

ACADEMY MUSIC HOLDINGS LIMITED

Consolidated Report and Financial Statements

31 December 2014

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 2014

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 profit after tax for the year ended 31 December 2014 was £547,377 (2013 - loss of £1,226,897). A dividend of £nil was paid during the year (2013 – £nil).

As shown in the consolidated profit and loss account on page 6, the group's turnover has remained in line with prior year and gross profit has increased by 1% to £31,326,259. Operating profit has increased by 63% over the prior year to £4,528,752.

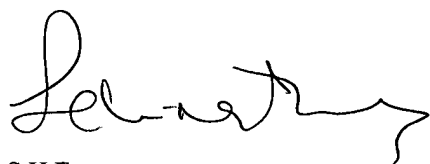
The consolidated balance sheet on page 7 of the financial statements shows the group's financial position at the year end. Net liabilities have decreased by 14% to £3,399,049.

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 11 May 2015

Academy Music Holdings Limited

DIRECTORS' REPORT

The directors who served throughout the year ended 31 December 2014 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 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 £6.4m which more than cover debt servicing outflows of £4.6m and in the profit and loss account where underlying EBITDA has reached £8.3m for the year to 31 December 2014. In 2015 the directors will review funding across the group with the aim of re-financing ahead of the expiry of its current external banking facility in 2016. Latest indications are that the group is in a strong position and there will be no issues in obtaining suitable ongoing funding.

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.

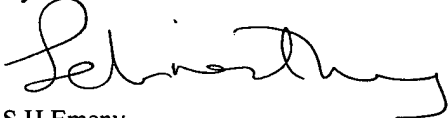
EMPLOYEE INVOLVEMENT AND EMPLOYMENT OF DISABLED PERSONS

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.

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 11 May 2015

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 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 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 2014 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and the related notes 1 to 26. 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, 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 group's and the parent company's affairs as at 31 December 2014 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 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.



Nicholas Page (Senior Statutory Auditor)

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

London

Date: 12/5/15

Academy Music Holdings Limited

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
TURNOVER	2	35,893,100	35,948,384
Cost of sales		(4,566,802)	(4,839,602)
GROSS PROFIT		31,326,298	31,108,782
Administrative expenses		(25,451,692)	(26,981,532)
Amortisation of goodwill		(1,345,854)	(1,345,854)
Total administrative expenses		(26,797,546)	(28,327,386)
OPERATING PROFIT	3	4,528,752	2,781,396
Interest receivable and similar income		32,425	64,464
Interest payable and similar charges	5	(3,862,647)	(4,349,022)
PROFIT / (LOSS) ON ORDINARY ACTIVITIES BEFORE TAX		698,530	(1,503,162)
Tax on profit / (loss) on ordinary activities	6	(73,206)	363,916
PROFIT / (LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		625,324	(1,139,246)
Equity minority interests	19	(77,947)	(87,651)
PROFIT / (LOSS) FOR THE FINANCIAL YEAR	19	547,377	(1,226,897)

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 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Intangible assets	8	11,343,413	12,689,267
Tangible fixed assets	9	22,979,360	24,500,541
		<u>34,322,773</u>	<u>37,189,808</u>
CURRENT ASSETS			
Stocks	11	440,900	373,269
Debtors	12	2,772,627	2,600,138
Cash at bank and in hand		7,044,214	8,417,787
		<u>10,257,741</u>	<u>11,391,194</u>
CREDITORS: amounts falling due within one year	13	<u>(11,319,389)</u>	<u>(13,744,565)</u>
NET CURRENT LIABILITIES		<u>(1,061,648)</u>	<u>(2,353,371)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		33,261,125	34,836,437
CREDITORS: amounts falling due after more than one year	14	(35,467,218)	(37,604,339)
PROVISIONS FOR LIABILITIES	17	(1,192,956)	(1,166,471)
NET LIABILITIES		<u>(3,399,049)</u>	<u>(3,934,373)</u>
CAPITAL AND RESERVES			
Called up share capital	18	500,000	500,000
Profit and loss account	19	(4,189,152)	(4,736,529)
EQUITY SHAREHOLDERS' DEFICIT	19	<u>(3,689,152)</u>	<u>(4,236,529)</u>
Equity minority interests	19	290,103	302,156
		<u>(3,399,049)</u>	<u>(3,934,373)</u>

Signed on behalf of the Board



J M Hands
Director

Date 11 May 2015

Registered No. 05141419

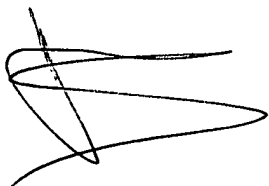
The accompanying accounting policies and notes form part of the financial statements.

Academy Music Holdings Limited

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Investments	10	516,266	516,266
CURRENT ASSETS			
Debtors	12	-	264,294
Cash at bank and in hand		65,308	74,082
		<u>65,308</u>	<u>338,376</u>
CREDITORS: amounts falling due within one year	13	<u>(990,485)</u>	<u>(1,228,642)</u>
NET CURRENT LIABILITIES		<u>(925,177)</u>	<u>(890,266)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(408,911)</u>	<u>(374,000)</u>
CAPITAL AND RESERVES			
Called up share capital	18	500,000	500,000
Profit and loss account	19	(908,911)	(874,000)
EQUITY SHAREHOLDERS' DEFICIT	19	<u>(408,911)</u>	<u>(374,000)</u>

Signed on behalf of the Board



J M Hands
Director

Date 11 May 2015

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 2014

	Notes	2014 £	2013 £
Net cash flow from operating activities	20	6,429,328	7,303,624
Returns on investment and servicing of finance	21	(4,564,687)	(3,817,045)
Taxation		(263,686)	(81,954)
Capital expenditure and financial investments	21	(974,528)	(575,706)
CASH INFLOW BEFORE FINANCING		626,427	2,828,919
Financing	21	(2,000,000)	(2,074,182)
(DECREASE) / INCREASE IN CASH IN THE YEAR		(1,373,573)	754,737
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT FOR THE YEAR ENDED 31 DECEMBER 2014			
(Decrease) / increase in cash in the year		(1,373,573)	754,737
Cash outflow from decrease in loans		3,178,707	2,432,233
Cash outflow from decrease in finance leases		-	174,182
CHANGE IN NET DEBT RESULTING FROM CASH FLOWS		1,805,134	3,361,152
Non-cash movements in loans		(217,639)	(1,134,776)
MOVEMENT IN NET DEBT IN THE YEAR		1,587,495	2,226,376
Net debt at 1 January		(30,276,341)	(32,502,717)
NET DEBT AT 31 DECEMBER 2014	22	(28,688,846)	(30,276,341)

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

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 2014.

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 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 £6.4m which more than cover debt servicing outflows of £4.6m and in the profit and loss account where underlying EBITDA has reached £8.3m for the year to 31 December 2014. In 2015 the directors will review funding across the group with the aim of re-financing ahead of the expiry of its current external banking facility in 2016. Latest indications are that the group is in a strong position and there will be no issues in obtaining suitable ongoing funding.

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 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 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 2014

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, and if it is not possible to estimate reliably, it is assumed that the useful life is 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 property and improvements	-	2% per annum straight line
Leasehold property and improvements	-	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.

Provisions

A provision is recognised when the company has a present legal or constructive obligation as a result of a past event, it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions for onerous lease contracts are recognised when the company believes the unavoidable costs of meeting the lease obligations exceed the economic benefits expected to be received under the lease.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

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):

	2014	2013
	£	£
Amortisation of goodwill	1,345,854	1,345,854
Depreciation of tangible fixed assets:		
owned by the group	2,311,807	2,961,213
held under finance leases	120,920	121,684
Fees payable to the company's auditor for the audit of the company's annual accounts	1,020	1,000
Fees payable to the company's auditor and its associates for other services:		
the audit of the company's subsidiaries	57,630	56,500
Operating lease rentals - land and buildings	2,470,315	2,402,758
Release of deferred income on government grant	(8,600)	(8,600)

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

4 STAFF COSTS

	2014	2013
	£	£
Wages and salaries	6,369,141	6,392,881
Social security costs	412,750	431,917
Pension costs	146,791	109,546
	<u>6,928,682</u>	<u>6,934,344</u>

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

	2014	2013
Number of operations staff	170	191
Number of administrative staff	145	145
	<u>315</u>	<u>336</u>

Directors' emoluments included in the staff costs above are:

	2014	2013
	£	£
Emoluments, including benefits in kind	118,750	101,019
Pension contributions under defined contribution schemes	4,750	4,972
	<u>123,500</u>	<u>105,991</u>

During the year 1 director received emoluments and benefits in respect of defined contribution pension schemes from the company (2013 - 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 2014 and 31 December 2013.

5 INTEREST PAYABLE AND SIMILAR CHARGES

	2014	2013
	£	£
On bank loans and overdrafts	1,193,643	1,453,184
On other loans	2,399,976	2,622,500
On finance lease and hire purchase contracts	-	4,310
Amortisation of loan issue expenses	269,028	269,028
	<u>3,862,647</u>	<u>4,349,022</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

6 TAX ON PROFIT / (LOSS) ON ORDINARY ACTIVITIES

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

	2014 £	2013 £
Current tax:		
UK Corporation Tax on profits / (losses) for the year	126,122	116,085
Adjustments in respect of previous years	(12,953)	(88,540)
	<u>113,169</u>	<u>27,545</u>
Total current tax (note 6 (b))	<u>113,169</u>	<u>27,545</u>
Deferred tax:		
Origination and reversal of timing differences	(15,707)	(199,543)
Adjustments in respect of previous years	(24,256)	11,290
Changes in tax rates and laws	-	(203,208)
	<u>(39,963)</u>	<u>(391,461)</u>
Total deferred tax	<u>(39,963)</u>	<u>(391,461)</u>
Total tax charge / (credit)	<u>73,206</u>	<u>(363,916)</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 21.5% (2013 - 23.25%) to the profit / (loss) before tax is as follows:

	2014 £	2013 £
Profit / (loss) on ordinary activities before taxation	698,530	(1,503,162)
	<u>698,530</u>	<u>(1,503,162)</u>
Profit / (loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21.5% (2013 - 23.25%)	150,184	(349,435)
Effects of:		
Expenses not deductible for tax purposes	454,127	552,255
Depreciation in excess of capital allowances	71,242	221,307
Adjustments to tax charge in respect of prior years	(12,953)	(88,540)
Short term timing differences	(54,356)	10,628
Transfer pricing adjustment	(495,075)	(318,670)
	<u>113,169</u>	<u>27,545</u>
Current tax charge for the year (note 6 (a))	<u>113,169</u>	<u>27,545</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 £34,911 (2013 - loss of £30,072).

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

8 INTANGIBLE FIXED ASSETS

Group	Goodwill £
Cost	
At 1 January 2014	24,144,659
At 31 December 2014	<u>24,144,659</u>
Amortisation	
At 1 January 2014	11,455,392
Charge for the year	1,345,854
At 31 December 2014	<u>12,801,246</u>
Net book value	
At 31 December 2014	<u>11,343,413</u>
At 31 December 2013	<u>12,689,267</u>

Included within the above is goodwill with a cost of £2,621,799 which is being amortised over 10 years. The remaining goodwill is being amortised over 20 years.

9 TANGIBLE FIXED ASSETS

Group	Freehold property and improvements	Leasehold property and improvements	Plant and machinery	Fixtures and fittings	Total
Cost	£	£	£	£	£
At 1 January 2014	6,632,196	26,500,420	10,629,509	3,074,741	46,836,866
Additions	-	14,898	186,232	710,416	911,546
At 31 December 2014	<u>6,632,196</u>	<u>26,515,318</u>	<u>10,815,741</u>	<u>3,785,157</u>	<u>47,748,412</u>
Depreciation					
At 1 January 2014	1,633,098	9,436,824	8,839,282	2,427,121	22,336,325
Charge for the year	165,942	1,196,949	858,715	211,121	2,432,727
At 31 December 2014	<u>1,799,040</u>	<u>10,633,773</u>	<u>9,697,997</u>	<u>2,638,242</u>	<u>24,769,052</u>
Net book value					
At 31 December 2014	<u>4,833,156</u>	<u>15,881,545</u>	<u>1,117,744</u>	<u>1,146,915</u>	<u>22,979,360</u>
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>

Finance lease agreement

Included within the net book value of plant and machinery is £188,103 (2013 - £309,023) relating to assets held under finance lease agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £120,920 (2013 - £121,684). The finance lease agreements were fully paid in the year.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

10 FIXED ASSET INVESTMENTS

Company	Investment in subsidiary companies
Cost	£
At 1 January 2014 and 31 December 2014	<u>516,266</u>

Subsidiary undertakings

At 31 December 2014, 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	
	2014	2013	2014	2013
	£	£	£	£
Goods held for resale	440,900	373,269	-	-

12 DEBTORS

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade debtors	562,252	358,119	-	-
Amounts owed by group undertakings	1,011,177	1,133,824	-	264,294
Prepayments and accrued income	1,049,134	1,097,978	-	-
Other debtors	150,064	10,217	-	-
	<u>2,772,627</u>	<u>2,600,138</u>	<u>-</u>	<u>264,294</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

13 CREDITORS: amounts falling due within one year

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Bank loans and overdraft (see note 15)	793,952	2,112,819	-	-
Trade creditors	1,195,915	1,201,580	-	-
Amounts owed to group undertakings	166,214	245,085	990,485	1,228,642
Corporation tax	81,145	91,638	-	-
Taxation and social security	1,324,548	1,466,157	-	-
Accruals and deferred income	4,023,469	4,486,773	-	-
Other creditors	3,734,146	4,140,513	-	-
	<u>11,319,389</u>	<u>13,744,565</u>	<u>990,485</u>	<u>1,228,642</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	
	2014	2013	2014	2013
	£	£	£	£
Bank loans (see note 15)	13,859,134	14,321,767	-	-
Loan notes (see note 15)	21,079,974	22,145,862	-	-
Accruals and deferred income	528,110	1,136,710	-	-
	<u>35,467,218</u>	<u>37,604,339</u>	<u>-</u>	<u>-</u>

15 LOANS

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

	2014	2013
	£	£
Amounts repayable:		
In one year or less on demand	793,952	2,112,819
In more than one year but not more than two years	14,300,000	700,000
In more than two years but not more than five years	-	14,300,000
In more than five years	21,079,974	22,145,862
	<u>36,173,926</u>	<u>39,258,681</u>
Unamortised loan issue cost	(440,866)	(678,233)
	<u>35,733,060</u>	<u>38,580,448</u>
Disclosed as:		
Loans falling due within one year	793,952	2,112,819
Loans falling due after more than one year	34,939,108	36,467,629
	<u>35,733,060</u>	<u>38,580,448</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

15 LOANS (CONTINUED)

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

Loan notes of £12,441,511 which are due for repayment in August 2021.

A bank loan of £1,000,000 which is due for repayment by instalments from January 2015 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 £0.4million.

16 DEFERRED GRANT INCOME

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

	2014	2013
	£	£
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	43,710	52,310
	<u>86,710</u>	<u>95,310</u>

17 PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Deferred taxation (note 17 (a))	1,126,508	1,166,471	-	-
Onerous lease (note 17 (b))	66,448	-	-	-
	<u>1,192,956</u>	<u>1,166,471</u>	<u>-</u>	<u>-</u>

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

17 PROVISIONS FOR LIABILITIES AND CHARGES (CONTINUED)

(a) Deferred taxation

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Deferred tax liability / (asset) at 1 January 2014 / 2013	1,166,471	1,557,932	-	(1,150)
Profit and loss account (credit) / charge	(39,963)	(188,253)	-	1,000
Changes in tax rates and laws	-	(203,208)	-	150
Deferred tax liability at 31 December 2014 / 2013	<u>1,126,508</u>	<u>1,166,471</u>	<u>-</u>	<u>-</u>

Details of the deferred tax liability are given below:

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Excess of capital allowances over depreciation	1,093,829	1,159,252	-	-
Other short term timing differences	32,679	7,219	-	-
Deferred tax liability	<u>1,126,508</u>	<u>1,166,471</u>	<u>-</u>	<u>-</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.

As a result of these changes, the current rate of tax for the year ended 31 December 2014 has fallen to 21.5% and will fall to 20.25% for the year ended 31 December 2015 and 20% for the year ended 31 December 2016. Deferred tax has been provided at 20% in these accounts and will remain at this rate for the foreseeable future.

(b) Onerous lease provision

	2014
Group	£
At 1 January 2014	-
Provided in year	66,448
At 31 December 2014	<u>66,448</u>

The onerous lease provision is due as follows:

	2014
	£
Provisions due within one year	<u>66,448</u>

The onerous lease provision relates to the future operating lease payments to satisfy a lease obligation whereby the associated costs exceed the economic benefit. In April 2015, Academy Music Group Limited acquired the freehold property associated with this lease obligation from the landlord and as such all obligations under the lease agreement were terminated. As this event meets the definition of an adjusting event under FRS 21, the provision shown within these accounts represents the unavoidable costs associated with the lease obligation as at the balance sheet date as supported by the post balance sheet event.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

18 SHARE CAPITAL

	2014 £	2013 £
<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 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>
At 1 January 2014	302,156	500,000	(4,736,529)	(3,934,373)
Profit for the year	-	-	547,377	547,377
Dividend paid to minority interest	(90,000)	-	-	(90,000)
Minority share of profit after taxation for the year	77,947	-	-	77,947
	<u>290,103</u>	<u>500,000</u>	<u>(4,189,152)</u>	<u>(3,399,049)</u>
At 31 December 2014	290,103	500,000	(4,189,152)	(3,399,049)

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

19 RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' DEFICIT (CONTINUED)

Company

	Share capital	Profit and loss account	Total
	£	£	£
At 1 January 2013	500,000	(843,928)	(343,928)
Loss for the year	-	(30,072)	(30,072)
At 1 January 2014	500,000	(874,000)	(374,000)
Loss for the year	-	(34,911)	(34,911)
At 31 December 2014	500,000	(908,911)	(408,911)

20 NET CASH FLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Operating profit	4,528,753	2,781,396
Amortisation of intangible fixed assets	1,345,854	1,345,854
Depreciation of tangible fixed assets	2,432,727	3,082,897
(Increase) / decrease in stocks	(67,631)	5,913
(Increase) / decrease in debtors	(172,488)	105,963
(Decrease) in creditors	(1,637,887)	(18,399)
Net cash inflow from operating activities	6,429,328	7,303,624

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

	2014	2013
	£	£
Returns on investment and servicing of finance		
Interest received	32,425	64,464
Interest paid	(4,507,112)	(3,814,009)
Dividends paid to minority interests	(90,000)	(67,500)
Net cash outflow from returns on investments and servicing of finance	(4,564,687)	(3,817,045)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(974,528)	(575,706)
Net cash outflow from capital expenditure	(974,528)	(575,706)
Financing		
Repayment of bank loans	(2,000,000)	(1,900,000)
Capital element of finance lease payments	-	(174,182)
Net cash outflow from financing	(2,000,000)	(2,074,182)

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

22 ANALYSIS OF CHANGES IN NET DEBT

	1 January 2014 £	Net cash flow £	Other non-cash changes £	31 December 2014 £
Cash at bank and in hand	8,417,787	(1,373,573)	-	7,044,214
Debt:				
Loans due within one year	(2,112,819)	2,112,819	(793,952)	(793,952)
Loans due after one year	(36,581,309)	1,065,888	576,313	(34,939,108)
	<u>(30,276,341)</u>	<u>1,805,134</u>	<u>(217,639)</u>	<u>(28,688,846)</u>

Non cash changes relate to re-classification of loans and interest amounting to £793,952 now due within one year and further accrued loan interest due after one year.

23 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in FRS 8 from disclosing transactions with members of the Academy Music Holdings Limited group.

S J Moran owns 184,649 "B" Ordinary shares in the company. Included within the group's turnover are venue hire fees of £1,116,411 (2013 - £999,389) from SJM Concerts Limited, a company in which S J Moran is a shareholder. Included within creditors at 31 December 2014 was a balance of £192,334 (2013 - £142,552) 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 £244,805 (2013 - £542,661) from Metropolis Music Limited, a company controlled by R B H Angus. Included within creditors at 31 December 2014 was a balance of £24,161 (2013 - £29,601) 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 £616,325 (2013 - £686,862) and sponsorship income of £5,025,645 (2013 - £3,970,772) 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 £312,757 for management fees (2013 - £309,000). Included within debtors at 31 December 2014 was a balance of £882,907 (2013 - £1,030,839) 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 £205,432 (2013 - £305,074) from DF Concerts Limited. At the year end an amount of £nil (2013 - £nil) was due from DF Concerts 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 2014.

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 2014 and 31 December 2013.

Academy Music Holdings Limited

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2014

25 OPERATING LEASE COMMITMENTS

At 31 December 2014 the group had annual commitments under non cancellable operating leases as follows:

Group	Land and buildings 2014 £	Land and buildings 2013 £
Operating lease which expire: After more than five years	2,442,927	2,404,627
	<u>2,442,927</u>	<u>2,404,627</u>

The above includes £212,750 which was cancelled in April 2015 as disclosed in note 17 (b).

26 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 LN-Gaiety Holdings Limited, incorporated in England and Wales.

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