

ACADEMY MUSIC GROUP LIMITED

Report and Financial Statements

31 December 2016

Registered No. 03463738

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COMPANIES HOUSE

Academy Music Group Limited

COMPANY INFORMATION

DIRECTORS

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

SECRETARY

S H Emeny

AUDITOR

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

BANKERS

HSBC Bank plc
Global Banking & Markets
8 Canada Square
London
E14 5HQ

REGISTERED OFFICE

211 Stockwell Road
London
SW9 9SL

Academy Music Group Limited

STRATEGIC REPORT

for the year ended 31 December 2016

REVIEW OF THE BUSINESS

The principal activity of the company continues to be that of the management of music venues.

There were no additional venues added to the company's portfolio compared to the five that were added in 2015 of which one of these venues was subsequently disposed of in 2016. During the year, the company continued to implement its management and control environment in these new venues as well achieve synergies through sponsorship, booking of events and through its supply chain. As a result of these improvements, the new venues contributed £9,926,227 towards revenue and £931,945 towards profit on ordinary activities before tax.

The profit for the financial year for the year ended 31 December 2016 was £5,279,204 (2015 - £6,250,381). A dividend of £nil was paid during the year (2015 - £13,644,505).

As shown in the company's income statement on page 6, the company's turnover has increased by 22.2% over the prior year to £43,719,462 but the operating profit has decreased by 3.6% over the prior year to £5,597,474.

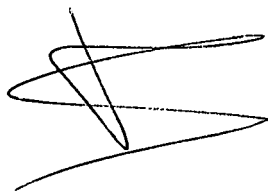
The statement of financial position on page 7 shows the company's financial position at the year end. Net assets have increased by 18.9% to £33,168,818.

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 company. Monitoring exposure to risk and uncertainty is an integral part of the company's structured management processes. The principal risks that the company faces are operational risk, competition, regulatory and legislative impacts, recruitment and retention of staff and maintenance of reputation.

By order of the Board



J M Hands
Director

Date 21/4/2017

Academy Music Group Limited

DIRECTORS' REPORT

The directors who served throughout the year ended 31 December 2016 were as follows:

R B H Angus
S R Douglas
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

In November 2015, the Academy Music Holdings Group, of which the Academy Music Group Limited is a member, underwent a refinancing of its external banking facility that was due to expire in 2016. The new 5 year £35,000,000 facility which is to be repaid over the term of the facility up to November 2020 ensures that the group will have sufficient ongoing funding. Management forecasts for the Academy Music Holdings Group, shows future cash inflows from group operating activities to be sufficient to cover the group's debt servicing requirements.

Based on the above the directors have a reasonable expectation that the group 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.

FINANCIAL RISK MANAGEMENT

The company has two main areas of financial risk: liquidity and customer credit exposure. Details of management's objectives and policies in relation to these risks can be found in note 24 in the notes to the financial statements.

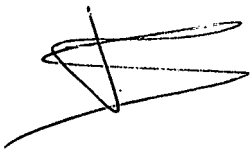
EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF DISABLED PERSONS

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.

AUDITOR

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



J M Hands
Director

Date 21/4/2017

Academy Music Group Limited

DIRECTORS' RESPONSIBILITIES STATEMENT

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 with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. 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 for that year. 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 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 Group Limited

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACADEMY MUSIC GROUP LIMITED

We have audited the financial statements of Academy Music Group Limited for the year ended 31 December 2016 which comprise the Statement of Income and Retained Earnings, Statement of Financial Position and the related notes 1 to 25. 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 the 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 auditors

As explained more fully in the Statement of Directors' Responsibilities in Respect of the Financial Statement, set out on page 4, 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/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken during the course of the audit:

- the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statement; and
- the Strategic Report and Directors' Report have been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and Directors' Report.

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



Nicholas Page (Senior Statutory Auditor)

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

London

Date: 21/4/17

Academy Music Group Limited

STATEMENT OF INCOME AND RETAINED EARNINGS FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
TURNOVER	4	43,719,462	35,773,084
Cost of sales		(5,131,539)	(4,112,084)
GROSS PROFIT		38,587,923	31,661,000
Administrative expenses		(32,990,449)	(25,853,735)
OPERATING PROFIT	5	5,597,474	5,807,265
Income from fixed asset investments		387,500	271,250
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND TAX		5,984,974	6,078,515
Interest receivable and similar income	7	34,763	14,596
Interest payable on group undertaking loans	8	(9,717)	(32,219)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		6,010,020	6,060,892
Tax (charge) / credit on profit on ordinary activities	9	(730,816)	189,489
PROFIT FOR THE FINANCIAL YEAR		5,279,204	6,250,381
Retained profit at 1 January		25,861,255	33,255,379
Dividends paid	10	-	(13,644,505)
RETAINED PROFIT AT 31 DECEMBER		31,140,459	25,861,255

All the company's operations are continuing.

There are no other items of comprehensive income other than as stated in the income statement.

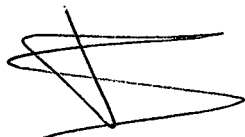
The accompanying accounting policies and notes form part of the financial statements.

Academy Music Group Limited

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	2016 £	2015 £
FIXED ASSETS			
Intangible fixed asset	11	3,789,814	4,682,645
Tangible fixed assets	12	24,669,000	24,919,325
Investments	13	2,423,903	2,423,903
		<u>30,882,717</u>	<u>32,025,873</u>
CURRENT ASSETS			
Stocks	14	489,943	510,767
Debtors	15	7,802,672	3,950,228
Cash at bank and in hand		8,892,111	9,705,524
		<u>17,184,726</u>	<u>14,166,519</u>
CREDITORS: amounts falling due within one year	16	<u>(14,102,642)</u>	<u>(17,698,390)</u>
NET CURRENT ASSETS / (LIABILITIES)		<u>3,082,084</u>	<u>(3,531,871)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>33,964,801</u>	<u>28,494,002</u>
CREDITORS: amounts falling due after more than one year	17	(65,135)	(73,031)
PROVISIONS FOR LIABILITIES	18	<u>(730,848)</u>	<u>(531,357)</u>
NET ASSETS		<u><u>33,168,818</u></u>	<u><u>27,889,614</u></u>
CAPITAL AND RESERVES			
Called up share capital	19	291,700	291,700
Share premium account		1,736,659	1,736,659
Profit and loss account		31,140,459	25,861,255
		<u>33,168,818</u>	<u>27,889,614</u>
EQUITY SHAREHOLDER'S FUNDS		<u><u>33,168,818</u></u>	<u><u>27,889,614</u></u>

Signed on behalf of the Board of Directors:



J M Hands
Director

Date 21/4/2017

Registered No. 03463738

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

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

1 COMPANY INFORMATION

Academy Music Group Limited is a private company limited by shares incorporated in England and Wales. The registered office is 211 Stockwell Road, London, SW9 9SL.

2 BASIS OF PREPARATION

These financial statements have been prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 - 'The Financial Reporting Standard applicable to the United Kingdom and Republic of Ireland' ('FRS 102'), and with the Companies Act 2006. The financial statements have been prepared on the historical cost basis.

The financial statements are presented in Sterling (£).

Disclosure exemptions within FRS 102:

The company has adopted the following disclosure exemptions within FRS 102:

The requirement to present a statement of cash flows and related notes; and

The requirement to disclose key management personnel compensation in total.

Accounting judgements

The preparation of financial statements in conformity with FRS 102 requires the use of certain accounting judgements by management in the process of applying the company's accounting policies. The areas which may require judgements are the valuation of intangible and tangible fixed assets and investments, stock, the recoverability of trade debtors and other debtors and the provision of liabilities.

Group financial statements

The company is exempt from preparing Group financial statements under Section 400 of the Companies Act 2006 as it is a wholly owned subsidiary undertaking. Accordingly, these financial statements present information about the company and not its group.

Going concern

The company'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 company has net assets, is profit making and has a considerable cash balance. The company's forecasts project that it will continue to trade profitably and be in a strong liquidity position.

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.

3 PRINCIPAL ACCOUNTING POLICIES

Revenue recognition

Turnover

Turnover, which is stated net of value added tax, represents the fair value of amounts receivable for goods and services. Turnover is attributable to the company's principal activity and is predominantly generated in the UK. Turnover from the supply of services is recognised on delivery of those services. Where turnover represents the value of services provided under contracts it is phased equally over the duration of the contract at the value of the consideration due. Turnover from the sale of goods is recognised when the goods are physically delivered to the customer.

Where a contract has only been partially completed at the statement of financial position 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.

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

Business combinations

Acquisitions of businesses are accounted for using the purchase method. The cost of the business combination is measured at the aggregate of the fair values (at the date of exchange) of assets given and liabilities incurred or assumed in exchange for control of the business plus costs directly attributable to the business combination.

Any excess of the cost of the business combination over the acquirer's interest in the net fair value of the identifiable assets and liabilities is recognised as goodwill.

Intangible assets

Intangible assets are measured at cost less accumulated amortisation and any accumulated impairment losses.

Amortisation is charged to administrative expenses so as to allocate the cost of intangibles less their residual values over their estimated useful lives, using the straight-line method. The intangible assets are amortised over the following useful economic lives:

Venue use intangibles	-	over remaining lease term, to a maximum of 10 years
Goodwill	-	over remaining lease term, to a maximum of 10 years

Intangible assets relating to customer relationships were identified on the acquisition of the business combination to reflect the value of acquiring an already established venue business compared to entering into a new lease and building a new venue's customer base and profile. These intangibles are referred to as Venue use intangibles. They have been valued based on multiples of historic earnings that management have judged to be reasonable based on transactions for similar assets.

If there is an indication that there has been a significant change in amortisation rate or residual value of an asset, the amortisation of that asset is revised prospectively to reflect the new expectations.

Tangible assets

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets, other than freehold land, over their expected useful lives, using the straight-line method. The rates applicable are:

Freehold property and improvements	-	over 40 years
Leasehold property and improvements	-	over the term of the lease
Plant and machinery	-	straight line over 5-10 years
Fixtures and fittings	-	straight line over 5-10 years

Impairment of assets

At each reporting date fixed assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If there is an indication of possible impairment, the recoverable amount of any affected asset is estimated and compared with its carrying amount. If estimated recoverable amount is lower, the carrying amount is reduced to its estimated recoverable amount, and an impairment loss is recognised immediately in the income statement.

Investments

Investments are recognised initially at fair value which is normally the transaction price. Subsequently, they are recognised at cost less impairment unless a reliable measure of fair value becomes available.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Stocks

Stocks are stated at the lower of cost, using the first in first out method, and selling price less costs to complete and sell.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership of the leased asset to the company. All other leases are classified as operating leases.

Finance leases

Assets held under finance leases are recognised initially at the fair value of the leased asset (or, if lower, the present value of minimum lease payments) at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation using the effective interest method so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are deducted in measuring profit or loss. Assets held under finance leases are included in tangible fixed assets and depreciated and assessed for impairment losses in the same way as owned assets.

Operating leases

Rentals under operating lease are charged to the income statement on a straight line basis over the lease term.

Government grants

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

Provisions

Provisions are recognised when a group has a present obligation (legal or constructive) as a result of a past event, it is probable that the group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a pre-tax discount rate. The unwinding of the discount is recognised as a finance cost in the income statement in the period it arises.

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

3 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the year. Tax is recognised in the income statement, 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.

Current or deferred tax assets and liabilities are not discounted.

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the year end.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in years different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company 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 company after deducting all of its liabilities.

4 TURNOVER

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

5 OPERATING PROFIT

The profit on ordinary activities before taxation is stated after:

	2016	2015
	£	£
Depreciation of tangible fixed assets:		
owned by the company	2,637,502	2,262,958
Amortisation of intangible assets	892,831	140,873
Loss on disposal of fixed assets	10,357	-
Fees payable to the company's auditor for the audit of the company's annual accounts	47,480	47,480
Fees payable to the company's auditor and its associates for other services:		
the audit of other group companies	14,520	14,520
Operating lease rentals - land and buildings	2,643,977	2,212,927

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

6 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2016	2015
	£	£
Wages and salaries	7,809,719	6,460,132
Social security costs	540,048	459,423
Pension costs	188,609	148,831
	<u>8,538,376</u>	<u>7,068,386</u>

The company operates a stakeholder defined contribution pension scheme for the benefit of the employees and directors. The assets of the scheme are administered by an independent pension provider.

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

	2016	2015
	Number	Number
Operations staff	182	140
Administrative staff	160	159
	<u>342</u>	<u>299</u>

Directors' emoluments included in the staff costs above are:

	2016	2015
	£	£
Emoluments, including benefits in kind	139,118	120,222
Pension contributions under defined contribution schemes	5,750	4,823
	<u>144,868</u>	<u>125,045</u>

During the year, 1 director received emoluments and benefits in respect of defined contribution pension schemes from the company (2015 - 1). The other directors' services to the company do not occupy a significant amount of their time. As such the directors do not consider that they have received any remuneration for their incidental services to the company for the year ended 31 December 2016 and 31 December 2015.

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Bank interest receivable	-	14,116
Interest receivable on group undertaking loans	34,763	480
	<u>34,763</u>	<u>14,596</u>

8 INTEREST PAYABLE AND SIMILAR CHARGES

	2016	2015
	£	£
Interest payable on group undertaking loans	9,717	32,219

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge / (credit) in the year

	2016 £	2015 £
Current tax:		
UK Corporation Tax on profits for the year	579,022	366,788
Adjustments in respect of previous years	(47,697)	-
Total current tax	531,325	366,788
Deferred tax:		
Origination and reversal of timing differences	210,147	(501,895)
Changes in tax rates and laws	-	(54,382)
Adjustments to the estimated recoverable amounts of deferred tax arising in previous years	(10,656)	-
Total deferred tax	199,491	(556,277)
Total tax charge / (credit) (note 9 (b))	730,816	(189,489)

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

The difference between the total tax charge / (credit) shown above and the amount calculated by applying the standard rate of UK Corporation tax of 20% (2015 - 20.25%) to the profit before tax is as follows:

	2016 £	2015 £
Profit on ordinary activities before taxation	6,010,020	6,060,892
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	1,202,004	1,227,123
Effects of:		
Expenses not deductible for tax purposes and imputed income	168,853	116,518
Group relief utilised	(446,064)	(734,755)
Difference in tax rates	(4,372)	(51,876)
Adjustments to deferred tax in respect of previous years	(10,656)	-
Adjustments to tax in respect of previous years	(47,697)	-
Change in unrecognised deferred tax assets	127,078	-
Recognition of deferred tax on asset transfers	-	(463,705)
Transfer pricing adjustment	(258,330)	(282,794)
Total tax charge / (credit) for the year (note 9 (a))	730,816	(189,489)

(c) Tax rate changes

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Further reductions to the UK Corporation tax rates were enacted as part of the Finance Act No 2 (2015) and Finance Act 2016. As such the main rate will fall from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020.

Deferred tax is continuing to be provided at 19% as it is the rate the deferred tax items are expected to unwind at.

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

10 DIVIDENDS

	2016	2015
	£	£
Paid during the year	-	13,644,505
Declared post year end	-	-

11 INTANGIBLE FIXED ASSETS

	Goodwill	Venue use intangibles	Total
	£	£	£
Cost			
At 1 January 2016	1,667,817	3,155,701	4,823,518
At 31 December 2016	1,667,817	3,155,701	4,823,518
Amortisation			
At 1 January 2016	37,614	103,259	140,873
Charge for year	252,272	640,559	892,831
At 31 December 2016	289,886	743,818	1,033,704
Net book value at 31 December 2016	1,377,931	2,411,883	3,789,814
Net book value at 31 December 2015	1,630,203	3,052,442	4,682,645

On 2 November 2015, Academy Music Group Limited entered into an agreement to purchase the business and assets of five concert venues from MAMA New Music Two Limited, a wholly owned subsidiary it acquired from MAMA New Music Limited, a related party by virtue of it being 100% owned by LN-Gaiety Holdings Limited, which in turn owns 56% of the shares in the group's parent company.

Intangible assets relating to customer relationships were identified on the acquisition of the business combination to reflect the value of acquiring an already established venue business compared to entering into a new lease and building a new venue's customer base and profile. These intangibles are referred to as Venue use intangibles above. They have been valued based on multiples of historic earnings that management have judged to be reasonable based on transactions for similar assets.

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

12 TANGIBLE FIXED ASSETS

	Freehold property and improvements	Leasehold property and improvements	Plant and machinery	Fixtures and fittings	Total
	£	£	£	£	£
Cost					
At 1 January 2016	8,728,196	26,527,789	10,859,488	4,791,324	50,906,798
Additions	968,152	275,280	239,459	1,014,643	2,497,534
Disposals	(112,342)	-	(58,323)	(8,128)	(178,793)
At 31 December 2016	<u>9,584,006</u>	<u>26,803,069</u>	<u>11,040,624</u>	<u>5,797,839</u>	<u>53,225,539</u>
Depreciation:					
At 1 January 2016	2,003,568	11,429,586	9,744,893	2,809,426	25,987,473
Charge for year	267,289	1,309,263	446,220	614,730	2,637,502
Disposals	(16,957)	-	(50,416)	(1,063)	(68,436)
At 31 December 2016	<u>2,253,900</u>	<u>12,738,849</u>	<u>10,140,697</u>	<u>3,423,093</u>	<u>28,556,539</u>
Net book value:					
At 31 December 2016	<u>7,330,106</u>	<u>14,064,220</u>	<u>899,927</u>	<u>2,374,746</u>	<u>24,669,000</u>
At 31 December 2015	<u>6,724,628</u>	<u>15,098,203</u>	<u>1,114,595</u>	<u>1,981,898</u>	<u>24,919,325</u>

The company's assets are held as security for the external banking facility of the Academy Music Holdings Group which the company is a subsidiary of.

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

13 FIXED ASSET INVESTMENTS

	Investment in subsidiary companies £
Cost	
At 1 January 2016	2,423,904
At 31 December 2016	<u>2,423,904</u>
Amounts provided	
At 1 January 2016	1
At 31 December 2016	<u>1</u>
Net book value at 31 December 2016	<u>2,423,903</u>
Net book value at 31 December 2015	<u>2,423,903</u>

Subsidiary undertakings

The following are subsidiary undertakings of the company:

Name	Principal activity	Country of company registration	Holding
Tecjet Limited	Venue operator	Scotland	77.5%
ABC3 Limited	Holding company	Scotland	100%
MAMA New Music Two Limited	Holding company	England and Wales	100%

On 2 November 2015, Academy Music Group Limited acquired 100% of the issued share capital of MAMA New Music Two Limited for consideration of £1, and immediately transferred the business and assets of that company to under the company's ownership directly. The investment cost has been impaired.

14 STOCKS

	2016 £	2015 £
Goods held for resale	489,943	510,767

Stock recognised in cost of sales during the year as an expense was £5,131,539 (2015 - £4,138,125)

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

15 DEBTORS

	2016	2015
	£	£
Trade debtors	857,136	1,076,177
Amounts owed by group undertakings	5,168,970	1,754,402
Prepayments and accrued income	1,766,859	1,035,520
Other debtors	9,707	84,129
	<u>7,802,672</u>	<u>3,950,228</u>

Included within amounts owed by group undertakings falling due within one year is £3,681,215 (2015 - £27,109) of interest bearing loans. Interest is charged at 3month GBP LIBOR plus 3%. The remaining amounts are non-interest bearing. All amounts owed to group undertakings are unsecured.

An impairment loss of £146,804 (2015 - £39,131) was recognised against trade debtors.

16 CREDITORS: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	1,432,038	1,310,691
Amounts owed to group undertakings	936,287	4,911,151
Corporation tax	194,324	55,910
Taxation and social security	1,551,960	1,602,408
Accruals and deferred income	3,709,670	4,302,309
Other creditors	6,278,363	5,515,921
	<u>14,102,642</u>	<u>17,698,390</u>

Included within amounts owed to group undertakings falling due within one year is £245,976 (2015 - £4,448,693) of interest bearing loans. Interest is charged at 3month GBP LIBOR plus 3%. The remaining amounts are non-interest bearing. All amounts owed to group undertakings are unsecured.

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

	2016	2015
	£	£
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	26,510	35,110
	<u>69,510</u>	<u>78,110</u>

17 CREDITORS: amounts falling due after more than one year

	2016	2015
	£	£
Accruals and deferred income	65,135	73,031
	<u>65,135</u>	<u>73,031</u>

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

18 PROVISIONS FOR LIABILITIES

Deferred taxation

Deferred taxation provided for at 19% (2015 - 19%) in the financial statements is set out below:

	2016 £	2015 £
Deferred tax liability at 1 January 2016 / 2015	531,357	1,087,634
Income statement charge / (credit)	199,491	(501,895)
Changes in tax rates and laws	-	(54,382)
	<u>730,848</u>	<u>531,357</u>

	2016 £	2015 £
Capital allowances in excess of depreciation	678,685	955,175
Pension costs	(7,304)	(2,461)
Short term timing differences	59,467	42,348
Losses transferred in	-	(429,780)
Depreciation in excess of capital allowances transferred in	-	(33,925)
	<u>730,848</u>	<u>531,357</u>

Provision for deferred tax liability

The amount of the net reversal of deferred tax expected to occur in 2017 is £358,000, relating to the reversal of existing timing differences on tangible fixed assets and short term timing differences.

Details of the deferred tax asset not provided in the accounts are given below:

	2016 £	2015 £
Trade losses	-	(807,270)
Capital losses regarding business combinations	(265,959)	(138,881)
	<u>(265,959)</u>	<u>(946,151)</u>

Deferred tax not provided at 19% (2015 - 19%)

19 SHARE CAPITAL

	2016 Number	2015 Number	2016 £	2015 £
<i>Allotted, called up and fully paid</i>				
Equity ordinary shares of £1 each	291,700	291,700	291,700	291,700
	<u>291,700</u>	<u>291,700</u>	<u>291,700</u>	<u>291,700</u>

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

20 RESERVES

Called up share capital - represents the nominal value of shares that have been issued.

Share premium account - includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from the share premium.

Profit and loss account - includes all current and prior periods retained profits and losses.

21 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 102 not to disclose transactions with group undertakings as a subsidiary which is 100% owned by its immediate parent undertaking.

Included within turnover are venue hire fees of £704,352 (2015 - £1,021,278) from SJM Concerts Limited, a company in which S J Moran, a director, is the majority shareholder. Included within creditors at 31 December 2016 was a balance of £87,235 (2015 - £246,149) due to SJM Concerts Limited.

Included within turnover are venue hire fees of £205,947 (2015 - £344,183) from Metropolis Music Limited, a company controlled by RBH Angus, a director. Included within creditors at 31 December 2016 was a balance of £nil (2015 - £nil) due to Metropolis Music Limited.

LN-Gaiety Holdings Limited controls 56% of the shares in the group's parent company, Academy Music Holdings Limited. Included within turnover are venue hire fees of £628,344 (2015 - £488,864) and sponsorship income of £5,921,012 (2015 - £5,309,316) 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 £338,307 for management fees (2015 - £319,010). Included within debtors at 31 December 2016 was a balance of £1,591,998 (2015 - £1,227,383) due from Live Nation (Music) UK Limited. Included within creditors at 31 December 2016 is an amount of £252,697 (2015 - £nil) due to Live Nation (Music) UK Limited.

LN-Gaiety Holdings Limited owns 10% of the shares in Festival Republic Limited. Included within turnover are venue hire fees of £4,875 (2015 - £488,864) from Festival Republic Limited. Included within debtors at 31 December 2016 is an amount of £1,200 (2015 - £nil) due from Festival Republic Limited.

LN-Gaiety Holdings Limited controls 78% of the shares in DF Concerts Limited. Included within turnover are venue hire fees of £226,612 (2015 - £205,917) from DF Concerts Limited. At the year end an amount of £57,778 (2015 - £12,012) was due to DF Concerts Limited.

Details of the related party transaction between MAMA New Music Limited and Academy Music Group Limited for the purchase of MAMA New Music Two Limited can be found in notes 11 and 13.

Academy Music Group Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2016

22 CONTINGENCIES AND CAPITAL COMMITMENTS

The company is included in 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 other contingent liabilities or capital commitments outstanding at 31 December 2016 or 31 December 2015.

23 OPERATING LEASE COMMITMENTS

The total of future aggregate amounts of minimum lease payments under non-cancellable operating leases are as follows:

	2016	2015
	Land and buildings	Land and buildings
	£	£
Operating lease which expire:		
Within one year	2,660,477	2,686,477
Between two and five years inclusive	10,468,273	10,768,505
After five years	27,819,722	29,942,570
	<u>40,948,472</u>	<u>43,397,552</u>

24 FINANCIAL RISK MANAGEMENT

The company has exposure to two main areas of risk - liquidity risk and customer credit exposure.

Liquidity risk

The objective of the company in managing liquidity risk is to ensure that it can meet its financial obligations as and when they fall due. The company expects to meet its financial obligations through operating cash flows. In the event that the operating cash flows would not cover all the financial obligations the company has credit facilities available from group companies.

Customer credit exposure

The majority of revenue is received in advance of services being delivered, however the company may offer credit terms to its customers which allow payment of the debt after delivery of the services. The company is at risk to the extent that a customer may be unable to pay the debt on the specified due date. This risk is mitigated by the strong on-going customer

25 ULTIMATE PARENT UNDERTAKING

The company's immediate parent company is Electricland 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. Copies of the consolidated financial statements for Live Nation Entertainment, Inc. are available from 9348 Civic Center Drive, Beverly Hills, California, 90210, United States of America.

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 consolidated financial statements for Academy Music Holdings Limited are available from 2nd Floor, Regent Arcade House, 19-25 Argyll Street, London, W1F 7TS.