

PARENT COMPANY ACCOUNTS FILED IN RESPECT OF
SUBSIDIARY COMPANY

Billy Marsh Holdings Limited
Company Number: 02172103

Company Registration No. 08119389 (England and Wales)

MARTINHOE HOLDINGS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

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MARTINHOE HOLDINGS LIMITED

COMPANY INFORMATION

Directors	R Allen-Turner R Aslett J Mowl G Perkins J Thoday R Winters T Robinson	(Appointed 5 September 2016)
Company registration number	08119389	
Registered office	4a Exmoor Street London W10 6BD	
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom EC4A 3BZ	
Bankers	The Royal Bank of Scotland Plc 62/63 Threadneedle Street PO Box 412 London EC2R 8LA	

MARTINHOE HOLDINGS LIMITED

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MARTINHOE HOLDINGS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present the strategic report and audited financial statements for the year ended 30 June 2016.

Review of the business

The Martinhoe group principally conducts business operations within the United States and the United Kingdom. In the UK the principal business is that of managing comedians, writers, presenters and actors. In the US, the group manages comedians, writers, presenters and actors and develops and produces television and film projects.

The Martinhoe group has continued the successful strategy of developing and maximising strong brands, achieved by working with some of the best creative talent in the entertainment business; nurturing and developing new ideas and properties both on-screen and on-stage.

The Consolidated group achieved revenue of £84,519,328 (2015: £76,608,211), and delivered an operating profit of £2,110,845 (2015: £1,387,931)

We are proud to continue working with the talent that we do, and extremely grateful to them and to all of our staff for their hard work.

Principal risks and uncertainties

The principal risk faced by the group is competition from rival talent management companies, retention and development of key talent and staff.

Foreign exchange transactional currency exposure

The group is exposed to currency exchange risk due to a proportion of its receivables and payables being denominated in non-sterling currencies. This exposure is managed in a majority of occasions as payments made out of the group relating to client payments are generally made in the currency received by the group for the related fee income. Balances of US dollars and Euros are maintained generally, reducing further the risk to the group.

The key risk to the group is in the valuation of the US subsidiary, however cash flows between the UK and the US are managed to take advantage of preferable exchange rates where possible.

Credit risk

A large percentage of the Group's activity is conducted with established broadcasters and production companies in the UK and US, therefore the Group does not have significant exposure to credit defaults.

Liquidity risk

Through Avalon Management Group Limited, the group has access to an overdraft facility, primarily for working capital purposes. The Directors consider that the risks associated with this facility are low considering the current and projected performance of the group.

Key performance indicators

The Group's performance is managed by revenue type and division.

Key brands are constantly monitored and reviewed by tracking of financial performance, particularly revenues and gross margins and on a brand and revenue source basis.

In the current year there have been increases in turnover £84.5m (2015: £76.5m), an increase of 10.4%, and in gross margin 11.5% (2015: 10.4%).

On behalf of the board



J Mowl
Director

12 December, 2016.

MARTINHOE HOLDINGS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present their annual report and audited financial statements for the year ended 30 June 2016.

Results and dividends

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

The directors do not recommend payment of an ordinary dividend (2015: £nil)

No preference dividends were paid. The directors do not recommend payment of a final dividend.

Directors

The directors who held office during the year and up to the date of signing of the financial statements were as follows:

R Allen-Turner
R Aslett
J Mowil
G Perkins
J Thoday
R Winters
T Robinson

(Appointed 5 September 2016)

Future developments

We are not aware of any trends or factors which are likely to have a significant impact on the future development, performance and position of the company's business.

Auditor

The auditor, Deloitte LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2008.

Directors' responsibility statement

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland."

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;
- 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 group and 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 2008. 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.

MARTINHOE HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

Statement of disclosure to auditor

So far as the directors at the date of approving this report are aware, there is no relevant audit information of which the auditor of the company and group is unaware. Additionally, the directors individually 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 auditor of the company and group is aware of that information.

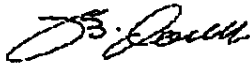
Post reporting date events

There have been no significant events affecting the group since the year end.

Going concern

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

On behalf of the board



.....
J Mowl

Director 12 December, 2016
.....

MARTINHOE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF MARTINHOE HOLDINGS LIMITED

We have audited the financial statements of Martinhoe Holdings Limited for the year 30 June 2016 which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated statement of changes in equity, company statement of changes in equity, the consolidated cash flow, 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) including FRS 102 "The Financial Reporting Standard applicable in UK and Republic of Ireland".

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 group's and the parent 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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 group's and the parent company's affairs as at 30 June 2016 and of the profit 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 matter prescribed by the Companies Act 2006

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

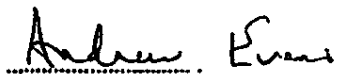
MARTINHOE HOLDINGS LIMITED

**INDEPENDENT AUDITOR'S REPORT (CONTINUED)
TO THE MEMBERS OF MARTINHOE HOLDINGS 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 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.



**Andrew Evans (Senior Statutory Auditor)
for and on behalf of Deloitte LLP**

**Chartered Accountants and Statutory Auditor
London
United Kingdom**

13 December, 2016

MARTINHOE HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 £	2015 £
Turnover	3	84,519,328	76,506,211
Cost of sales		(74,835,317)	(68,222,032)
Gross profit		9,684,011	8,284,179
Administrative expenses		(7,573,166)	(6,898,248)
Operating profit	4, 5	2,110,845	1,387,931
Interest receivable and similar income	8	1,403	784
Interest payable and similar charges	9	(869)	(3,574)
Profit on ordinary activities before taxation		2,111,379	1,385,141
Taxation on profit on ordinary activities	10	(333,827)	(271,781)
Profit for the financial year	22	1,777,552	1,113,360

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

The company has elected to take exemption under section 408 of the Companies Act 2006 not to present the Company profit and loss account. The loss for the Company for the year was £50,548 (2015: £2,387).

MARTINHOE HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016		2015	
		£	£	£	£
Fixed assets					
Intangible assets	11	674,375		1,012,932	
Tangible assets	12	227,066		282,754	
			<u>901,441</u>		<u>1,305,686</u>
Current assets					
Debtors	18	10,026,410		6,602,882	
Cash at bank and in hand		9,412,071		6,118,828	
			<u>19,438,481</u>		<u>12,721,710</u>
Creditors: amounts falling due within one year	17	(15,415,354)		(10,731,445)	
Net current assets			<u>4,023,127</u>		<u>1,990,265</u>
Total assets less current liabilities			<u>4,824,568</u>		<u>3,295,851</u>
Creditors: amounts falling due after more than one year	18		(243,528)		(560,011)
Provisions for liabilities	19		(8,601)		(10,047)
Net assets			<u>4,672,239</u>		<u>2,735,893</u>
Capital and reserves					
Called up share capital	21		10,002		10,002
Share premium account	Page 9		5,659,998		5,659,998
Merger reserve	Page 9		(4,309,194)		(4,309,194)
Exchange difference reserve	Page 9		12,104		(146,690)
Profit and loss account	22		3,299,329		1,621,777
Total equity			<u>4,672,239</u>		<u>2,735,893</u>

The notes on pages 12 to 31 are an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue by the board of directors on 12 December 2016 and are signed on its behalf by:


 J Thoday
 Director

MARTINHOE HOLDINGS LIMITED

COMPANY BALANCE SHEET

AS AT 30 JUNE 2016

	Notes	2016 £	£	2015 £	£
Fixed assets					
Investments	13		8,894,814		7,141,685
Current assets					
Debtors	16	-	-	1,950	-
Cash at bank and in hand		-	-	3,665	-
			-	5,615	
Creditors: amounts falling due within one year	17	(1,136,429)		(1,028,857)	
Net current liabilities			(1,136,429)		(1,023,342)
Total assets less current liabilities			5,758,385		6,118,543
Creditors: amounts falling due after more than one year	18		(240,401)		(550,011)
Net assets			5,517,984		5,568,532
Capital and reserves					
Called up share capital	21		10,002		10,002
Share premium account	Page 10		5,659,998		6,859,998
Profit and loss account	22		(162,016)		(101,468)
Total equity			5,517,984		5,568,532

The notes on pages 12 to 30 are an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue on 12 December 2016 and are signed on its behalf by:


 J Thoday
 Director

Company Registration No. 08119369

MARTINHOE HOLDINGS LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2016**

	Notes	Called up share capital	Share premium account (Page 7)	Exchange difference reserve (Page 7)	Merger reserve (Page 7)	Profit and loss account	Total
		£	£	£	£	£	£
Balance at 1 July 2014		10,002	5,659,998	2,125	(4,309,194)	408,417	1,771,348
Year ended 30 June 2015:							
Profit and total comprehensive income for the year		-	-	(148,815)	-	1,113,360	1,113,360
Movement in the year		-	-	(148,815)	-	-	(148,815)
Balance at 30 June 2015		10,002	5,659,998	(146,690)	(4,309,194)	1,521,777	2,735,893
Year ended 30 June 2016:							
Profit and total comprehensive income for the year		-	-	-	-	1,777,562	1,777,562
Movement in the year		-	-	158,784	-	-	158,785
Balance at 30 June 2016	21	10,002	5,659,998	12,104	(4,309,194)	3,289,329	4,672,239

MARTINHOE HOLDINGS LIMITED

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2016

	Notes	Called up share capital £	Share premium account (Page 8) £	Profit and loss account £	Total £
Balance at 1 July 2014		10,002	5,659,998	(89,081)	5,570,919
Year ended 30 June 2015: Loss and total comprehensive expense for the year		-	-	(2,387)	(2,387)
Balance at 30 June 2015		10,002	5,659,998	(101,468)	5,568,532
Year ended 30 June 2016: Loss and total comprehensive expense for the year		-	-	(50,548)	(50,548)
Balance at 30 June 2016	21	10,002	5,659,998	(152,016)	5,517,984

MARTINHOE HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016		2015	
		£	£	£	£
Net cash from operating activities					
Cash generated from group operations	26	4,497,576		1,185,249	
Taxation paid		(488,748)		(266,226)	
Net cash inflow from operating activities		4,010,828		919,023	
Investing activities					
Purchase of subsidiary undertakings		(301,474)		(418,179)	
Cash acquired from purchase of subsidiary		-		1,037,136	
Purchase of tangible fixed assets		(89,717)		(177,033)	
Interest received		1,403		784	
Net cash (used in)/generated from investing activities		(389,788)		442,708	
Financing activities					
Interest paid		(869)		(3,674)	
Net cash used in financing activities		(869)		(3,674)	
Net increase in cash and cash equivalents		3,620,171		1,358,157	
Cash and cash equivalents at beginning of year		6,118,828		4,973,680	
Effect of foreign exchange rates		(328,933)		(212,909)	
Cash and cash equivalents at end of year		9,412,071		6,118,828	

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

General information

- 1.1 Martinhoe Holdings Limited ("the company") and its subsidiaries (together "the Group") are principally engaged in the management of comedians, writers, presenters and actors. In the US the group manages comedians, writers, presenters and actors and develops and produces television and film projects. The Company is a limited company domiciled and registered in England and Wales. The registered office is 4a Exmoor Street, London W10 6BD.

The group consists of Martinhoe Holdings Limited and all of its subsidiaries.

1.2 Statement of compliance

These group and individual statements of Martinhoe Holdings Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006.

These group and company financial statements for the year ended 30 June 2016 are the first financial statements of Martinhoe Holdings Limited and the group prepared in accordance with FRS 102. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. Information on the impact of first-time adoption of FRS 102 is given in note 27.

1.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value.

(b) Basis of consolidation

The Group consolidated financial statements include the financial statements of the Company and all of its subsidiary undertakings made up to 30 June 2016.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

(c) Exemptions for Qualifying Entities under FRS102

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, include the Company's cash flows;
- from the financial instrument disclosures, required under FRS102 paragraphs 11.39 to 11.48A and paragraphs 12.28 to 12.29 as the information is provided in the consolidated financial statement disclosures.

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.3 Summary of significant accounting policies (continued)

(d) Going concern

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

The group continues to be profitable as shown in the consolidated profit and loss account for the year ended 30 June 2016, and the group's forecast and projections indicate the group will continue to be profitable throughout the current financial year and beyond.

In reaching their decision to prepare the accounts on a going concern basis, the directors have considered the impact of the current economic climate on both the company and the group of which it is a member. Having given due consideration to the anticipated future performance of the company, taking into account reasonably possible changes in market conditions, the directors have been able to form a reasonable expectation that the company and the group have 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.

The directors have considered the following areas in making their assessment on the going concern basis of the group-

- The group derives most of its revenues from its talent management business. This does not have a negative effect on cash flow as all payments to clients are only made after funds have been received from the customers. The television production business requires some prefunding of productions, but in the US where this business takes place, we have significant cash reserves available to ensure funding for the foreseeable future.
- The group currently holds £2.7m of deferred revenue expected to crystallise within 12 months from the balance sheet date.
- The group is closely linked to the Tiverton 2 Holdings Ltd group with shared directors and shared ultimate control. Where necessary cash can be moved between the groups to maintain necessary levels of working capital within each.
- The brand names of Avalon, Billy Marsh and the Artist Rights group are all considered strong within the industry, representing both leading talent and producing successful television productions.
- The group also maintains the ability to reduce both its payroll and property costs in line with any fluctuations in business. Staffing levels are dependant and linked to ongoing productions, and the UK property is managed on a modular basis allowing reductions in floor space and costs if necessary.

(e) Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered net of value added taxes. Revenue is recognised to the extent it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of the work performed to date as a proportion of the total contract value.

Turnover and costs are recognised by the different divisions as follows-

Turnover and related costs on television productions are recognised as production activity progresses to reflect the proportion of work carried out during the year. Profit is recognised once the total outcome can be assessed with reasonable certainty.

Talent management turnover and related fees are recognised when the fees are due and work completed.

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies (Continued)

1.3 Summary of significant accounting policies (continued)

(f) Interest

Interest receivable and payable are recognised in the profit and loss account using the effective interest method

1.4 Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 years. Provision is made for any impairment.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use.

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows:

Improvements to property	Straight-line over 8 years
Fixtures, fittings & equipment	Straight-line over 4 years
Computer equipment	Straight-line over 3 years
Motor vehicles	Straight-line over 4 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Residual value is calculated on prices prevailing at the date of acquisition or revaluation

1.6 Fixed asset investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

In the company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

1.7 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies (Continued)

1.8 Financial instruments

The group has elected to apply the provisions of Section 11 and Section 12 of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's statement of financial position when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and the net amounts presented in the financial statements when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realize the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.9 Equity instruments

Equity instruments issued by the group are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the group.

1.10 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current tax

Current tax, 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 by the balance sheet date.

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.10 Taxation (continued)

(i) Deferred tax

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

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

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.

1.11 Retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to defined contribution retirement benefit schemes are charged to the profit and loss in the period to which they relate.

Differences between contributions payable in the the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the plan are held separately from the group in independently administered funds.

1.12 Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.13 Foreign currency

Functional and presentation currency

The Group financial statements are presented in pound sterling. The Company's functional and presentation currency is the pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

1.14 Related party transactions

The Group discloses transactions with related parties which are not wholly-owned within the same Group. Related Party transactions were made on terms equivalent to those that prevail in arm's length transactions.

1.15 Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

2 Judgements and key sources of estimation uncertainty

In the application of the group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

No material judgements or estimations have been used in the preparation of the Group or Company financial statements.

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

3 Turnover and other revenue

Turnover analysed by category

	2016	2015
	£	£
Turnover		
Television production	35,991,645	30,384,642
Talent management	48,527,683	46,141,569
	<u>84,519,328</u>	<u>76,506,211</u>

Turnover analysed by geographical market:

	2016	2015
	£	£
United Kingdom	31,581,639	38,579,483
United States	52,937,689	39,926,728
	<u>84,519,328</u>	<u>78,506,211</u>

4 Operating profit

	2016	2015
	£	£
Operating profit for the year is stated after charging/(crediting):		
Exchange gains	(298,103)	(213,789)
Depreciation of owned tangible fixed assets	150,014	156,094
Amortisation of intangible assets	91,486	55,369
Operating lease charges	405,821	424,839
	<u>405,821</u>	<u>424,839</u>

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

5 Auditor's remuneration		
	2016	2015
	£	£
Fees payable to the company's auditor and associates:		
For audit services		
Audit of the financial statements of the group and company	42,500	22,000
Audit of the company's subsidiaries	6,000	10,000
Audit of the financial statements of related parties	51,280	67,500
	<u>99,780</u>	<u>99,500</u>
For other services		
Taxation compliance services	12,500	13,800
Other taxation advisory services	44,905	21,982
Taxation services for related parties	24,109	18,338
	<u>81,514</u>	<u>54,200</u>

Fees in related parties relate to services provided to the Tiverton 2 Limited Group, who share the same ultimate shareholders as Martinhoe Holdings Limited (see note 24).

6 Employees

The average monthly number of persons employed by the group during the year was:

	2016	2015
	Number	Number
Directors	9	9
Administration	31	23
Artist management and promotion	37	40
	<u>77</u>	<u>72</u>

Their aggregate remuneration comprised:

	2016	2015
	£	£
Wages and salaries	6,597,551	5,838,468
Social security costs	674,461	593,687
Pension costs	106,924	79,614
	<u>7,378,926</u>	<u>6,511,767</u>

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

7 Directors' remuneration	2016	2015
	£	£
Remuneration for qualifying services	1,250,502	1,441,849
Company pension contributions to defined contribution schemes	58,190	35,494
	<u>1,308,692</u>	<u>1,477,343</u>

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 5 (2015: 6)

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	455,937	738,985
Company pension contributions to defined contribution schemes	40,000	15,000
	<u>495,937</u>	<u>753,985</u>

Compensation to key management

Compensation to key management not disclosed within directors remuneration is as follows:

	2016	2015
	£	£
Remuneration for qualifying services	2,090,114	1,584,720
Company pension contributions to defined contribution schemes	16,500	16,500
	<u>2,106,614</u>	<u>1,601,220</u>

8 Interest receivable and similar income	2016	2015
	£	£

Interest income		
Interest on bank deposits	1,403	784
	<u>1,403</u>	<u>784</u>

9 Interest payable and similar charges	2016	2015
	£	£

Interest on financial liabilities measured at amortised cost:		
Interest on bank overdrafts and loans	869	3,574
	<u>869</u>	<u>3,574</u>

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

10 Taxation

(a) Tax expense included in the profit and loss

	2016 £	2015 £
Current tax		
UK corporation tax on profits for the current year	188,482	192,858
Adjustments in respect of prior years	37,016	1,301
Total UK current tax	<u>203,498</u>	<u>193,957</u>
Foreign current tax on profits for the current year	137,764	58,470
Total current tax	<u>341,262</u>	<u>252,427</u>
Deferred tax		
Origination and reversal of timing differences	(7,435)	18,903
Changes in tax rates	-	451
Total deferred tax	<u>(7,435)</u>	<u>19,354</u>
Tax on profit on ordinary activities	<u>333,827</u>	<u>271,781</u>

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

10 Taxation

(Continued)

(b) Reconciliation of tax charge

Tax assessed for the period is lower (2016 lower) than the standard rate of corporation tax in the UK for the year ended 30 June 2016 of 20.00% (2015: 20.75%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before taxation	<u>2,111,370</u>	<u>1,385,141</u>
Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.75%)	422,276	287,417
Tax effect of expenses that are not deductible in determining taxable profit	28,993	34,186
Tax effect of income not taxable in determining taxable profit	(195,835)	-
Tax effect of utilisation of tax losses not previously recognised	-	(123)
Adjustments in respect of prior years	37,016	1,301
Depreciation on assets not qualifying for tax allowances	-	31,974
Other non-reversing timing differences	(60,452)	-
Other tax adjustments (including foreign tax)	93,829	(88,236)
	-	(14,748)
Tax charge for the year	<u>333,827</u>	<u>271,781</u>

(c) Tax rate changes. The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. During 2015 changes to the UK main corporation tax rate were enacted. The tax rate has fallen to 18% with effect from 1 April 2017. The Finance Act 2016 has reduced this rate further to 17% from 1 April 2020.

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

11 Intangible fixed assets

Group	Goodwill £
Cost	
At 1 July 2015	1,150,811
Additions - separately acquired	6,564
Change in the value of deferred consideration	(253,835)
At 30 June 2016	903,540
Amortisation and impairment	
At 1 July 2015	137,878
Amortisation charged for the year	91,488
At 30 June 2016	229,166
Carrying amount	
At 30 June 2016	674,375
At 30 June 2015	1,012,832

12 Tangible fixed assets

Group	Improvements to property £	Fixtures, fittings & equipment £	Computer equipment £	Motor vehicles £	Total £
Cost					
At 1 July 2016	225,224	382,757	398,413	146,188	1,132,582
Additions	-	27,174	62,543	-	89,717
Disposals	-	(2,731)	(4,758)	-	(7,487)
Exchange adjustments	-	15,137	8,765	-	21,902
At 30 June 2016	225,224	402,337	462,865	146,188	1,236,724
Depreciation and impairment					
At 1 July 2015	225,224	274,288	250,899	89,547	839,838
Depreciation charged in the year	-	50,024	68,367	33,623	150,014
Eliminated in respect of disposals	-	(2,731)	(4,758)	-	(7,487)
Exchange adjustments	-	24,282	3,011	-	27,293
At 30 June 2016	225,224	345,843	315,321	123,270	1,009,658
Carrying amount					
At 30 June 2016	-	56,494	147,544	22,928	227,068
At 30 June 2015	-	88,489	147,714	58,551	292,754

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

13 Fixed asset investments

	Notes	Group 2016 £	2016 £	Company 2016 £	2015 £
Investments in subsidiaries	14	-	-	6,894,814	7,141,885

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Movements in fixed asset investments

Company	Shares in group undertakings £
Cost or valuation	
At 1 July 2016 & 30 June 2016	7,141,885
Additions	6,664
Valuation changes	(253,635)
Carrying amount	
At 30 June 2016	<u>6,894,814</u>

Billy Marsh Holdings Ltd and its subsidiary, Billy Marsh Associates Ltd were purchased during the previous financial year on 7 April 2016. They have been included in the consolidated accounts for Martinhoe Holdings Ltd using acquisition accounting. Valuation changes in the month are due to a revaluation of the deferred consideration.

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

14 Subsidiaries

Details of the company's subsidiaries at 30 June 2016 are as follows

Name of undertaking and country of incorporation or residency	Nature of Business	Class of shareholding	% Held
Avalon Management Group Limited (02242641) †	UK Talent Management	Ordinary Shares	100.00
Malsmead Holdings Limited (08307810) †	UK Intermediate Holding Company	Ordinary Shares	100.00
Billy Marsh Holdings Limited (02172103) †	UK Intermediate Holding Company	Ordinary Shares	100.00
Billy Marsh Associates Limited (02168257) * †	UK Talent Management	Ordinary Shares	100.00
Artist Rights Group Limited (04194789) * †	UK Talent Management	Ordinary Shares	100.00
Avalon US Holdings Inc. *	US Talent Management and TV production	Ordinary Shares	100.00
Avalon Management Inc. *	US Television programme production	Ordinary Shares	100.00
Avalon Television Inc. *	US Television programme production	Ordinary Shares	100.00
Novel Productions Inc. *	US Talent Management	Ordinary Shares	100.00
Avalon Management Group NY LLC *	US Television programme production	Ordinary Shares	100.00
Bacon Bar Productions LLC *	US Television programme production	Ordinary Shares	100.00
Sketch Productions LLC *	US Television programme production	Ordinary Shares	100.00
50/50 Productions LLC *	US Television programme productions	Ordinary Shares	100.00
50/50 Studio Productions LLC *	US Television programme production	Ordinary Shares	100.00
Pointless Studio Productions Inc. *	US Television programme productions	Ordinary Shares	100.00
Partially Important Productions LLC *	US Television programme production	Ordinary Shares	100.00
Workaholics LLC	US Dormant	Ordinary Shares	100.00

*Indirect holding

† These non-dormant companies have elected to make use of the audit exemption. Under section 479A of the Companies Act 2006, in order to fulfil the conditions set out in the regulations, the Company has given statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year to 30 June 2016

The registered office of all of the company's UK subsidiaries, detailed above, is 4a Exmoor Street, London W10 6BD. The registered office of all of the company's US subsidiaries, detailed above, is 9171 Wilshire Blvd, Suite 320, Beverly Hills, CA 90210, USA

The Company will guarantee the debts and liabilities of its UK subsidiaries at the reporting date in accordance with section 479C of the Companies Act 2006. The Company has assessed the probability of loss under these guarantees as remote.

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

15 Financial instruments

	Group 2016	2015	Company 2016	2015
	£	£	£	£
Carrying amount of financial assets				
Debt instruments measured at amortised cost	8,158,950	6,401,393	-	1,950
Equity instruments measured at cost less impairment	-	-	6,894,814	7,141,885
	<u>8,158,950</u>	<u>6,401,393</u>	<u>6,894,814</u>	<u>7,141,885</u>
Carrying amount of financial liabilities				
Measured at amortised cost	14,731,747	10,528,320	1,136,429	1,028,857
	<u>14,731,747</u>	<u>10,528,320</u>	<u>1,136,429</u>	<u>1,028,857</u>

Financial assets measured at amortised cost comprise of trade debtors, other debtors, amounts owed by group undertakings, and accrued income.

Financial liabilities measured at amortised cost comprise of trade creditors, other creditors, accruals and amounts owed to group undertakings.

16 Debtors

	Group 2016	2015	Company 2016	2015
	£	£	£	£
Amounts falling due within one year:				
Trade debtors	1,156,390	229,833	-	-
Corporation tax recoverable	18,213	-	-	-
VAT recoverable	688,034	-	-	-
Amounts owed by participating interests	494,388	1,674,634	-	-
Other debtors	1,702,363	1,432,135	-	1,950
Prepayments and accrued income	5,960,835	3,268,280	-	-
	<u>10,020,221</u>	<u>6,602,882</u>	<u>-</u>	<u>1,950</u>
Deferred tax asset (note 19)	6,189	-	-	-
	<u>10,026,410</u>	<u>6,602,882</u>	<u>-</u>	<u>1,950</u>

Amounts owed by group undertakings and participating interests are unsecured, interest free, have no fixed repayment date and are repayable on demand.

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

17 Creditors: amounts falling due within one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Bank loans and overdrafts	-	-	2,097	-
Trade creditors	474,883	211,123	-	-
Amounts due to group undertakings	-	-	828,524	533,814
Amounts due to participating interest	232,282	54,308	-	-
Corporation tax payable	-	29,303	-	-
Other taxation and social security	333,356	339,232	-	-
Other creditors	329,116	548,248	255,308	484,243
Accruals and deferred income	14,045,737	9,549,231	50,500	1,000
	<u>15,415,354</u>	<u>10,731,445</u>	<u>1,136,429</u>	<u>1,028,857</u>

Amounts owed to group undertakings and participating interests are unsecured, interest free, have no fixed repayment date and are repayable on demand. There are no amounts disclosed within note 17 that are secured.

At 30 June 2016 the Group had available £0.5m (2015: £0.5m) of undrawn committed borrowing facilities with a floating charge over the Group's assets, all conditions precedent had been met.

18 Creditors: amounts falling due after more than one year

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Deferred consideration	240,401	550,011	240,401	550,011
Other creditors	3,127	-	-	-
	<u>243,528</u>	<u>550,011</u>	<u>240,401</u>	<u>550,011</u>

19 Deferred taxation

Deferred tax assets and liabilities are offset where the group or company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes:

	Liabilities		Assets	
	2016	2015	2016	2015
	£	£	£	£
Group				
Accelerated capital allowances	10,859	17,938	-	-
Other timing differences	(2,058)	(408)	6,190	7,483
	<u>8,801</u>	<u>17,530</u>	<u>6,190</u>	<u>7,483</u>

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

19 Deferred taxation

(Continued)

The company has no deferred tax provision at 30 June 2016 (2015: £nil).

	Group 2016 £	Company 2016 £
Movements in the year:		
Liability at 1 July 2015	10,047	-
Charge to profit or loss	(7,435)	-
Liability at 30 June 2016	<u>2,612</u>	<u>-</u>

Of the deferred tax asset set out above, £1,079 which relates to accelerated depreciation is expected to reverse in the year. The deferred tax liability set out above, is expected to reverse within 12 months and relates to accelerated capital allowances partly offset by a provision against general bad debts which will also crystallise in the year.

20 Retirement benefit schemes

	2016 £	2015 £
Defined contribution schemes		
Charge to profit and loss in respect of defined contribution schemes	<u>106,924</u>	<u>78,614</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund.

21 Called up share capital

	Group and company	
	2016 £	2015 £
Ordinary share capital issued and fully paid		
946,200 A Ordinary shares of 1p each	9,452	9,452
46,000 B Ordinary shares of 1p each	450	450
10,000 D Ordinary shares of 1p each	100	100
	<u>10,002</u>	<u>10,002</u>

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

21 Called up share capital

(Continued)

The rights in relation to the different classes of shares are as follows:

Capital

On return of assets on a liquidation or a winding-up, reduction of capital, or otherwise the assets of the company remaining after payment of such of its liabilities as it is necessary to discharge to effect the distribution ("net proceeds") shall be distributed as follows.

- to the holders of the A Shares, in respect of their A Shares then held, the full amount of the net proceeds up to an amount equal to the B threshold value.
- to both the A and the B shareholders, in respect of their A and B shares then held, the balance of the net proceeds up to the amount equal to the D threshold value.
- thereafter, the balance of the net proceeds, if any, shall be distributed to each of the holders of the A Shares, the B Shares and the D Shares in proportion to the number of shares held by them respectively.

In the event of a sale, the proceeds of such sale shall be distributed between the selling shareholders in the manner set out above, as if the same constituted a liquidation of the company.

Voting in General Meetings

The holders of the A Shares shall be entitled to receive notice of and to attend and vote at the general meetings of the Company. Every holder of A Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote on a show of hands and on a poll every holder of A Shares so present shall have one vote for each A Share held by him.

The holders of the B Shares and D Shares shall not be entitled to receive notice of, nor to attend or vote at general meetings of the company.

Income

No dividend shall be payable on any Shares in respect of any financial period of the Company unless there are sufficient profits of the company available for distribution.

The A Shares, the B Shares and the D Shares shall be treated as separate classes of Shares for the purposes of all distributions and, accordingly, the Company or the Board (as the case may be, as required pursuant to the Act) shall not be under any obligations to make any distribution to one class of Shares if it makes a distribution to another class of Shares, nor shall the Company or the Board be under any obligation to pay the same amount by way of dividend on each class of Shares.

Any distribution payable to the holders of the B Shares or D Shares shall not be paid in respect of any unvested Shares.

Merger reserves

Merger reserves are a direct result of the last group reconstruction of Martinhoe and Tiverton 2. The group reconstruction was accounted for using merger accounting principles since the new shareholders of the Company are the same as the former shareholders and the rights of each shareholder, relative to the others, are unchanged.

Exchange difference reserve

Exchange difference reserves are the cumulative effect of revaluing the US balance sheet at the year end exchange rate.

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

22 Profit and loss account

	Group 2016 £	2015 £	Company 2016 £	2015 £
At the beginning of the year	1,521,777	408,417	(101,468)	(99,081)
Profit / (loss) for the year	1,777,552	1,113,380	(50,548)	(2,387)
At the end of the year	<u>3,299,329</u>	<u>1,521,777</u>	<u>(152,016)</u>	<u>(101,468)</u>

23 Operating lease commitments

Lessee

At the reporting end date the group had total outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	Group 2016 £	2015 £	Company 2016 £	2015 £
Within one year	4,058	4,216	-	-
Between two and five years	401,585	420,423	-	-
	<u>405,621</u>	<u>427,433</u>	<u>-</u>	<u>-</u>

24 Related party transactions

Transactions with related parties

During the year, Martinhoe Holdings Limited group companies entered into transactions and arrangements on normal commercial terms with Tiverton 2 Limited which shared the same ultimate shareholders as Martinhoe Holdings Limited

	Sale of goods		Purchase of goods	
	2016 £	2015 £	2016 £	2015 £
Group				
Tiverton 2 Limited	<u>5,978,328</u>	<u>9,832,749</u>	<u>101,083</u>	<u>65,437</u>

MARTINHOE HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

24 Related party transactions

(Continued)

Company

The company has the following year-end transactions and balances with related parties:

	2016 £	2015 £
Amounts falling due within one year from related party undertakings:		
Tiverton 2 Limited	10,000	1,813,415
	-	-
	<u>10,000</u>	<u>1,813,415</u>
Amounts due to related party undertakings within one year:		
Tiverton 2 Limited	-	62,020

No guarantees have been given or received.

25 Ultimate controlling party

Martinhoe Holdings Limited is the ultimate parent company of the Group. JM Thoday is the ultimate controlling party.

26 Cash generated from group operations

	2016 £	2015 £
Operating Profit	2,110,845	1,387,931
Adjustments for:		
Amortisation and impairment of intangible assets	91,486	56,389
Depreciation and impairment of tangible fixed assets	150,014	155,094
Movements in working capital:		
(Increase) in debtors	(3,123,183)	(3,173,132)
Increase in creditors	5,288,414	2,759,967
Cash generated from operations	<u>4,497,576</u>	<u>1,185,249</u>

27 Transition to FRS102

This is the first year that the group has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 30 June 2015. The date of transition to FRS 102 was 1 July 2014.

There were no adjustments to the Group's or Company's balance sheet at 1 July 2014 or 30 June 2015 on transition to FRS102.