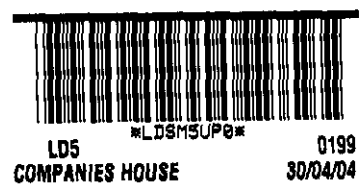


REGISTERED NUMBER: 2242641

ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

FOR

AVALON MANAGEMENT GROUP LIMITED



AVALON MANAGEMENT GROUP LIMITED
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FOR THE YEAR ENDED 30 JUNE 2003

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AVALON MANAGEMENT GROUP LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 30 JUNE 2003**

DIRECTORS:

J M Thoday
R Allen-Turner
R Aslett
J R Gregory
R J Bennett
G Perkins

SECRETARY:

R Allen-Turner

REGISTERED OFFICE:

4a Exmoor Street
London
W10 6BD

REGISTERED NUMBER:

2242641

AUDITORS:

MGI Midgley Snelling
Registered Auditors
Brettenham House
Lancaster Place
London
WC2E 7EW

**REPORT OF THE INDEPENDENT AUDITORS TO
AVALON MANAGEMENT GROUP LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages three to seven, together with the full financial statements of the company for the year ended 30 June 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' 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, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages three to seven are properly prepared in accordance with those provisions.

MGI Midgley Snelling

MGI Midgley Snelling
Registered Auditors
Brettenham House
Lancaster Place
London
WC2E 7EW

Date: *30/4/04*.....

AVALON MANAGEMENT GROUP LIMITED

**ABBREVIATED BALANCE SHEET
30 JUNE 2003**

	Notes	30/6/03 £	30/6/02 £
FIXED ASSETS			
Tangible assets	2	236,353	199,488
Investments	3	6,215	6,215
		<u>242,568</u>	<u>205,703</u>
CURRENT ASSETS			
Debtors		3,670,009	1,281,175
Cash in hand		93,971	831,627
		<u>3,763,980</u>	<u>2,112,802</u>
CREDITORS			
Amounts falling due within one year		<u>3,941,313</u>	<u>2,389,181</u>
NET CURRENT LIABILITIES		<u>(177,333)</u>	<u>(276,379)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>65,235</u>	<u>(70,676)</u>
CREDITORS			
Amounts falling due after more than one year		<u>16,878</u>	<u>4,264</u>
		<u>48,357</u>	<u>(74,940)</u>
CAPITAL AND RESERVES			
Called up share capital	4	200	200
Profit and loss account		48,157	(75,140)
SHAREHOLDERS' FUNDS		<u>48,357</u>	<u>(74,940)</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:

.....
J M Thoday - Director

Approved by the Board on 30/4/04

The notes form part of these abbreviated accounts

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30 JUNE 2003

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Exemption from preparing consolidated financial statements

The financial statements contain information about Avalon Management Group Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 248 of the Companies Act 1985 from the requirements to prepare consolidated financial statements.

Turnover

Turnover represents commission receivable excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 12.5% on cost
Fixtures and fittings	- 25% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Operating leases

Rents payable under operating leases are charged to the profit and loss account as incurred.

Contribution to pension funds

The company operates a pension scheme based on the money purchase principle, which requires contributions to be made to an administered fund held by trustees. Contributions to this fund are charged in the profit and loss account as incurred.

Finance Leases

Assets held under finance leases are capitalised at the inception of the lease and are depreciated at the same rate as stated above. The total finance charge is allocated to accounting periods during the lease terms, so as to produce a constant periodic rate of charge to the profit and loss account.

AVALON MANAGEMENT GROUP LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS - continued
FOR THE YEAR ENDED 30 JUNE 2003**

2. TANGIBLE FIXED ASSETS

	Total £
COST	
At 1 July 2002	726,298
Additions	120,246
	<u>846,544</u>
At 30 June 2003	<u>846,544</u>
DEPRECIATION	
At 1 July 2002	526,810
Charge for year	83,381
	<u>610,191</u>
At 30 June 2003	<u>610,191</u>
NET BOOK VALUE	
At 30 June 2003	<u>236,353</u>
At 30 June 2002	<u>199,488</u>

3. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1 July 2002 and 30 June 2003	6,215
	<u>6,215</u>
NET BOOK VALUE	
At 30 June 2003	<u>6,215</u>
At 30 June 2002	<u>6,215</u>

Fixed asset investments represent the cost of acquisition of the whole ordinary share capital (US\$10,000) of Avalon Management Inc, a company incorporated in the USA to provide services of performers in the entertainment industry. Both J M Thoday and R Allen-Turner are directors of the subsidiary.

At 30 June 2003, the aggregate deficit in the capital and reserves of Avalon Management Inc amounted to £498,557 and the loss for the year ended that date was £167,769.

At the year end, Avalon Management Inc owed Avalon Management Group Limited £512,796 (2002:£379,725). During the year interest amounting to £5,628 was accrued for on this loan. The directors have fully provided against the funds advanced due to the uncertainty over the timing of when funds will be available to repay this advance.

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - *continued*
FOR THE YEAR ENDED 30 JUNE 2003

4. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	30/6/03	30/6/02
			£	£
90,000	Ordinary shares	£1	90,000	90,000
10,000	Variable Rate Non-cumulative Preference shares	£1	10,000	10,000
			<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30/6/03	30/6/02
			£	£
100	Ordinary shares	£1	100	100
100	Variable Rate Non-cumulative Preference shares	£1	100	100
			<u>200</u>	<u>200</u>

The rights attached to the Variable Rate Preference Shares are as follows:-

Holders have the right to be paid, out of the profits available for dividend, a variable non-cumulative dividend at a rate of not less than 1% on the capital for the time being paid up thereon.

There are no voting rights attached to the shares unless the dividend is twelve months in arrears or the business of the meeting includes a resolution proposing the winding up of the company or a resolution varying the rights to the Preference shares.

In the event of the winding up of the company, holders will not be entitled to any share in the distribution of surplus assets but shall be subject to the repayment of the full capital sum ahead of and in preference to the repayment of the Ordinary Share Capital.

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - continued FOR THE YEAR ENDED 30 JUNE 2003

5. RELATED PARTY DISCLOSURES

The company is controlled by J.M. Thoday who owns 80% of the issued ordinary share capital.

J.M. Thoday also controls and is a director of Avalon Promotions Limited, Funnyfriend Limited, Avalon Public Relations Limited, Avalon Motion Pictures Limited and Spring Residuals (1997) Limited.

In addition J.M.Thoday is a director of Avalon Television Limited. J M Thoday and R Allen-Turner each own 50% of the issued ordinary share capital of Avalon Television Limited

R Allen-Turner, R J Bennett, J R Gregory and A J Spring were also directors of the following companies during the year:

Avalon Promotions Limited
Avalon Television Limited
Funnyfriend Limited
Avalon Public Relations Limited

R Allen-Turner, J M Thoday, J R Gregory and A J Spring were directors of Avalon Motion Pictures Limited during the year.

In addition R Allen-Turner and R J Bennett were directors of Spring Residuals (1997) Limited and Brightwater Productions Limited during the year.

During the year the following transactions took place between the company and the above-mentioned companies:

	Sales to/ (purchases from)
	£
Avalon Promotions Limited	64,330
	(40,704)
Funnyfriend Limited	948
Avalon Public Relations Limited	9,020
	(14,262)
Avalon Television Limited	7,320,478
	(8,973)
Avalon Motion Pictures Limited	6,123

At the balance sheet date the following balances existed:

	Debtors £	Creditors £
Avalon Television Limited	1,507,803	-
Avalon Motion Pictures Limited	5,959	-
Funnyfriend	-	81,969
Avalon Promotions Limited	783,869	-
Avalon Public Relations Limited	479,066	-
Spring Residuals (1997) Limited	4,969	-