




Company Registration No. 02242641 (England and Wales)

AVALON MANAGEMENT GROUP LIMITED
ANNUAL REPORT AND UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2016

WEDNESDAY

FF

MONDAY



A60C05TF

A04 15/02/2017 #119
COMPANIES HOUSE

L5YHQA7M

LD6 20/01/2017 #47
L5XIQEXC

LD4 06/01/2017 #11
COMPANIES HOUSE

L5M4W1OG

LD7 19/12/2016 #113
COMPANIES HOUSE

AVALON MANAGEMENT GROUP LIMITED

COMPANY INFORMATION

| | | |
|------------------|---|--|
| Directors | R Allen-Turner R Aslett S Highmore D Lloyd J Mowl G Perkins J Taylor J Thoday J Beresford T Robinson | (Appointed 1 September 2015) (Appointed 5 September 2016) |
|------------------|---|--|

| | |
|------------------|----------------|
| Secretary | R Allen-Turner |
|------------------|----------------|

| | |
|-----------------------|----------|
| Company number | 02242641 |
|-----------------------|----------|

| | |
|--------------------------|---------------------------------------|
| Registered office | 4a Exmoor Street London W10 6BD |
|--------------------------|---------------------------------------|

| | |
|--------------------|---|
| Accountants | Deloitte LLP Chartered Accountants and Statutory Auditor London United Kingdom EC4A 3BZ |
|--------------------|---|

| | |
|----------------|---|
| Bankers | The Royal Bank of Scotland Plc 62/63 Threadneedle Street PO Box 412 London EC2R 8LA |
|----------------|---|



AVALON MANAGEMENT GROUP LIMITED

CONTENTS

| | Page |
|-----------------------------------|-------------|
| Strategic report | 1 |
| Directors' report | 2 - 3 |
| Profit and loss account | 4 |
| Balance sheet | 5 - 6 |
| Statement of changes in equity | 7 |
| Notes to the financial statements | 8 - 21 |

AVALON MANAGEMENT GROUP LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present the strategic report for the year ended 30 June 2016

Review of the business

The Company's principal business is that of the provision of management services to comedians/performers, writer and presenters in the entertainment industry

Avalon Management's success is based on a strategy of developing and maximising the value of great brands. We do this by working with some of the best creative talent in the entertainment business, nurturing and developing new ideas and properties,

The Company has continued to maintain healthy performance in a challenging environment. Having worked in collaboration with other Avalon companies to invest significantly in new TV developments and programming, the performance is expected to improve during the future period and beyond. The Company achieved revenue of £13,555,941 (2015 £18,430,053), and delivered an operating profit of £953,726 (2015 £459,082).


Principal risks

The principal risk faced by the group is competition from rival talent management companies, retention and development of key talent and staff.

The market in which the Company operates continues to be highly competitive. This may give rise to sales being lost to competitors. The creative talent we work with may choose in the future to work on their own, or with our competitors. The Company manages this risk by maintaining its position as a valuable partner with and supporter of the creative talent we work with.

The Company is appropriately funded and well placed to manage its business risks successfully.

On behalf of the board



J Mowll
Director

12th December 2016

AVALON MANAGEMENT GROUP LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 2016

The directors present their annual report and financial statements for the year ended 30 June 2016

Principal activities

The principal activity of the company continued to be that of the provision of management services to comedians/performers, writer and presenters in the entertainment industry

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows

R Allen-Turner

R Aslett

S Highmore

D Lloyd

J Mowll

G Perkins

J Taylor

J Thoday

J Beresford

(Appointed 1 September 2015)

T Robinson

(Appointed 5 September 2016)

Results and dividends

The results for the year are set out on page 4

Dividends of £nil (2015 £nil) were paid or declared in the year

No preference dividends were paid

Future developments

We are not aware of any trends or factors which are likely to have a significant impact on the future development, performance and position of the company's business

AVALON MANAGEMENT GROUP LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

Director's Responsibilities Statement

The directors are responsible for preparing the Annual 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 prepared the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 102 "The Financial Reporting Standard Applicable in the UK and Republic of Ireland". 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 of the company and of the profit or loss of the company 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 United Kingdom Accounting Standards, including FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements,
- notify its shareholders in writing about the use of disclosure exemptions, if any, of FRS 102 used in the preparation of 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.

Statement of disclosure to auditor

The Company is a wholly owned subsidiary of Martinhoe Holdings Limited and is included in the consolidated financial statements of Martinhoe Holdings Limited, which are publicly available.

Consequently, the company has taken advantage of the exemption from statutory audit according to The Companies and Limited Liability Partnership (Accounts and Audit Exemptions and Change of Accounting Framework) Regulations 2012.

Post balance sheet events

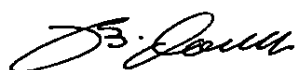
There have been no significant events affecting the Company since the year end.

Going concern

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in the note 1 of the financial statements.

On behalf of the board



J Mowll
Director

12th December 2016

AVALON MANAGEMENT GROUP LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 2016

| | Notes | 2016 £ | 2015 £ |
|--|-------------|------------------|------------------|
| Turnover | 3 | 13,555,941 | 18,430,053 |
| Cost of sales | | (10,776,826) | (15,178,893) |
| Gross profit | | 2,779,115 | 3,251,160 |
| Administrative expenses | | (1,825,389) | (2,792,077) |
| Operating profit | 4, 5 | 953,726 | 459,083 |
| Interest receivable and similar income | 8 | 223,058 | 375 |
| Interest payable and similar charges | 9 | (784) | (3,487) |
| Profit on ordinary activities before taxation | | 1,176,000 | 455,971 |
| Tax on profit on ordinary activities | 10 | (39,468) | (111,659) |
| Profit for the financial year | | 1,136,532 | 344,312 |

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account in either the current or the prior year. Accordingly, no statement of comprehensive income is presented

AVALON MANAGEMENT GROUP LIMITED

BALANCE SHEET

AS AT 30 JUNE 2016

| | Notes | 2016 £ | £ | 2015 £ | £ |
|---|-------|-------------------------|---|-------------------------|---|
| Fixed assets | | | | | |
| Tangible assets | 11 | 181,968 | | 236,009 | |
| Investments | 12 | 175,824 | | 175,824 | |
| | | <u>357,792</u> | | <u>411,833</u> | |
| Current assets | | | | | |
| Debtors | 15 | 4,596,197 | | 3,485,354 | |
| Cash at bank and in hand | | 2,190,842 | | 1,533,662 | |
| | | <u>6,787,039</u> | | <u>5,019,016</u> | |
| Creditors: amounts falling due within one year | 16 | <u>(3,504,929)</u> | | <u>(2,918,750)</u> | |
| Net current assets | | <u>3,282,111</u> | | <u>2,100,267</u> | |
| Total assets less current liabilities | | <u>3,639,903</u> | | <u>2,512,100</u> | |
| Provisions for liabilities | 17 | <u>(8,801)</u> | | <u>(17,530)</u> | |
| Net assets | | <u><u>3,631,101</u></u> | | <u><u>2,494,570</u></u> | |
| Capital and reserves | | | | | |
| Called up share capital | 19 | 1,360,805 | | 1,360,805 | |
| Profit and loss account | | 2,270,296 | | 1,133,765 | |
| Total equity | | <u><u>3,631,101</u></u> | | <u><u>2,494,570</u></u> | |

The notes on pages 8 to 21 are an integral part of these financial statements

AVALON MANAGEMENT GROUP LIMITED

BALANCE SHEET (CONTINUED)

AS AT 30 JUNE 2016

For the financial year ended 30 June 2016 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to non-dormant subsidiary companies

Directors' responsibilities

- The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476,
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of financial statements

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime

The financial statements, on pages 4 to 21, were approved by the board of directors and authorised for issue on 12 December 2016 and are signed on its behalf by



J Mowl
Director

Company Registration No. 02242641

AVALON MANAGEMENT GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

| | Notes | Share capital £ | Profit and loss account £ | Total £ |
|--|--------------|--------------------------------|--|--------------------|
| Balance at 1 July 2014 | | 1,360,805 | 789,453 | 2,150,258 |
| Year ended 30 June 2015 | | | | |
| Profit and total comprehensive income for the year | | - | 344,311 | 344,311 |
| Balance at 30 June 2015 | | 1,360,805 | 1,133,765 | 2,494,570 |
| Year ended 30 June 2016 | | | | |
| Profit and total comprehensive income for the year | | - | 1,136,532 | 1,136,532 |
| Balance at 30 June 2016 | 19 | <u>1,360,805</u> | <u>2,270,296</u> | <u>3,631,101</u> |

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

1.1 Company information

The principal activity of the company continued to be that of the provision of management services to comedians/performers, writer and presenters in the entertainment industry

Avalon Management Group Limited is a company limited by shares incorporated in England and Wales. The registered office is 4a Exmoor Street, London, W10 6BD

1.2 Statement of compliance

The individual financial statements of Avalon Management Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006

These Company financial statements for the year ended 30 June 2016 are the first financial statements of Avalon Management Limited prepared in accordance with FRS 102. The financial statements for the preceding period were prepared in accordance with previous UK GAAP. Information on the impact of first-time adoption of FRS 102 is given in note 23

1.3 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of Preparation

These financial statements are prepared on a going concern basis, under the historical cost convention, as modified by the recognition of certain financial assets and liabilities measured at fair value

(b) Going concern

In reaching their decision to prepare the accounts on a going concern basis, the Directors have considered the impact of the current economic climate on both the company and the group of which it is a member

Having given due consideration to the above factors, the current year result and the anticipated future performance of the Company, taking into account reasonably possible changes in trading performance, the Directors have been able to form a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason they adopt the going concern basis in preparing the financial statements

(c) Exemptions for Qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, subject to certain conditions, which have been complied with, including notification of, and no objection to, the use of exemptions by the Company's shareholders

The Company has taken advantage of the following exemption, under FRS 102 paragraph 112(b), from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, on the basis that it is a qualifying entity and its ultimate parent company, Martinhoe Holdings Limited, includes the company's cash flows in its own consolidated financial statements

(d) Consolidated financial statements

The company is a wholly owned subsidiary of Martinhoe Holdings Limited. It is included in the consolidated financial statements of Martinhoe Holdings Limited which are publicly available. Therefore the company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

These financial statements are the company's separate financial statements

(e) Foreign exchange

(i) Functional and presentation currency

The company's functional and presentation currency is the pound sterling

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account

(f) Interest

Interest receivable and payable are recognised in the profit and loss account using the effective interest method

(g) Turnover

Revenue is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business, and is shown net of VAT and other sales related taxes

Talent management turnover and related fees are recognised when the fees are due and work completed

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses. Cost includes the original purchase price and costs directly attributable to bringing the asset to its working condition for its intended use

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset over its expected useful life, as follows

| | |
|--------------------------------|----------------------------|
| Improvements to property | Over the life of the lease |
| Fixtures, fittings & equipment | Straight line over 4 years |
| Computer equipment | Straight line over 4 years |
| Motor vehicles | Straight line over 4 years |

The gain or loss arising on disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to the profit or loss

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.5 Fixed asset investments

Except as stated below, fixed asset investments are shown at cost less provision for impairment. Current asset investments are stated at the lower of cost and net realisable value.

In the company balance sheet, for investments in subsidiaries acquired for consideration including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value only of the shares issued. Any premium is ignored.

1.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.7 Financial instruments

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments.

Financial instruments are recognised in the Company's Balance Sheet when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.8 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

1 Accounting policies

(Continued)

1.9 Taxation

Taxation expense for the period comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, 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.

(i) Current tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

(ii) Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is not recognised when fixed assets are revalued unless by the balance sheet date there is a binding agreement to sell the revalued assets and the gain or loss expected to arise on sale has been recognised in the financial statements. Neither is deferred tax recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

1.10 Retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

Differences between contributions payable in the year and contributions actually paid are shown as either accruals or prepayments in the balance sheet. The assets of the plan are held separately from the Group in an independently administered fund.

1.11 Leases

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

No material judgements or estimates have been used in the preparation of the companies financial statements.

3 Turnover and other revenue

Analysis of turnover by category

| | 2016 £ | 2015 £ |
|-------------------|------------|------------|
| Turnover | | |
| Talent Management | 13,555,941 | 18,430,053 |

Analysis of turnover by geographical market

| | 2016 £ | 2015 £ |
|----------------|------------|------------|
| United Kingdom | 13,555,941 | 18,430,053 |

4 Operating profit

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Operating profit for the year is stated after charging/(crediting) | | |
| Exchange gains | (188,916) | (62,636) |
| Depreciation of owned tangible fixed assets | 116,648 | 128,273 |
| Operating lease charges | 257,291 | 256,881 |

5 Auditor's remuneration

| | 2016 £ | 2015 £ |
|--|-----------|-----------|
| Fees payable to the company's auditor and associates | | |
| For audit services | | |
| Audit of the company's financial statements | 6,000 | 10,000 |
| Audit of the company's subsidiaries | - | 10,000 |
| | 6,000 | 20,000 |
| For other services | | |
| Taxation compliance services | 38,188 | 29,028 |

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was

| | 2016 Number | 2015 Number |
|----------------|----------------|----------------|
| Directors | 6 | 8 |
| Management | 12 | 12 |
| Administration | 26 | 23 |
| | <u>44</u> | <u>43</u> |

Their aggregate remuneration comprised

| | 2016 £ | 2015 £ |
|-----------------------|------------------|------------------|
| Wages and salaries | 3,115,377 | 3,198,404 |
| Social security costs | 386,740 | 371,034 |
| Pension costs | 87,915 | 59,854 |
| | <u>3,590,032</u> | <u>3,629,292</u> |

7 Directors' remuneration

| | 2016 £ | 2015 £ |
|---|------------------|------------------|
| Remuneration for qualifying services | 1,574,579 | 1,883,921 |
| Company pension contributions to defined contribution schemes | 59,690 | 36,994 |
| | <u>1,634,269</u> | <u>1,920,915</u> |

Remuneration disclosed above include the following amounts paid to the highest paid director

| | | |
|---|----------------|----------------|
| Remuneration for qualifying services | 415,937 | 372,000 |
| Company pension contributions to defined contribution schemes | 40,000 | - |
| | <u>455,937</u> | <u>372,000</u> |

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 4 (2015 - 5)

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

8 Interest receivable and similar income

| | 2016 | 2015 |
|----------------------------|----------------|------------|
| | £ | £ |
| Interest income | | |
| Interest on bank deposits | 670 | 375 |
| Intercompany loan interest | 222,388 | - |
| Total income | 223,058 | 375 |

9 Interest payable and similar charges

| | 2016 | 2015 |
|--|------|-------|
| | £ | £ |
| Interest on financial liabilities measured at amortised cost: | | |
| Interest on bank overdrafts and loans | 784 | 3,487 |

10 Taxation

| | 2016 | 2015 |
|--|---------------|----------------|
| | £ | £ |
| (a) Tax expense included in profit and loss | | |
| Current tax | | |
| UK corporation tax on profits for the current period | 14,791 | 94,547 |
| Adjustments in respect of prior periods | 33,406 | (250) |
| Total current tax | 48,197 | 94,297 |
| Deferred tax | | |
| Origination and reversal of timing differences | (8,729) | 17,362 |
| Total tax charge | 39,468 | 111,659 |

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

10 Taxation

(Continued)

(b) Reconciliation of tax charge

Tax assessed for the period is lower (2015 higher) than the standard rate of corporation tax in the UK for the year ended 30 June 2016 of 20.00% (2015 20.75%). The differences are explained below

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| Profit before taxation | 1,176,000 | 455,971 |
| Expected tax charge based on the standard rate of corporation tax in the UK of 20.00% (2015 20.75%) | 235,200 | 94,614 |
| Tax effect of expenses that are not deductible in determining taxable profit | (172,934) | 30,662 |
| Other non-reversing timing differences | (46,091) | (12,957) |
| Under/(over) provided in the year | 33,406 | (250) |
| Group relief for nil consideration | (10,113) | (410) |
| Tax expense for the year | 39,468 | 111,659 |

(c) Tax rate changes

The standard rate of corporation tax in the UK changed from 21% to 20% with effect from 1 April 2015. During 2015 changes to the UK main corporation tax rate were enacted. The tax rate has fallen to 19% with effect from 1 April 2017. The Finance Act 2016 has reduced this rate further to 17% from 1 April 2020.

11 Tangible fixed assets

| | Improvements to property £ | Fixtures, fittings & equipment £ | Computer equipment £ | Motor vehicles £ | Total £ |
|------------------------------------|----------------------------------|---|----------------------------|---------------------|------------|
| Cost | | | | | |
| At 1 July 2015 | 225,224 | 287,008 | 358,840 | 146,198 | 1,017,270 |
| Additions | - | 8,528 | 54,079 | - | 62,607 |
| At 30 June 2016 | 225,224 | 295,536 | 412,919 | 146,198 | 1,079,877 |
| Depreciation and impairment | | | | | |
| At 1 July 2015 | 225,224 | 233,518 | 232,872 | 89,647 | 781,261 |
| Depreciation charged in the year | - | 26,935 | 56,090 | 33,623 | 116,648 |
| At 30 June 2016 | 225,224 | 260,453 | 288,962 | 123,270 | 897,909 |
| Carrying amount | | | | | |
| At 30 June 2016 | - | 35,083 | 123,957 | 22,928 | 181,968 |
| At 30 June 2015 | - | 53,490 | 125,968 | 56,551 | 236,009 |

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

12 Fixed asset investments

| | Notes | 2016 £ | 2015 £ |
|-----------------------------|-------|----------------|----------------|
| Investments in subsidiaries | 13 | <u>175,824</u> | <u>175,824</u> |

Movements in fixed asset investments

| | Shares in group undertakings £ |
|--|---|
| Cost or valuation At 1 July 2015 & 30 June 2016 | <u>175,824</u> |
| Carrying amount At 30 June 2016 | <u>175,824</u> |
| At 30 June 2015 | <u>175,824</u> |

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

13 Subsidiaries

Details of the company's subsidiaries at 30 June 2016 are as follows

| Name of undertaking and country of incorporation or residency | Nature of business | Class of shareholding | % Held |
|---|---------------------------------|-----------------------|--------|
| Avalon US Holdings Inc USA | Holding Co | Ordinary Shares | 100 00 |
| Avalon Management Inc * USA | Talent Management | Ordinary Shares | 100 00 |
| Avalon Television Inc* USA | Television Programme Production | Ordinary Shares | 100 00 |
| Novel Productions Inc* USA | Television Programme Production | Ordinary Shares | 100 00 |
| Avalon Management Group NY LLC* USA | Talent Management | Ordinary Shares | 100 00 |
| Bacon Bar Productions LLC* USA | Television Programme Production | Ordinary Shares | 100 00 |
| Sketch Productions LLC* USA | Television Programme Production | Ordinary Shares | 100 00 |
| 50/50 Productions LLC* USA | Television Programme Production | Ordinary Shares | 100 00 |
| 50/50 Studio Productions LLC* USA | Television Programme Production | Ordinary Shares | 100 00 |
| Pointless Studio Productions Inc* USA | Television Programme Production | Ordinary Shares | 100 00 |
| Partially Important Productions LLC* USA | Television Programme Production | Ordinary Shares | 100 00 |
| Workaholics* USA | Dormant | Ordinary Shares | 100 00 |

*Indirect holdings

Avalon US Holdings Inc has two principal subsidiary companies incorporated in the USA,
- Avalon Management Inc
- Avalon Television Inc

Avalon Management Inc provides the services of performers in the entertainment industry and Avalon Television Inc develops and produces Television and Film projects

The registered office of all of the company's subsidiaries, detailed above, is 9171 Wilshire Blvd, Beverly Hills, CA 90210, USA

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

16 Creditors: amounts falling due within one year

| | 2016 £ | 2015 £ |
|--|------------------|------------------|
| Trade creditors | 436,756 | 202,102 |
| Amounts owed to group undertakings | 250,001 | 300,450 |
| Amounts owed to participating interest | 232,282 | 54,308 |
| Other taxation and social security | 170,988 | 161,529 |
| Other creditors | 72,021 | 46,122 |
| Accruals and deferred income | 2,342,881 | 2,154,239 |
| | <u>3,504,929</u> | <u>2,918,750</u> |

Amounts owed by group undertakings and participating interests are unsecured, interest free, have no fixed date of repayment and are repayable on demand

17 Deferred taxation

Deferred tax assets and liabilities are offset where the company has a legally enforceable right to do so. The following is the analysis of the deferred tax balances (after offset) for financial reporting purposes

| | 2016 £ | 2015 £ | Assets 2016 £ | Assets 2015 £ |
|---|--------------|---------------|---------------------|---------------------|
| The deferred tax liability is made up as follows: | | | | |
| Accelerated capital allowances | 10,860 | 17,938 | - | - |
| Other timing differences | (2,058) | (408) | - | - |
| | <u>8,802</u> | <u>17,530</u> | <u>-</u> | <u>-</u> |

| | 2016 £ |
|-------------------------------|--------------|
| Movements in the year: | |
| Balance at 1 July 2015 | 17,530 |
| Profit and loss account | (8,728) |
| Balance at 30 June 2016 | <u>8,802</u> |

There were no deferred tax movements in the year

Of the deferred tax liability set out above, the full balance is expected to reverse within 12 months and relates to accelerated capital allowances, which are partly offset by a provision against general bad debts which will also crystallise in the year

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2016

18 Retirement benefit schemes

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

The charge to profit and loss in respect of defined contribution schemes was £87,915 (2015 £59,854).

19 Share capital

| | 2016 £ | 2015 £ |
|---|-----------|-----------|
| Ordinary share capital | | |
| Issued and fully paid | | |
| 1,360,705 ordinary shares of £1 each | 1,360,705 | 1,360,705 |
| Preference share capital | | |
| Authorised | | |
| 100 variable rate non-cumulative preference shares of £1 each | 100 | 100 |

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

20 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

| | 2016 £ | 2015 £ |
|----------------------------|-----------|-----------|
| Within one year | 3,003 | 4,216 |
| Between two and five years | 13,244 | 2,275 |
| | 16,247 | 6,491 |

21 Control

The immediate parent undertaking is Martinhoe Holdings Limited.

The ultimate parent undertaking and the smallest and largest group to consolidate these financial statements is Martinhoe Holdings Limited. Copies of consolidated financial statements can be obtained from Companies House, Crown Way, Mandy, Cardiff CF14 3UZ.

The ultimate controlling party is JM Thoday.

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2016

22 Related party transactions

The company has taken advantage of the exemption available in FRS 102 "Related party disclosure" whereby it has not disclosed transactions with the ultimate parent company or any wholly owned subsidiary undertakings of the group

23 Transition to FRS102

This is the first year that the company has presented its results under FRS 102. The last financial statements under the UK GAAP were for the year ended 30 June 2015. The date of transition to FRS 102 was 1 July 2014.

There were no adjustments to the company's balance sheet at 1 July 2014 or 30 June 2015 on transition to FRS 102.