

ACADEMY MUSIC HOLDINGS LIMITED

Consolidated Report and Financial Statements

31 December 2012

Registered No 05141419



Academy Music Holdings Limited

COMPANY INFORMATION

DIRECTORS

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

SECRETARY

S H 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 2012

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 2012 was £1,441,416 (2011 - £885,460) A dividend of £nil was paid during the year (2011 - £nil)

As shown in the consolidated profit and loss account on page 6, the group's turnover has decreased by 1.7% over the prior year to £36,075,215 and the operating profit has decreased by 1.3% over the prior year to £2,626,139

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 to £2,727,627

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

GOING CONCERN

The group continues, under its updated financing facility, to achieve targets set under the group's business plan, with an outlook for significant ongoing growth in the future. The group's strength is demonstrated in the cashflow statement which shows cash inflows from operating activities of £8.3m which more than cover debt servicing outflows of £3.4m and in the profit and loss account where underlying EBITDA has reached £6.8m for the year to 31 December 2012

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

DIRECTORS

The directors who served throughout the year ended 31 December 2012, except as noted, were as follows

R B H Angus
S R Douglas
D J Desmond
P R Latham
S J Moran
J M Hands (appointed 1 April 2012)
T Rolph (resigned 1 April 2012)

Academy Music Holdings Limited

DIRECTORS' REPORT (CONTINUED)

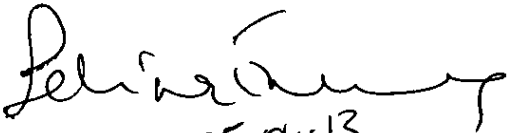
EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF DISABLED PERSONS

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

A resolution to re-appoint Grant Thornton UK LLP as the company's auditor will be proposed in accordance with section 485 of the Companies Act 2006.

By order of the Board



S H Emeny
Secretary

25.04.13

Date

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 law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs 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 AUDITOR'S 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 2012 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 2012 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

29 April 2013

Academy Music Holdings Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
TURNOVER	2	36,075,215	36,697,016
Cost of sales		(5,158,525)	(5,053,146)
GROSS PROFIT		30,916,690	31,643,870
Administrative expenses		(26,944,697)	(27,637,533)
Amortisation of goodwill		(1,345,854)	(1,345,853)
Total administrative expenses		(28,290,551)	(28,983,386)
OPERATING PROFIT	3	2,626,139	2,660,484
Interest receivable and similar income		6,615	856
Interest payable and similar charges	5	(4,044,741)	(4,110,993)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(1,411,987)	(1,449,653)
Tax on loss on ordinary activities	6	41,097	651,734
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(1,370,890)	(797,919)
Equity minority interests	19	(70,526)	(87,541)
LOSS FOR THE FINANCIAL YEAR	19	(1,441,416)	(885,460)

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 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Intangible assets	8	14,035,121	15,380,975
Tangible fixed assets	9	26,933,087	28,828,040
		<u>40,968,208</u>	<u>44,209,015</u>
CURRENT ASSETS			
Stocks	11	379,182	373,129
Debtors	12	2,706,157	5,199,091
Cash at bank and in hand		7,663,050	5,145,925
		<u>10,748,389</u>	<u>10,718,145</u>
CREDITORS amounts falling due within one year	13	(13,154,788)	(14,015,837)
NET CURRENT LIABILITIES		<u>(2,406,399)</u>	<u>(3,297,692)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		38,561,809	40,911,323
CREDITORS amounts falling due after more than one year	14	(39,731,504)	(40,477,719)
PROVISIONS FOR LIABILITIES	17	(1,557,932)	(1,700,340)
NET LIABILITIES		<u>(2,727,627)</u>	<u>(1,266,736)</u>
CAPITAL AND RESERVES			
Called up share capital	18	500,000	500,000
Profit and loss account	19	(3,509,632)	(2,068,215)
EQUITY SHAREHOLDERS' DEFICIT	19	(3,009,632)	(1,568,215)
Equity minority interests	19	282,005	301,479
		<u>(2,727,627)</u>	<u>(1,266,736)</u>

Signed on behalf of the Board



J M Hands
Director

Date 25/4/13

Registered No 05141419

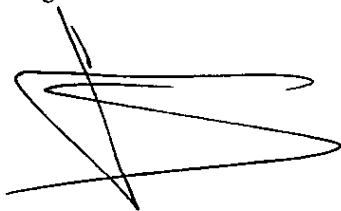
The accompanying accounting policies and notes form part of the financial statements

Academy Music Holdings Limited

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2012

	Notes	2012 £	2011 £
FIXED ASSETS			
Investments	10	516,266	516,266
CURRENT ASSETS			
Debtors	12	258,005	282,141
Cash at bank and in hand		74,111	7,046
		<u>332,116</u>	<u>289,187</u>
CREDITORS: amounts falling due within one year	13	(1,192,310)	(1,069,664)
		<u>(860,194)</u>	<u>(780,477)</u>
NET CURRENT LIABILITIES			
		<u>(343,928)</u>	<u>(264,211)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
		<u>(343,928)</u>	<u>(264,211)</u>
CAPITAL AND RESERVES			
Called up share capital	18	500,000	500,000
Profit and loss account	19	(843,928)	(764,211)
		<u>(343,928)</u>	<u>(264,211)</u>
EQUITY SHAREHOLDERS' DEFICIT	19	(343,928)	(264,211)

Signed on behalf of the Board



J M Hands
Director

Date 25/4/13

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 2012

	Notes	2012 £	2011 £
Net cash flow from operating activities	20	8,254,307	8,109,044
Returns on investment and servicing of finance	21	(3,518,729)	(2,811,203)
Taxation		58,146	(194,839)
Capital expenditure and financial investments	21	(845,812)	(1,706,079)
CASH INFLOW BEFORE FINANCING		3,947,912	3,396,923
Financing	21	(1,430,787)	(2,275,937)
INCREASE IN CASH IN THE YEAR		2,517,125	1,120,986

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2012

Increase in cash in the year		2,517,125	1,120,986
Cash outflow from decrease in loans		1,230,000	1,800,000
Cash outflow from decrease in finance leases		200,787	475,936
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		3,947,912	3,396,922
Non-cash movements in loans		(623,077)	(1,386,122)
MOVEMENT IN NET DEBT IN THE YEAR		3,324,835	2,010,800
Net debt at 1 January		(35,827,552)	(37,838,352)
NET DEBT AT 31 DECEMBER 2012	22	(32,502,717)	(35,827,552)

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

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 2012.

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 loss of the company is disclosed in note 7 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 continues, under its updated financing facility, to achieve targets set under the group's business plan, with an outlook for significant ongoing growth in the future. The group's strength is demonstrated in the cashflow statement which shows cash inflows from operating activities of £8.3m which more than cover debt servicing outflows of £3.4m and in the profit and loss account where underlying EBITDA has reached £6.8m for the year to 31 December 2012.

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 2012

1 ACCOUNTING POLICIES (CONTINUED)

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 charges 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.

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 2012

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 equity 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)

	2012	2011
	£	£
Amortisation of intangible assets	-	48,062
Amortisation of goodwill	1,345,854	1,345,853
Depreciation of tangible fixed assets		
owned by the group	2,725,504	2,927,780
held under finance leases	103,740	144,553
Fees payable to the company's auditor for the audit of the company's annual accounts	1,000	1,000
Fees payable to the company's auditor and its associates for other services		
the audit of the company's subsidiaries	56,500	55,500
Operating lease rentals - land and buildings	2,350,398	2,194,599
Release of deferred income on government grant	(8,600)	(8,600)

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

4 STAFF COSTS

	2012	2011
	£	£
Wages and salaries	6,543,658	6,600,575
Social security costs	454,253	471,104
Pension costs	149,224	165,189
	<u>7,147,135</u>	<u>7,236,868</u>

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

	2012	2011
Number of operations staff	195	221
Number of administrative staff	145	149
	<u>340</u>	<u>370</u>

Directors' emoluments included in the staff costs above are

	2012	2011
	£	£
Emoluments, including benefits in kind	91,127	311,683
Pension contributions under defined contribution schemes	6,729	36,305
	<u>97,856</u>	<u>347,988</u>

During the year retirement benefits were accruing to 1 director (2011 - 1) in respect of defined contribution pension schemes

	2012	2011
	£	£
Highest paid director		
Emoluments, including benefits in kind	59,137	199,858
Pension contributions under defined contribution schemes	3,112	22,326
	<u>62,249</u>	<u>222,184</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2012	2011
	£	£
On bank loans and overdrafts	1,548,822	1,661,126
On other loans	2,213,610	2,141,896
On finance lease and hire purchase contracts	13,281	38,943
Amortisation of loan issue expenses	269,028	269,028
	<u>4,044,741</u>	<u>4,110,993</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

6 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credit in the year

	2012 £	2011 £
Current tax		
UK Corporation Tax on losses for the year	101,085	-
Adjustments in respect of previous years	226	(186,900)
	<u>101,311</u>	<u>(186,900)</u>
Total current tax (note 6 (b))	<u>101,311</u>	<u>(186,900)</u>
Deferred tax		
Origination and reversal of timing differences	(142,665)	(320,538)
Adjustments in respect of previous periods	136,284	16,086
Changes in tax rates and laws	(136,027)	(160,382)
	<u>(142,408)</u>	<u>(464,834)</u>
Total deferred tax	<u>(142,408)</u>	<u>(464,834)</u>
Total tax (credit)	<u>(41,097)</u>	<u>(651,734)</u>

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

The difference between the total current tax charge / (credit) shown above and the amount calculated by applying the standard rate of UK Corporation tax of 24.5% (2011 - 26.5%) to the loss before tax is as follows

	2012 £	2011 £
Loss on ordinary activities before taxation	(1,411,987)	(1,449,653)
	<u>(1,411,987)</u>	<u>(1,449,653)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 24.5% (2011 - 26.5%)	(345,895)	(384,158)
Effects of		
Expenses not deductible for tax purposes	542,779	569,569
Depreciation in excess of capital allowances	172,455	343,295
Adjustments to tax charge in respect of prior periods	226	(186,900)
Short term timing differences	(20,504)	(3,526)
Transfer pricing adjustment	(247,750)	(525,180)
	<u>101,311</u>	<u>(186,900)</u>
Current tax charge / (credit) for the year (note 6 (a))	<u>101,311</u>	<u>(186,900)</u>

The 2011 prior year adjustment principally relates to a change in the transfer pricing adjustment estimated at provision

7 LOSS 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 £79,717 (2011 - loss of £103,301)

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

8 INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
At 1 January 2012	24,144,659
At 31 December 2012	24,144,659
Amortisation	
At 1 January 2012	8,763,684
Charge for the year	1,345,854
At 31 December 2012	10,109,538
Net book value	
At 31 December 2012	14,035,121
At 31 December 2011	15,380,975

9 TANGIBLE FIXED ASSETS

Group	Freehold property £	Leasehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost					
At 1 January 2012	6,437,628	26,184,925	9,993,879	2,635,792	45,252,224
Additions	66,016	120,171	432,272	315,832	934,291
At 31 December 2012	6,503,644	26,305,096	10,426,151	2,951,624	46,186,515
Depreciation					
At 1 January 2012	1,331,545	6,712,287	6,581,191	1,799,161	16,424,184
Charge for the year	144,418	1,202,367	1,146,401	336,058	2,829,244
At 31 December 2012	1,475,963	7,914,654	7,727,592	2,135,219	19,253,428
Net book value					
At 31 December 2012	5,027,681	18,390,442	2,698,559	816,405	26,933,087
At 31 December 2011	5,106,083	19,472,638	3,412,688	836,631	28,828,040

Finance lease agreement

Included within the net book value of plant and machinery is £430,707 (2011 - £584,169) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £103,740 (2011 - £144,553)

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

10 FIXED ASSET INVESTMENTS

Company	Investment in subsidiary companies £
Cost	
At 1 January 2012 and 31 December 2012	516,266

Subsidiary undertakings

At 31 December 2012, 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	Management of music venues	England	Ordinary shares	100%
Electricland Limited	Holding company	England	Ordinary shares	100%
The Academy Music Fund Limited	Charitable fund	England	Limited by guarantee	N/A
Tecjet Limited	Venue operator	Scotland	Ordinary shares	77.5%
Sharpfleur Limited	Dormant	England	Ordinary shares	100%
ABC 3 Limited	Holding company	Scotland	Ordinary shares	100%

11 STOCKS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Goods held for resale	379,182	373,129	-	-

12 DEBTORS

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Trade debtors	588,272	541,940	-	-
Amounts owed by group undertakings	1,094,691	3,038,174	256,855	206,808
Prepayments and accrued income	1,015,150	1,088,183	-	-
Other debtors	8,044	321,774	-	-
Deferred tax	-	-	1,150	8,333
Corporation tax	-	209,020	-	67,000
	2,706,157	5,199,091	258,005	282,141

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

13 CREDITORS amounts falling due within one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans and overdraft (see note 15)	2,013,680	2,668,254	-	-
Net obligations under finance leases and hire purchase contracts	174,182	200,785	-	-
Trade creditors	1,396,261	1,501,446	-	-
Amounts owed to group undertakings	293,978	387,506	1,187,310	1,004,415
Corporation tax	25,305	-	-	-
Taxation and social security	1,292,288	2,011,134	-	-
Accruals and deferred income	3,850,874	3,681,917	5,000	65,249
Other creditors	4,108,220	3,564,795	-	-
	<u>13,154,788</u>	<u>14,015,837</u>	<u>1,192,310</u>	<u>1,069,664</u>

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

14 CREDITORS: amounts falling due after more than one year

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Bank loans (see note 15)	16,052,739	17,683,711	-	-
Loan notes (see note 15)	21,925,169	20,246,543	-	-
Net obligations under finance leases and hire purchase contracts	-	174,184	-	-
Accruals and deferred income	1,753,596	2,373,281	-	-
	<u>39,731,504</u>	<u>40,477,719</u>	<u>-</u>	<u>-</u>

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

	2012	2011
	£	£
Between one and five years	-	174,184

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

15 LOANS

Creditors include finance capital which is due for repayment as follows

	2012	2011
	£	£
Amounts repayable		
In one year or less on demand	2,013,680	2,668,254
In more than one year but not more than two years	2,000,000	1,900,000
In more than two years but not more than five years	15,000,000	17,000,000
In more than five years	21,925,166	20,246,543
	<u>40,938,846</u>	<u>41,814,797</u>
Unamortised loan issue cost	(947,261)	(1,216,289)
	<u>39,991,585</u>	<u>40,598,508</u>
Disclosed as		
Loans falling due within one year	2,013,680	2,668,254
Loans falling due after more than one year	37,977,905	37,930,254
	<u>39,991,585</u>	<u>40,598,508</u>

The loan instruments at the end of the year comprise the following

Loan notes of £12,441,510 which are due for repayment in August 2021

A bank loan of £4,900,000 which is due for repayment by instalments from January 2013 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 £1.5 million.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

16 DEFERRED GRANT INCOME

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

	2012	2011
	£	£
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	60,910	69,510
	<u>103,910</u>	<u>112,510</u>

17 DEFERRED TAX

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Deferred tax liability at 1 January 2012 / 2011	1,700,340	2,165,175	(8,333)	-
Profit and loss account (credit) / charge	(6,381)	(304,452)	766	(8,333)
Changes in tax rates and laws	(136,027)	(160,383)	667	-
Transfers	-	-	5,750	-
	<u>1,557,932</u>	<u>1,700,340</u>	<u>(1,150)</u>	<u>(8,333)</u>

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

	Group		Company	
	2012	2011	2012	2011
	£	£	£	£
Excess of capital allowances over depreciation	1,543,465	1,706,373	-	-
Other short term timing differences	14,467	(6,033)	(1,150)	(8,333)
	<u>1,557,932</u>	<u>1,700,340</u>	<u>(1,150)</u>	<u>(8,333)</u>

The Finance Act 2012, which received Royal Assent on 17 July 2012, included legislation reducing the main rate of corporation tax from 26% to 24% from 1 April 2012. A further reduction in the main rate was also enacted in the Finance Act 2012 to reduce the rate to 23% from 1 April 2013. These rate change impacts have therefore been included in the financial statements.

The Autumn statement issued in December 2012 included an announcement that the main rate of corporation tax will be reduced further to 21% from April 2014. As this proposal had not been substantively enacted at the balance sheet date, it is not included in these financial statements. The overall effect of this change, if applied to the Deferred Tax balance at 31 December 2012 would be to reduce the deferred tax liability by approximately £135k.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

18 SHARE CAPITAL

	2012 £	2011 £
<i>Allotted, called up and fully paid</i>		
440,811 "B" Ordinary shares of £0 50 each	220,406	220,406
559,189 "C" Ordinary shares of £0 50 each	279,594	279,594
	<u>500,000</u>	<u>500,000</u>

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

The holders of more than 50% of the "C" Ordinary shares are entitled to appoint two executive or non executive directors and a chairman by majority decision

Any holder of 20% or more "B" Ordinary shares is entitled to appoint one non executive director

19 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' DEFICIT

Group

	Minority Interest £	Share capital £	Profit and loss account £	Total £
At 1 January 2011	281,438	500,000	(1,182,755)	(401,317)
Loss for the year	-	-	(885,460)	(885,460)
Dividend paid to minority interest	(67,500)	-	-	(67,500)
Minority share of loss 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>
At 1 January 2012	301,479	500,000	(2,068,215)	(1,266,736)
Loss for the year	-	-	(1,441,416)	(1,441,416)
Dividend paid to minority interest	(90,000)	-	-	(90,000)
Minority share of loss after taxation for the year	70,526	-	-	70,526
	<u>282,005</u>	<u>500,000</u>	<u>(3,509,632)</u>	<u>(2,727,627)</u>

Company

	Share capital £	Profit and loss account £	Total £
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>
At 1 January 2012	500,000	(764,211)	(264,211)
Loss for the year	-	(79,717)	(79,717)
	<u>500,000</u>	<u>(843,928)</u>	<u>(343,928)</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

20 NET CASH FLOW FROM OPERATING ACTIVITIES

	2012	2011
	£	£
Operating profit	2,626,139	2,660,484
Amortisation of intangible fixed assets	1,345,854	1,393,915
Depreciation of tangible fixed assets	2,829,244	3,072,334
(Increase) / decrease in stocks	(6,053)	61,843
Decrease / (increase) in debtors	2,283,983	(1,188,275)
(Decrease) / increase in creditors	(824,860)	2,108,743
	<u>8,254,307</u>	<u>8,109,044</u>
Net cash inflow from operating activities	<u>8,254,307</u>	<u>8,109,044</u>

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

	2012	2011
	£	£
Returns on investment and servicing of finance		
Interest received	6,615	856
Interest paid	(3,435,344)	(2,773,449)
Hire purchase interest	-	(38,610)
Dividends paid to minority interests	(90,000)	-
	<u>(3,518,729)</u>	<u>(2,811,203)</u>
Capital expenditure and financial investment		
Payments to acquire intangible fixed assets	-	(7,813)
Payments to acquire tangible fixed assets	(845,812)	(1,698,266)
	<u>(845,812)</u>	<u>(1,706,079)</u>
Financing		
Increase in loan	670,000	-
Repayment of bank loans	(1,900,000)	(1,800,000)
Capital element of finance lease payments	(200,787)	(475,937)
	<u>(1,430,787)</u>	<u>(2,275,937)</u>

22 ANALYSIS OF CHANGES IN NET DEBT

	1 January		Other	31 December
	2012	Net cash flow	non-cash	2012
	£	£	changes	£
Cash at bank and in hand	5,145,925	2,517,125	-	7,663,050
Debt				
Finance leases	(374,969)	200,787	-	(174,182)
Loans due within one year	(2,668,254)	1,900,000	(1,245,426)	(2,013,680)
Loans due after one year	(37,930,254)	(670,000)	622,349	(37,977,905)
	<u>(35,827,552)</u>	<u>3,947,912</u>	<u>(623,077)</u>	<u>(32,502,717)</u>

Non cash changes relate to re-classification of loans and interest amounting to £1,245,426 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 2012

23 RELATED PARTY TRANSACTIONS

S J Moran owns 184 649 "B" Ordinary shares in the company Included within the group's turnover are venue hire fees of £1,228,659 (2011 - £1,361,628) from SJM Concerts Limited, a company in which S J Moran is a shareholder Included within creditors at 31 December 2012 was a balance of £66,294 (2011 - £209,892) due to SJM Concerts Limited

R B H Angus owns 120,000 "B" Ordinary shares in the company R B H Angus also owns 100% of the share capital of Customblock Limited, which in turn own 120,000 "B" Ordinary shares in Academy Music Holdings Limited Included within the group's turnover are venue hire fees of £339,190 (2011 - £321,494) from Metropolis Music Limited, a company controlled by R B H Angus Included within creditors at 31 December 2012 was a balance of £54,460 (2011 - £nil) due to Metropolis Music Limited

LN-Gaiety Holdings Limited controls 56% of the shares in the company Included within the group's turnover are venue hire fees of £543,298 (2011 - £445,577) and sponsorship income of £4,055,375 (2011 - £4,272,760) from Live Nation (Music) UK Limited, the company that controls LN-Gaiety Holdings Limited During the year Live Nation (Music) UK Limited charged Academy Music Group Limited £318,271 for management fees (2011 - £270,000) Included within debtors at 31 December 2012 was a balance of £915,668 (2011 - £1,247,169) due from Live Nation (Music) UK Limited and included within creditors is an amount of £nil (2011 - £106,684) due to Live Nation (Music) UK Limited

LN-Gaiety Holdings Limited controls 78% of the shares in DF Concerts Limited Included within the group's turnover are venue hire fees of £227,445 (2011 - £222,123) from DF Concerts Limited At the year end an amount of £nil (2011 - nil) was due from DF Concerts Limited

M Mackie is a director and owns 100% of ABC 2 Limited, a company which owns 1,225,000 shares in Tecjet Limited Included within the group's turnover are venue hire fees of £8,582 (2011 - £10,889) from Regular Limited, a company in which M Mackie holds 75% of the issued share capital At the year end £nil (2011 - £1,798) 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 2012

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

The company had no capital commitments outstanding at 31 December 2012 and 31 December 2011

25 OPERATING LEASE COMMITMENTS

At 31 December 2012 the group had annual commitments under non cancellable operating leases as follows

Group	Land and buildings 2012 £	Land and buildings 2011 £
Operating lease which expire After more than five years	2,626,091	2,350,398
	<u>2,626,091</u>	<u>2,350,398</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2012

26 FINANCE LEASE COMMITMENTS

Future commitments under finance lease agreements are as follows

	2012	2011
	£	£
Group		
Amounts payable within one year	174,182	200,785
Amounts payable between one and two years	-	174,183
	<u>174,182</u>	<u>374,968</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