited	Holding company	UK	Ordinary shares	100 0%
Electricland Limited	Holding company	UK	Ordinary shares	100 0%
The Academy Music Fund Limited	Charitable fund	UK	Limited by guarantee	N/A
Tecjet Limited	Venue operator	UK	Ordinary shares	77 5%

The company owns several other dormant subsidiary undertakings

11 STOCKS

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Goods held for resale	373,129	434,972	-	-

12 DEBTORS

	Group		Company	
	2011	Restated 2010	2011	2010
	£	£	£	£
Trade debtors	541,940	908,064	-	-
Amounts owed by group undertakings	3,038,174	1,247,526	206,808	203,741
Prepayments and accrued income	1,088,183	1,462,726	-	-
Other debtors	321,774	183,481	-	-
Deferred tax	-	-	8,333	-
Corporation tax	209,020	62,001	67,000	62,001
	5,199,091	3,863,798	282,141	265,742

2010 debtors have been re-stated to reclass £62,001 from other debtors to corporation tax. This reclass has no impact on the balance sheet position.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

13 CREDITORS: amounts falling due within one year

	Group		Company	
	2011	Restated 2010	2011	2010
	£	£	£	£
Bank loans and overdraft (see note 15)	2,668,254	1,800,000	-	-
Net obligations under finance leases and hire purchase contracts	200,785	476,658	-	-
Trade creditors	1,501,446	1,926,371	-	-
Amounts owed to group undertakings	387,506	-	1,004,415	867,527
Corporation tax	-	251,693	-	-
Taxation and social security	2,011,134	1,240,472	-	-
Accruals and deferred income	3,681,917	4,250,956	65,249	82,500
Other creditors	3,564,795	3,798,660	-	1
	<u>14,015,837</u>	<u>13,744,810</u>	<u>1,069,664</u>	<u>950,028</u>

The overdraft is secured by a fixed and floating charge over the assets of the group

2010 creditors have been re-stated to reclass £8,191 from taxation and social security to corporation tax. This reclass has no impact on the balance sheet position.

14 CREDITORS: amounts falling due after more than one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans (see note 15)	17,683,711	19,386,267	-	-
Loan notes (see note 15)	20,246,543	19,826,119	-	-
Net obligations under finance leases and hire purchase contracts	174,184	374,247	-	-
Accruals and deferred income	2,373,281	236,835	-	-
	<u>40,477,719</u>	<u>39,823,468</u>	<u>-</u>	<u>-</u>

Obligations under finance leases and hire purchase contracts, included above, are payable as follows

	2011	2010
	£	£
Between one and five years	<u>174,184</u>	<u>374,247</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

15 LOANS

Creditors include finance capital which is due for repayment as follows

	2011 £	2010 £
Amounts repayable		
In one year or less on demand	2,668,254	1,800,000
In more than one year but not more than two years	1,900,000	1,900,000
In more than two years but not more than five years	17,000,000	4,600,000
In more than five years	20,246,543	34,126,119
	<u>41,814,797</u>	<u>42,426,119</u>
Unamortised loan issue cost	(1,216,289)	(1,413,733)
	<u>40,598,508</u>	<u>41,012,386</u>
Disclosed as		
Loans falling due within one year	2,668,254	1,800,000
Loans falling due after more than one year	37,930,254	39,212,386
	<u>40,598,508</u>	<u>41,012,386</u>

The group undertook a refinancing of its loans in 2010. The loan instruments at the end of the year comprise the following

Loan notes of £11,771,509 which are due for repayment in August 2021

A bank loan of £6,800,000 which is due for repayment by installments from January 2011 to February 2016

A bank loan of £8,500,000 which is due for repayment in February 2016

A bank loan of £5,500,000 which is due for repayment in February 2016

Interest on these instruments is charged at a normal commercial rates as agreed with the lenders from time to time

The bank loans are secured by a fixed and floating charge over the assets of the group

The group has entered into an interest rate swap arrangement with the counterparties to the bank loans disclosed above. The swap instrument is held in the accounts at cost. At the year end, the market value of the swap instrument was a liability of £1.8million

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

16 DEFERRED GRANT INCOME

Government grants, included within accruals and deferred income, are receivable as follows

	2011 £	2010 £
Amounts repayable		
In one year or less	8,600	8,600
In more than one year but not more than two years	8,600	8,600
In more than two years but not more than five years	25,800	25,800
In more than five years	69,510	78,110
	<u>112,510</u>	<u>121,110</u>

17 DEFERRED TAX

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Deferred tax liability at 1 January 2011 / 2010	2,165,175	3,130,500	-	-
Profit and loss account (credit)	(304,452)	(965,325)	(8,333)	-
Changes in tax rates and laws	(160,383)	-	-	-
Deferred tax liability / (asset) at 31 December 2011 / 2010	<u>1,700,340</u>	<u>2,165,175</u>	<u>(8,333)</u>	<u>-</u>

Details of the deferred tax liability / (asset) are given below

	Group		Company	
	2011 £	2010 £	2011 £	2010 £
Excess of capital allowances over depreciation	1,706,373	2,203,307	-	-
Other short term timing differences	(6,033)	(38,132)	(8,333)	-
Deferred tax liability / (asset)	<u>1,700,340</u>	<u>2,165,175</u>	<u>(8,333)</u>	<u>-</u>

The Finance Act 2011, which was substantively enacted on 19 July 2011, included legislation reducing the main rate of corporation tax from 26% to 25% from 1 April 2012. As such the rate change was substantively enacted at the balance sheet date and the impact has therefore been included in these financial statements.

Further reductions to the main rate were proposed in the 2012 budget to reduce the rate to 24% from 1 April 2012 and a further 1% per annum, to 22% by 1 April 2014. These changes had not been substantively enacted at the balance sheet date and therefore, are not included in these financial statements. The proposed further reductions are expected to be enacted separately each year. The overall effect of these changes, if applied to the Deferred Tax balance at 31 December 2011, would be to reduce the Deferred Tax liability by approximately £204k (being £68k recognised in 2012, £68k recognised in 2013 and £68k recognised in 2014).

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

18 SHARE CAPITAL

	2011 £	2010 £
<i>Allotted, called up and fully paid</i>		
87,840 "A" Ordinary shares of £0 50 each	43,920	43,920
392,160 "B" Ordinary shares of £0 50 each	196,080	196,080
520,000 "C" Ordinary shares of £0 50 each	260,000	260,000
	<u>500,000</u>	<u>500,000</u>

The "A" Ordinary shares, "B" Ordinary shares and "C" Ordinary shares rank pari passu in all respects, except as stated below

The holders of "C" Ordinary shares are entitled to appoint two non executive directors and a chairman by majority decision

Any holder of 30% or more "B" Ordinary shares is entitled to appoint one non executive director

19 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

Group

	Minority Interest £	Share capital £	Profit and loss account £	Total £
At 1 January 2010	267,341	500,000	839,295	1,606,636
Loss for the year	-	-	(2,022,050)	(2,022,050)
Minority share of profit after taxation for the year	14,097	-	-	14,097
	<u>281,438</u>	<u>500,000</u>	<u>(1,182,755)</u>	<u>(401,317)</u>
At 1 January 2011	281,438	500,000	(1,182,755)	(401,317)
Loss for the year	-	-	(885,460)	(885,460)
Dividend received by minority interest	(67,500)	-	-	(67,500)
Minority share of profit after taxation for the year	87,541	-	-	87,541
	<u>301,479</u>	<u>500,000</u>	<u>(2,068,215)</u>	<u>(1,266,736)</u>

Company

	Share capital £	Profit and loss account £	Total £
At 1 January 2010	500,000	(552,987)	(52,987)
Loss for the year	-	(107,923)	(107,923)
	<u>500,000</u>	<u>(660,910)</u>	<u>(160,910)</u>
At 1 January 2011	500,000	(660,910)	(160,910)
Loss for the year	-	(103,301)	(103,301)
	<u>500,000</u>	<u>(764,211)</u>	<u>(264,211)</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

20 NET CASH FLOW FROM OPERATING ACTIVITIES

	2011	2010
	£	£
Operating profit	2,660,484	1,827,517
Amortisation of intangible fixed assets	1,393,915	1,353,246
Depreciation of tangible fixed assets	3,072,334	5,344,643
Decrease in stocks	61,843	(57,896)
Increase in debtors	(1,188,275)	(292,409)
Decrease in creditors	2,108,743	410,425
	<u>8,109,044</u>	<u>8,585,526</u>

21 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN CASH FLOW STATEMENT

	2011	2010
	£	£
Returns on investment and servicing of finance		
Interest received	856	22
Interest paid	(2,773,449)	(1,234,470)
Hire purchase interest	(38,610)	(38,610)
	<u>(2,811,203)</u>	<u>(1,273,058)</u>
Capital expenditure and financial investment		
Payments to acquire intangible fixed assets	(7,813)	(18,309)
Payments to acquire tangible fixed assets	(1,698,266)	(1,006,544)
	<u>(1,706,079)</u>	<u>(1,024,853)</u>
Financing		
New bank loans	-	22,169,907
Repayment of bank loans	(1,800,000)	(28,625,000)
Capital element of finance lease payments	(475,937)	(763,707)
	<u>(2,275,937)</u>	<u>(7,218,800)</u>

22 ANALYSIS OF CHANGES IN NET DEBT

	1 January		Other	31 December
	2011	Net cash flow	non-cash	2011
	£	£	changes	£
Cash at bank and in hand	4,024,939	1,120,986	-	5,145,925
Debt				
Finance leases	(850,905)	475,936	-	(374,969)
Loans due within one year	(1,800,000)	1,800,000	(2,668,254)	(2,668,254)
Loans due after one year	(39,212,386)	-	1,282,132	(37,930,254)
	<u>(37,838,352)</u>	<u>3,396,922</u>	<u>(1,386,122)</u>	<u>(35,827,552)</u>

Non cash changes relate to re-classification of loans and interest amounting to £2,668,254 now due within one year and further accrued loan interest due after one year

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

23 RELATED PARTY TRANSACTIONS

S Moran owns 136,080 "B" Ordinary shares, 43,290 "A" Ordinary shares and 20,811 "C" Ordinary shares in the company. Included within the group's turnover are venue hire fees of £1,361,628 (2010 - £914,409) from SJM Concerts Limited, a company in which S Moran is a shareholder. Included within creditors at 31 December 2011 was a balance of £209,892 (2010 - £607,550) due to SJM Concerts Limited.

RBH Angus owns 136,080 "B" Ordinary shares, 43,290 "A" Ordinary shares and 20,811 "C" Ordinary shares. Included within the group's turnover are venue hire fees of £321,494 (2010 - £294,055) from Metropolis Music Limited, a company controlled by RBH Angus. Included within creditors at 31 December 2011 was a balance of £nil (2010 - £5,158) due to Metropolis Music Limited.

LN-Gaiety Holdings Limited owns 120,000 "B" Ordinary shares and 439,189 "C" Ordinary shares in the company. Included within the group's turnover are venue hire fees of £445,577 (2010 - £441,948) and sponsorship income of £4,272,760 (2010 - £3,874,493) from Live Nation (Music) UK Limited, a company that controls LN-Gaiety Holdings Limited. Included within debtors at 31 December 2011 was a balance of £1,247,169 (2010 - £1,537,013) due from Live Nation (Music) UK Limited and included within creditors is an amount of £106,684 (2010 - £178,828) due to Live Nation (Music) UK Limited.

M Mackie is a director and owns 100% of ABC 3 Limited, a company which owns 1,225,000 shares in Tecjet Limited. There were no transactions with this company in the year. Included within turnover are venue hire fees of £10,889 (2010 - £7,914) from Regular Limited, a company in which M Mackie holds 75% of the issued share capital. At the year end £1,798 (2010 - £9,261) was due to Regular Limited.

24 CONTINGENCIES AND CAPITAL COMMITMENTS

The group has a cross guarantee for bank overdraft purposes with other group companies. All group companies are jointly and severally liable for the bank overdrafts outstanding at 31 December 2011.

The group has a group VAT registration and is therefore jointly and severally liable for all the other group companies' unpaid debts in this connection.

25 OPERATING LEASE COMMITMENTS

At 31 December 2011 the group had annual commitments under non cancellable operating leases as follows:

Group	Land and buildings 2011 £	Land and buildings 2010 £
Operating lease which expire After more than five years	2,350,398	2,096,392
	<u>2,350,398</u>	<u>2,096,392</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2011

26 FINANCE LEASE COMMITMENTS

Future commitments under finance lease agreements are as follows

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Amounts payable within one year	200,785	476,658	-	-
Amounts payable between one and two years	174,183	212,972	-	-
Amounts payable between two and five years	-	161,275	-	-
	<u>374,968</u>	<u>850,905</u>	<u>-</u>	<u>-</u>

27 ULTIMATE PARENT UNDERTAKING

The company's immediate parent company is LN-Gaiety Holdings Limited, a company incorporated in England and Wales

The ultimate parent undertaking and ultimate controlling party of this company is Live Nation Entertainment Inc , incorporated in the state of Delaware, United States of America

The largest group of undertakings for which group accounts have been drawn up is that headed by Live Nation Entertainment Inc

The smallest group of undertakings for which group accounts have been drawn up is that headed by Academy Music Holdings Limited, incorporated in England and Wales

Copies of the group accounts can be obtained from those companies' registered offices