

ACADEMY MUSIC HOLDINGS LIMITED

Consolidated Report and Financial Statements

31 December 2013

Registered No. 05141419

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COMPANIES HOUSE

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

STRATEGIC REPORT

for the year ended 31 December 2013

REVIEW OF THE BUSINESS

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

The consolidated loss after tax for the year ended 31 December 2013 was £1,226,897 (2012 - £1,441,416). A dividend of £nil was paid during the year (2012 – £nil).

As shown in the consolidated profit and loss account on page 6, the group's turnover has decreased by 0.4% over the prior year to £35,948,384 and the operating profit has increased by 6% over the prior year to £2,781,396.

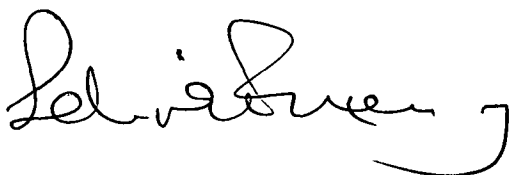
The consolidated balance sheet on page 7 of the financial statements shows the group's financial position at the year end. Net liabilities have increased to £3,934,373.

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.

By order of the Board



S H Emeny
Secretary

Date 4/4/14

Academy Music Holdings Limited

DIRECTORS' REPORT

The directors who served throughout the year ended 31 December 2013 were as follows:

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

FUTURE DEVELOPMENTS

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

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 £7.3m which more than cover debt servicing outflows of £3.8m and in the profit and loss account where underlying EBITDA has reached £7.2m for the year to 31 December 2013.

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.

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.

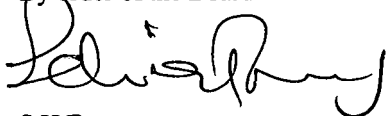
DISCLOSURE OF INFORMATION TO AUDITORS

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its reports, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

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

Date 4/4/14

Academy Music Holdings Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, 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 2013 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 Financial Reporting Council'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 2013 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 Strategic Report and 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:

7/4/14

Academy Music Holdings Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
TURNOVER	2	35,948,384	36,075,215
Cost of sales		(4,839,602)	(5,158,525)
GROSS PROFIT		31,108,782	30,916,690
Administrative expenses		(26,981,532)	(26,944,697)
Amortisation of goodwill		(1,345,854)	(1,345,854)
Total administrative expenses		(28,327,386)	(28,290,551)
OPERATING PROFIT	3	2,781,396	2,626,139
Interest receivable and similar income		64,464	6,615
Interest payable and similar charges	5	(4,349,022)	(4,044,741)
LOSS ON ORDINARY ACTIVITIES BEFORE TAX		(1,503,162)	(1,411,987)
Tax on loss on ordinary activities	6	363,916	41,097
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(1,139,246)	(1,370,890)
Equity minority interests	19	(87,651)	(70,526)
LOSS FOR THE FINANCIAL YEAR	19	(1,226,897)	(1,441,416)

All the group's operations are continuing.

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

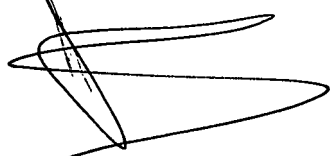
The accompanying accounting policies and notes form part of the financial statements.

Academy Music Holdings Limited

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 £	2012 £
FIXED ASSETS			
Intangible assets	8	12,689,267	14,035,121
Tangible fixed assets	9	24,500,541	26,933,087
		<u>37,189,808</u>	<u>40,968,208</u>
CURRENT ASSETS			
Stocks	11	373,269	379,182
Debtors	12	2,600,138	2,706,157
Cash at bank and in hand		8,417,787	7,663,050
		<u>11,391,194</u>	<u>10,748,389</u>
CREDITORS: amounts falling due within one year	13	<u>(13,744,565)</u>	<u>(13,154,788)</u>
NET CURRENT LIABILITIES		<u>(2,353,371)</u>	<u>(2,406,399)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		34,836,437	38,561,809
CREDITORS: amounts falling due after more than one year	14	(37,604,339)	(39,731,504)
PROVISIONS FOR LIABILITIES	17	(1,166,471)	(1,557,932)
NET LIABILITIES		<u>(3,934,373)</u>	<u>(2,727,627)</u>
CAPITAL AND RESERVES			
Called up share capital	18	500,000	500,000
Profit and loss account	19	(4,736,529)	(3,509,632)
EQUITY SHAREHOLDERS' DEFICIT	19	<u>(4,236,529)</u>	<u>(3,009,632)</u>
Equity minority interests	19	302,156	282,005
		<u>(3,934,373)</u>	<u>(2,727,627)</u>

Signed on behalf of the Board



J M Hands
Director

Date

2/4/14

Registered No. 05141419

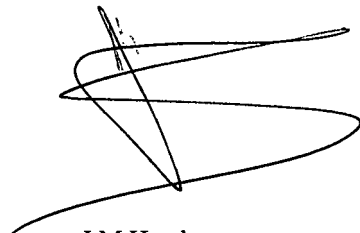
The accompanying accounting policies and notes form part of the financial statements.

Academy Music Holdings Limited

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2013

	Notes	2013 £	2012 £
FIXED ASSETS			
Investments	10	516,266	516,266
CURRENT ASSETS			
Debtors	12	264,294	258,005
Cash at bank and in hand		74,082	74,111
		<u>338,376</u>	<u>332,116</u>
CREDITORS: amounts falling due within one year	13	<u>(1,228,642)</u>	<u>(1,192,310)</u>
NET CURRENT LIABILITIES		<u>(890,266)</u>	<u>(860,194)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(374,000)</u>	<u>(343,928)</u>
CAPITAL AND RESERVES			
Called up share capital	18	500,000	500,000
Profit and loss account	19	(874,000)	(843,928)
		<u>(374,000)</u>	<u>(343,928)</u>
EQUITY SHAREHOLDERS' DEFICIT	19	<u>(374,000)</u>	<u>(343,928)</u>

Signed on behalf of the Board



J M Hands
Director

Date

2/4/14

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 2013

	Notes	2013 £	2012 £
Net cash flow from operating activities	20	7,303,624	8,254,307
Returns on investment and servicing of finance	21	(3,817,045)	(3,518,729)
Taxation		(81,954)	58,146
Capital expenditure and financial investments	21	(575,706)	(845,812)
CASH INFLOW BEFORE FINANCING		2,828,919	3,947,912
Financing	21	(2,074,182)	(1,430,787)
INCREASE IN CASH IN THE YEAR		754,737	2,517,125
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2013			
Increase in cash in the year		754,737	2,517,125
Cash outflow from decrease in loans		2,432,233	1,230,000
Cash outflow from decrease in finance leases		174,182	200,787
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		3,361,152	3,947,912
Non-cash movements in loans		(1,134,776)	(623,077)
MOVEMENT IN NET DEBT IN THE YEAR		2,226,376	3,324,835
Net debt at 1 January		(32,502,717)	(35,827,552)
NET DEBT AT 31 DECEMBER 2013	22	(30,276,341)	(32,502,717)

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

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 2013.

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 Strategic Report and Directors' Report on pages 2 and 3.

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 £7.3m which more than cover debt servicing outflows of £3.8m and in the profit and loss account where underlying EBITDA has reached £7.2m for the year to 31 December 2013.

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 2013

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 instalments.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

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):

	2013	2012
	£	£
Amortisation of goodwill	1,345,854	1,345,854
Depreciation of tangible fixed assets:		
owned by the group	2,961,213	2,725,504
held under finance leases	121,684	103,740
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	56,500
Operating lease rentals - land and buildings	2,402,758	2,350,398
Release of deferred income on government grant	(8,600)	(8,600)
	<u> </u>	<u> </u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

4 STAFF COSTS

	2013	2012
	£	£
Wages and salaries	6,392,881	6,543,658
Social security costs	431,917	454,253
Pension costs	109,546	149,224
	<u>6,934,344</u>	<u>7,147,135</u>

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

	2013	2012
Number of operations staff	191	195
Number of administrative staff	145	145
	<u>336</u>	<u>340</u>

Directors' emoluments included in the staff costs above are:

	2013	2012
	£	£
Emoluments, including benefits in kind	101,019	91,127
Pension contributions under defined contribution schemes	4,972	6,729
	<u>105,991</u>	<u>97,856</u>

During the year retirement benefits were accruing to 1 director (2012 - 1) in respect of defined contribution pension schemes.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2013	2012
	£	£
On bank loans and overdrafts	1,453,184	1,548,822
On other loans	2,622,500	2,213,610
On finance lease and hire purchase contracts	4,310	13,281
Amortisation of loan issue expenses	269,028	269,028
	<u>4,349,022</u>	<u>4,044,741</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

6 TAX ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of tax credit in the year

	2013 £	2012 £
Current tax:		
UK Corporation Tax on losses for the year	116,085	101,085
Adjustments in respect of previous years	(88,540)	226
	<u>27,545</u>	<u>101,311</u>
Total current tax (note 6 (b))	<u>27,545</u>	<u>101,311</u>
Deferred tax:		
Origination and reversal of timing differences	(199,543)	(142,665)
Adjustments in respect of previous periods	11,290	136,284
Changes in tax rates and laws	(203,208)	(136,027)
	<u>(391,461)</u>	<u>(142,408)</u>
Total deferred tax	<u>(391,461)</u>	<u>(142,408)</u>
Total tax (credit)	<u>(363,916)</u>	<u>(41,097)</u>

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

The difference between the total current tax charge shown above and the amount calculated by applying the standard rate of UK Corporation tax of 23.25% (2012 - 24.5%) to the loss before tax is as follows:

	2013 £	2012 £
(Loss) on ordinary activities before taxation	(1,503,162)	(1,411,987)
	<u>(1,503,162)</u>	<u>(1,411,987)</u>
(Loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.25% (2012 - 24.5%)	(349,435)	(345,895)
Effects of:		
Expenses not deductible for tax purposes	552,255	542,779
Depreciation in excess of capital allowances	221,307	172,455
Adjustments to tax charge in respect of prior periods	(88,540)	226
Short term timing differences	10,628	(20,504)
Transfer pricing adjustment	(318,670)	(247,750)
	<u>27,545</u>	<u>101,311</u>
Current tax charge for the year (note 6 (a))	<u>27,545</u>	<u>101,311</u>

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 £30,072 (2012 - loss of £79,717).

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

8 INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
At 1 January 2013	24,144,659
At 31 December 2013	<u>24,144,659</u>
Amortisation	
At 1 January 2013	10,109,538
Charge for the year	1,345,854
At 31 December 2013	<u>11,455,392</u>
Net book value	
At 31 December 2013	<u>12,689,267</u>
At 31 December 2012	<u>14,035,121</u>

9 TANGIBLE FIXED ASSETS

Group	Freehold property	Leasehold property	Plant and machinery	Fixtures and fittings	Total
Cost	£	£	£	£	£
At 1 January 2013	6,503,644	26,305,096	10,426,151	2,951,624	46,186,515
Additions	128,552	195,324	203,358	123,117	650,351
At 31 December 2013	<u>6,632,196</u>	<u>26,500,420</u>	<u>10,629,509</u>	<u>3,074,741</u>	<u>46,836,866</u>
Depreciation					
At 1 January 2013	1,475,963	7,914,654	7,727,592	2,135,219	19,253,428
Charge for the year	157,135	1,522,170	1,111,690	291,902	3,082,897
At 31 December 2013	<u>1,633,098</u>	<u>9,436,824</u>	<u>8,839,282</u>	<u>2,427,121</u>	<u>22,336,325</u>
Net book value					
At 31 December 2013	<u>4,999,098</u>	<u>17,063,596</u>	<u>1,790,227</u>	<u>647,620</u>	<u>24,500,541</u>
At 31 December 2012	<u>5,027,681</u>	<u>18,390,442</u>	<u>2,698,559</u>	<u>816,405</u>	<u>26,933,087</u>

Finance lease agreement

Included within the net book value of plant and machinery is £309,023 (2012 - £430,707) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £121,684 (2012 - £103,740).

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

10 FIXED ASSET INVESTMENTS

Company	Investment in subsidiary companies £
Cost	
At 1 January 2013 and 31 December 2013	516,266

Subsidiary undertakings

At 31 December 2013, 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	
	2013	2012	2013	2012
	£	£	£	£
Goods held for resale	373,269	379,182	-	-

12 DEBTORS

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Trade debtors	358,119	588,272	-	-
Amounts owed by group undertakings	1,133,824	1,094,691	264,294	256,855
Prepayments and accrued income	1,097,978	1,015,150	-	-
Other debtors	10,217	8,044	-	-
Deferred tax (note 17)	-	-	-	1,150
	2,600,138	2,706,157	264,294	258,005

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

13 CREDITORS: amounts falling due within one year

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Bank loans and overdraft (see note 15)	2,112,819	2,013,680	-	-
Net obligations under finance leases and hire purchase contracts	-	174,182	-	-
Trade creditors	1,201,580	1,396,261	-	-
Amounts owed to group undertakings	245,085	293,978	1,228,642	1,187,310
Corporation tax	91,638	25,305	-	-
Taxation and social security	1,466,157	1,292,288	-	-
Accruals and deferred income	4,486,773	3,850,874	-	5,000
Other creditors	4,140,513	4,108,220	-	-
	<u>13,744,565</u>	<u>13,154,788</u>	<u>1,228,642</u>	<u>1,192,310</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	
	2013	2012	2013	2012
	£	£	£	£
Bank loans (see note 15)	14,321,767	16,052,739	-	-
Loan notes (see note 15)	22,145,862	21,925,169	-	-
Accruals and deferred income	1,136,710	1,753,596	-	-
	<u>37,604,339</u>	<u>39,731,504</u>	<u>-</u>	<u>-</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

15 LOANS

Creditors include finance capital which is due for repayment as follows:

	2013	2012
	£	£
Amounts repayable:		
In one year or less on demand	2,112,819	2,013,680
In more than one year but not more than two years	700,000	2,000,000
In more than two years but not more than five years	14,300,000	15,000,000
In more than five years	22,145,862	21,925,166
	<u>39,258,681</u>	<u>40,938,846</u>
Unamortised loan issue cost	(678,233)	(947,261)
	<u>38,580,448</u>	<u>39,991,585</u>
Disclosed as:		
Loans falling due within one year	2,112,819	2,013,680
Loans falling due after more than one year	36,467,629	37,977,905
	<u>38,580,448</u>	<u>39,991,585</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 £3,000,000 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 £0.9million.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

16 DEFERRED GRANT INCOME

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

	2013	2012
	£	£
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	52,310	60,910
	<u>95,310</u>	<u>103,910</u>

17 DEFERRED TAX

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Deferred tax liability / (asset) at 1 January 2013 / 2012	1,557,932	1,700,340	(1,150)	(8,333)
Profit and loss account (credit) / charge	(188,253)	(6,381)	1,000	766
Changes in tax rates and laws	(203,208)	(136,027)	150	667
Transfers	-	-	-	5,750
	<u>1,166,471</u>	<u>1,557,932</u>	<u>-</u>	<u>(1,150)</u>

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

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Excess of capital allowances over depreciation	1,159,252	1,543,465	-	-
Other short term timing differences	7,219	14,467	-	(1,150)
	<u>1,166,471</u>	<u>1,557,932</u>	<u>-</u>	<u>(1,150)</u>

The Finance Act 2013, which received Royal Assent on 17 July 2013 reduced the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015. This followed a reduction in the rate to 24% from 1 April 2012 and to 23% from 1 April 2013 introduced by the Finance Act 2012.

As a result of these changes, the current rate of tax for the year ended 31 December 2013 has fallen to 23.25% and will fall to 21.5% for the year ended 31 December 2014 and 20.25% for the year ended 31 December 2015. Deferred tax has been provided at 20% in these accounts and will remain at this rate for the foreseeable future.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

18 SHARE CAPITAL

	2013	2012
	£	£
<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 2012	301,479	500,000	(2,068,216)	(1,266,737)
Loss for the year	-	-	(1,441,416)	(1,441,416)
Dividend paid to minority interest	(90,000)	-	-	(90,000)
Minority share of profit 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>
At 1 January 2013	282,005	500,000	(3,509,632)	(2,727,627)
Loss for the year	-	-	(1,226,897)	(1,226,897)
Dividend paid to minority interest	(67,500)	-	-	(67,500)
Minority share of profit after taxation for the year	87,651	-	-	87,651
	<u>302,156</u>	<u>500,000</u>	<u>(4,736,529)</u>	<u>(3,934,373)</u>

Company

	Share capital £	Profit and loss account £	Total £
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>
At 1 January 2013	500,000	(843,928)	(343,928)
Loss for the year	-	(30,072)	(30,072)
	<u>500,000</u>	<u>(874,000)</u>	<u>(374,000)</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

20 NET CASH FLOW FROM OPERATING ACTIVITIES

	2013	2012
	£	£
Operating profit	2,781,396	2,626,139
Amortisation of intangible fixed assets	1,345,854	1,345,854
Depreciation of tangible fixed assets	3,082,897	2,829,244
Decrease / (increase) in stocks	5,913	(6,053)
Decrease in debtors	105,963	2,283,983
(Decrease) in creditors	(18,399)	(824,860)
	<u>7,303,624</u>	<u>8,254,307</u>
Net cash inflow from operating activities	<u>7,303,624</u>	<u>8,254,307</u>

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

	2013	2012
	£	£
Returns on investment and servicing of finance		
Interest received	64,464	6,615
Interest paid	(3,814,009)	(3,435,344)
Dividends paid to minority interests	(67,500)	(90,000)
	<u>(3,817,045)</u>	<u>(3,518,729)</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(575,706)	(845,812)
	<u>(575,706)</u>	<u>(845,812)</u>
Financing		
Increase in loan	-	670,000
Repayment of bank loans	(1,900,000)	(1,900,000)
Capital element of finance lease payments	(174,182)	(200,787)
	<u>(2,074,182)</u>	<u>(1,430,787)</u>

22 ANALYSIS OF CHANGES IN NET DEBT

	1 January 2013	Net cash flow	Other non-cash changes	31 December 2013
	£	£	£	£
Cash at bank and in hand	7,663,050	754,737	-	8,417,787
Debt:				
Finance leases	(174,182)	174,182	-	-
Loans due within one year	(2,013,680)	2,013,680	(2,112,819)	(2,112,819)
Loans due after one year	(37,977,905)	418,553	978,043	(36,581,309)
	<u>(32,502,717)</u>	<u>3,361,152</u>	<u>(1,134,776)</u>	<u>(30,276,341)</u>

Non cash changes relate to re-classification of loans and interest amounting to £2,112,819 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 2013

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 £999,389 (2012 - £1,228,659) from SJM Concerts Limited, a company in which S J Moran is a shareholder. Included within creditors at 31 December 2013 was a balance of £142,552 (2012 - £66,294) 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 £542,661 (2012 - £339,190) from Metropolis Music Limited, a company controlled by R B H Angus. Included within creditors at 31 December 2013 was a balance of £29,601 (2012 - £54,460) 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 £686,862 (2012 - £543,298) and sponsorship income of £3,970,772 (2012 - £4,055,375) 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 £309,000 for management fees (2012 - £318,271). Included within debtors at 31 December 2013 was a balance of £1,030,839 (2012 - £915,668) due from 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 £305,074 (2012 - £227,445) from DF Concerts Limited. At the year end an amount of £nil (2012 - £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 £15,813 (2012 - £8,582) from Regular Limited, a company in which M Mackie holds 75% of the issued share capital. At the year end £nil (2012 - £nil) 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 2013.

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 2013 and 31 December 2012.

25 OPERATING LEASE COMMITMENTS

At 31 December 2013 the group had annual commitments under non cancellable operating leases as follows:

Group	Land and buildings 2013 £	Land and buildings 2012 £
Operating lease which expire: After more than five years	2,404,627	2,626,091
	<u>2,404,627</u>	<u>2,626,091</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2013

26 FINANCE LEASE COMMITMENTS

Future commitments under finance lease agreements are as follows:

	2013	2012
	£	£
Group		
Amounts payable within one year	-	174,182
	<hr/>	<hr/>
	-	174,182
	<hr/> <hr/>	<hr/> <hr/>

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.