

Avalon Management  
Group Ltd  
2242641

Company Registration No. 08119369 (England and Wales)

**MARTINHOE HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 JUNE 2019**



# MARTINHOE HOLDINGS LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	R Allen-Turner R Aslett J Mowll G Perkins J Thoday J Taylor
<b>Company registration number</b>	08119369
<b>Registered office</b>	4a Exmoor Street London W10 6BD
<b>Auditor</b>	Deloitte LLP Statutory Auditor London, United Kingdom EC4A 3BZ
<b>Bankers</b>	The Royal Bank of Scotland Plc 62/63 Threadneedle Street PO Box 412 London, United Kingdom EC2R 8LA

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# MARTINHOE HOLDINGS LIMITED

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# MARTINHOE HOLDINGS LIMITED

## STRATEGIC REPORT

**FOR THE YEAR ENDED 30 JUNE 2019**

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The directors present the strategic report and audited financial statements for the year ended 30 June 2019.

### **Review of the business**

The Martinhoe group (comprised of Martinhoe Holdings Limited and subsidiaries) principally conducts business operations within the United Kingdom and the United States. In the UK the principal business is that of managing comedians, writers, presenters and actors. In the US, the group manages comedians, writers, presenters and actors, and develops and produces television and film projects.

The Martinhoe group has continued the successful strategy of developing and maximising strong brands, achieved by working with some of the best creative talent in the entertainment business; nurturing and developing new ideas and properties both on-screen and on-stage. The consolidated group achieved revenue of £128,702,223 (2018: £102,426,266), and delivered an operating profit of £2,288,732 (2018: £1,763,485). This increased operating profit reported in 2019 is due to higher turnover, however operating profit percentage is lower due to higher administrative expenses in the year.

We are proud to continue working with the talent that we do, and extremely grateful to them and to all of our staff for their hard work.

### **Principal risks and uncertainties**

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

#### Foreign exchange transactional currency exposure

The group is exposed to currency exchange risk due to a proportion of its receivables and payables being denominated in non-sterling currencies. This exposure is managed in a majority of occasions as payments made out of the group relating to client payments are generally made in the currency received by the group for the related fee income. Balances of US dollars and Euros are maintained generally, reducing further the risk to the group.

The key risk to the group is the translation of the US subsidiary from USD to GBP, however cash flows between the UK and the US are managed to take advantage of preferable exchange rates where possible.

#### Credit risk

A large percentage of the group's activity is conducted with established broadcasters and production companies in the UK and US, therefore the group does not have significant exposure to credit defaults.

#### Liquidity risk

Through Avalon Management Group Limited, one of the group's subsidiaries, the group has access to an overdraft facility, primarily for working capital purposes. The directors consider that the risks associated with this facility are low considering the current and projected performance of the group.

#### Brexit

The Directors have considered the implications of Brexit on the group and don't believe it will have a material impact.

### **Key performance indicators**

The group's performance is managed by revenue type and division. Refer to note 3 for further information.

Key brands are constantly monitored and reviewed by tracking of financial performance, particularly revenues and gross margins and on a brand and revenue source basis.

In the current year there has been an increase in turnover to £128.7m (2018: £102.4m), an increase of 25.6%. However there has been a decrease in gross margin to 10.8% (2018: 12.7%) driven by a change in the group's sales mix.

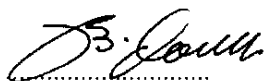
# MARTINHOE HOLDINGS LIMITED

## STRATEGIC REPORT (CONTINUED)

*FOR THE YEAR ENDED 30 JUNE 2019*

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On behalf of the board



J Mowll

**Director**

Date 20/12/2019

# MARTINHOE HOLDINGS LIMITED

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 JUNE 2019

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The directors present their annual report and audited financial statements for the year ended 30 June 2019.

#### Results and dividends

The results for the year are set out on page 8.

An Ordinary Dividend of £3 million was declared to A Shareholders in June 2019 (2018: NIL). The directors do not recommend payment of a further dividend.

The principal risks faced by the group are outlined in the Strategic Report.

#### Directors

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

R Allen-Turner  
R Aslett  
J Mowll  
G Perkins  
J Thoday  
J Taylor

#### Future developments

The directors 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.

#### Auditor

Each of the persons who is a Director at the date of approval of this report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

# MARTINHOE HOLDINGS LIMITED

## DIRECTORS' REPORT (CONTINUED)

**FOR THE YEAR ENDED 30 JUNE 2019**

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### **Directors' 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 elected to prepare the financial statements in accordance with 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 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.

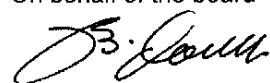
### **Post reporting date events**

Since the year end the group have appointed a new CEO, Laura Kennedy, as of 1st October 2019.

### **Going concern**

The directors have a reasonable expectation that the company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements. Further details regarding the adoption of the going concern basis can be found in note 1 of the financial statements.

On behalf of the board



.....  
J Mowll

**Director**

Date 20/12/2019

# MARTINHOE HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF MARTINHOE HOLDINGS LIMITED

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#### Independent auditor's report to the members of Martinhoe Holdings Limited

#### Report on the audit of the financial statements

##### Opinion

In our opinion the financial statements of Martinhoe Holdings Limited (the 'parent company') and its subsidiaries (the 'group'):

- give a true and fair view of the state of the group's and of the parent company's affairs as at 30 June 2019 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the consolidated statement of comprehensive income;
- the consolidated and parent company balance sheets;
- the consolidated and parent company statements of changes in equity;
- the 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the group and the parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.



# MARTINHOE HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MARTINHOE HOLDINGS LIMITED

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#### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

# MARTINHOE HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT (CONTINUED)

### TO THE MEMBERS OF MARTINHOE HOLDINGS LIMITED

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#### Report on other legal and regulatory requirements

##### Opinions on other matters prescribed by the Companies Act 2006

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

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the group and of the parent company and their environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

##### Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters 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.

We have nothing to report in respect of these matters.

##### Use of our report

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.



Andrew Evans FCA (Senior statutory auditor)  
For and on behalf of Deloitte LLP  
Statutory Auditor  
London, United Kingdom  
20th December 2019

# MARTINHOE HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	2018 £
Turnover	3	128,702,223	102,426,266
Cost of sales		(114,771,347)	(89,361,564)
<b>Gross profit</b>		13,930,876	13,064,702
Administrative expenses		(11,642,144)	(11,301,217)
<b>Operating profit</b>	4	2,288,732	1,763,485
Interest receivable and similar income	8	1,373	594
Interest payable and similar expenses	9	(989)	(291)
<b>Profit before taxation</b>		2,289,116	1,763,788
Tax on profit	10	(33,453)	(964,203)
<b>Profit for the financial year</b>		2,255,663	799,585
<b>Other comprehensive income</b>			
Currency translation differences		12,321	(4,866)
<b>Total comprehensive income for the year</b>		2,267,984	794,719

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

# MARTINHOE HOLDINGS LIMITED

## CONSOLIDATED BALANCE SHEET

AS AT 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Intangible assets	12	399,918		491,402	
Tangible assets	13	454,025		343,376	
			853,943		834,778
<b>Current assets</b>					
Debtors	17	12,765,544		10,632,269	
Cash at bank and in hand		14,405,344		14,659,488	
			27,170,888		25,291,757
<b>Creditors: amounts falling due within one year</b>	18	(22,919,495)		(20,157,426)	
<b>Net current assets</b>			4,251,393		5,134,331
<b>Total assets less current liabilities</b>			5,105,336		5,969,109
<b>Creditors: amounts falling due after more than one year</b>	19		-		(112,028)
<b>Deferred taxation liability</b>	20		-		(20,377)
<b>Net assets</b>			5,105,336		5,836,704
<b>Capital and reserves</b>					
Called up share capital	22	10,012		10,002	
Share premium account		5,660,636		5,659,998	
Merger reserve		(4,309,194)		(4,309,194)	
Exchange difference reserve	22	39,735		27,414	
Profit and loss account		3,704,147		4,448,484	
<b>Total equity</b>			5,105,336		5,836,704

The notes on pages 14 to 33 are an integral part of these financial statements.

The financial statements were approved by the board of directors and authorised for issue by the board of directors on 20/12/2019 and are signed on its behalf by:



J Mowll  
Director

# MARTINHOE HOLDINGS LIMITED

## COMPANY BALANCE SHEET

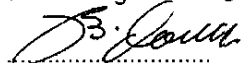
AS AT 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
<b>Fixed assets</b>					
Investments	14		6,894,814		6,894,814
<b>Current assets</b>					
Debtors	17	3,160,493		3,312,750	
Cash at bank and in hand		1,844,792		402,796	
		5,005,285		3,715,546	
<b>Creditors: amounts falling due within one year</b>	18	(6,003,861)		(5,345,008)	
<b>Net current liabilities</b>			(998,576)		(1,629,462)
<b>Total assets less current liabilities</b>			5,896,238		5,265,352
<b>Creditors: amounts falling due after more than one year</b>	19		-		(112,028)
<b>Net assets</b>			5,896,238		5,153,324
<b>Capital and reserves</b>					
Called up share capital	22		10,012		10,002
Share premium account			5,660,636		5,659,998
Profit and loss account			225,590		(516,676)
<b>Total equity</b>			5,896,238		5,153,324

The notes on pages 13 to 33 are an integral part of these financial statements.

The Company has elected to take exemption under section 408 of the Companies Act 2006 not to present the company profit and loss account. The profit for the Company for the year was £3,742,266 (2018 loss: £331,473)

The financial statements were approved by the board of directors and authorised for issue on 20/12/2019, and are signed on its behalf by:



J Mowll  
Director

Company Registration No. 08119369

# MARTINHOE HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2019

Notes	Called up share capital £	Share premium account £	Exchange difference reserve £	Merger reserve £	Profit and loss account £	Total £
	10,002	5,659,998	22,548	(4,309,194)	3,648,899	5,032,252
<b>Balance at 1 July 2017</b>						
<b>Year ended 30 June 2018:</b>						
Profit for the year	-	-	-	-	799,585	799,585
Other comprehensive income movement in the year	-	-	4,866	-	-	4,866
<b>Balance at 30 June 2018</b>	10,002	5,659,998	27,413	(4,309,194)	4,448,484	5,836,703
<b>Year ended 30 June 2019:</b>						
Profit for the year	-	-	-	-	2,255,663	2,255,663
Issue of share capital	10	638	-	-	-	648
Dividends	-	-	-	-	(3,000,000)	(3,000,000)
Other comprehensive income movement in the year	-	-	12,321	-	-	12,321
<b>Balance at 30 June 2019</b>	10,012	5,660,636	39,734	(4,309,194)	3,704,147	5,105,335

# MARTINHOE HOLDINGS LIMITED

## COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2019

	Notes	Called up share capital £	Share premium account (Page 9) £	Profit and loss account £	Total £
<b>Balance at 1 July 2017</b>		10,002	5,659,998	(185,203)	5,484,797
<b>Year ended 30 June 2018:</b>					
Loss and total comprehensive loss for the year		-	-	(331,473)	(331,473)
<b>Balance at 30 June 2018</b>	<b>22</b>	10,002	5,659,998	(516,676)	5,153,324
<b>Year ended 30 June 2019:</b>					
Profit and total comprehensive loss for the year		-	-	3,742,266	3,742,266
Issue of share capital	<b>22</b>	10	638	-	648
Dividends	<b>11</b>	-	-	(3,000,000)	(3,000,000)
<b>Balance at 30 June 2019</b>	<b>22</b>	10,012	5,660,636	225,590	5,896,238

# MARTINHOE HOLDINGS LIMITED

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 £	£	2018 £	£
<b>Net cash from operating activities</b>					
Cash generated from group operations	26	2,366,699		6,358,277	
Taxation paid		(549,232)		(740,339)	
<b>Net cash inflow from operating activities</b>		1,817,467		5,617,938	
<b>Investing activities</b>					
Purchase of subsidiary undertakings		-		(128,453)	
Purchase of tangible fixed assets		(298,628)		(172,106)	
Interest received		1,373		594	
<b>Net cash used in investing activities</b>		(297,255)		(299,965)	
<b>Financing activities</b>					
Interest paid		(989)		(291)	
Dividends paid to equity shareholders		(1,786,083)		-	
<b>Net cash used in financing activities</b>		(1,787,072)		(291)	
<b>Net (decrease)/increase in cash and cash equivalents</b>		(266,860)		5,317,682	
<b>Cash and cash equivalents at beginning of year</b>		14,659,480		9,246,184	
Effect of foreign exchange rates		12,716		95,614	
<b>Cash and cash equivalents at end of year</b>		14,405,336		14,659,480	
<b>Relating to:</b>					
Cash at bank and in hand		14,405,344		14,659,488	
Bank overdrafts included in creditors payable within one year		(8)		(8)	



# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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### 1 Accounting policies

#### General information

- 1.1 Martinhoe Holdings Limited ("the company") and its subsidiaries (together "the group") are principally engaged in the management of comedians, writers, presenters and actors. In the US the group manages comedians, writers, presenters and actors and develops and produces television and film projects. The company is a private company limited by shares incorporated and registered in England and Wales. The registered office is 4a Exmoor Street, London, W10 6BD.

The group consists of Martinhoe Holdings Limited and all of its subsidiaries.

#### 1.2 Statement of compliance

These group and individual statements of Martinhoe Holdings Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102") and the Companies Act 2006.

#### 1.3 Summary of significant accounting policies

##### (a) Basis of preparation

These consolidated and separate financial statements are prepared on a going concern basis, under the historical cost convention.

##### (b) Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings made up to 30 June 2019.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

##### (c) Exemptions for Qualifying Entities under FRS102

The Company has taken advantage of the following exemptions:

- from preparing a statement of cash flows, on the basis that it is a qualifying entity and the consolidated statement of cash flows, included in these financial statements, include the company's cash flows; and
- from the financial instrument disclosures, required under FRS 102 paragraphs 11.39 to 11.48A and paragraphs 12.26 to 12.29 as the information is provided in the consolidated financial statement disclosures.

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

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### 1 Accounting policies

(Continued)

#### 1.3 Summary of significant accounting policies (continued)

##### (d) Going concern

The group's business activities, together with the factors likely to affect its future development and performance are set out in the Strategic Report.

The group continues to be profitable as shown in the consolidated profit and loss account for the year ended 30 June 2019, and the group's forecast and projections indicate the group will continue to be profitable throughout the current financial year and beyond.

In reaching their decision to prepare the financial statements 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 anticipated future performance of the company, taking into account reasonably possible changes in market conditions, the directors have been able to form a reasonable expectation that the company and the group have 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.

The directors have considered the following areas in making their assessment on the going concern basis of the group:

- In general the group is cash positive, cash generative, profitable and has net current assets.
- The group derives most of its revenues from its talent management business. This does not have a negative effect on cash flow as all payments to clients are only made after funds have been received from the customers. The television production business requires some prefunding of productions, but in the US where this business takes place, we have significant cash reserves available (£10m as at 30 June 2019) to ensure funding for the foreseeable future.
- The group is closely linked to the Tiverton 2 Holdings Limited group with shared directors and shared ultimate control. Where necessary cash can be moved between the groups to maintain necessary levels of working capital within each. In addition Tiverton 2 Holdings Limited has an undrawn borrowings facility of £4.0m (2018: £4.0m).
- The brand names of Avalon and the Artists Rights Group are all considered strong within the industry, representing both leading talent and producing successful television productions.
- The group also maintains the ability to reduce both its payroll and property costs in line with any fluctuations in business. Staffing levels are dependent and linked to ongoing productions, and the UK property is managed on a modular basis allowing reductions in floor space and costs if necessary.
- The group has an undrawn facility of £0.5 million (2018: £0.5 million).
- The group is currently in a net asset position of £5,105,336 (2018: £5,836,784).

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

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### 1 Accounting policies (Continued)

#### 1.3 Summary of significant accounting policies (continued)

##### (e) Turnover

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for services rendered net of value added taxes. Revenue is recognised to the extent it is probable that the economic benefits will flow to the group and the revenue can be reliably measured.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of the work performed to date as a proportion of the total contract value.

Turnover and costs are recognised by the different divisions as follows:

Turnover and related costs on television productions are recognised as production activity progresses to reflect the proportion of work carried out during the year. Profit is recognised once the total outcome can be assessed with reasonable certainty.

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

##### (f) Interest

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

#### 1.4 Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight-line basis over its useful economic life, which is considered to be 10 years. Provision is made for any impairment.

#### 1.5 Tangible fixed assets and depreciation

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, other than investment properties and freehold land, 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	Straight-line over 4 years
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 the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the profit and loss account.

Residual value is calculated on prices prevailing at the date of acquisition or revaluation.

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

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### 1 Accounting policies (Continued)

#### 1.6 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.

#### 1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and 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.

#### 1.8 Financial instruments

The group has elected to apply the provisions of Section 11 and Section 12 of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the group's balance sheet when the group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset and 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.

#### 1.9 Equity instruments

Equity instruments issued by the group 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 group.

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

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### 1 Accounting policies

(Continued)

#### 1.10 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. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

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 recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

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.

#### 1.11 Retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to defined contribution retirement benefit schemes are charged to the profit and loss 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 independently administered funds.

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 1 Accounting policies

(Continued)

#### 1.12 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 payable under operating leases, including any lease incentives received, are charged to income on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

#### 1.13 Foreign currency

##### **Functional and presentation currency**

The group financial statements are presented in pounds sterling. The company's functional and presentation currency is the pounds sterling.

##### **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**

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. Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

#### 1.14 Related party transactions

The group discloses transactions with related parties which are not wholly-owned within the same group. Related Party transactions were made on terms equivalent to those that prevail in arm's length transactions.

#### 1.15 Finance costs

Finance costs of financial liabilities are recognised in the profit and loss account over the term of such instruments at a constant rate on the carrying amount.

Finance costs which are directly attributable to the construction of tangible fixed assets are capitalised as part of the cost of those assets. The commencement of capitalisation begins when both finance costs and expenditures for the asset are being incurred and activities that are necessary to get the asset ready for use are in progress. Capitalisation ceases when substantially all the activities that are necessary to get the asset ready for use are complete.

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

### 2 Critical accounting judgements and key sources of estimation uncertainty

In the application of the group'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 estimations have been used in the preparation of the group or company financial statements.

### 3 Turnover and other revenue

Turnover analysed by category:

	2019 £	2018 £
<b>Turnover</b>		
Television production	63,756,216	43,787,299
Talent management	64,946,007	58,638,967
	<u>128,702,223</u>	<u>102,426,266</u>

Turnover analysed by geographical market:

	2019 £	2018 £
United Kingdom	30,646,887	34,218,310
United States	98,055,336	68,207,956
	<u>128,702,223</u>	<u>102,426,266</u>

### 4 Operating profit

	2019 £	2018 £
Operating profit for the year is stated after charging:		
Exchange losses	20,290	30,264
Depreciation of tangible fixed assets	180,033	183,012
Amortisation of intangible assets	91,486	91,486
Operating lease charges	548,333	508,759
	<u></u>	<u></u>

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 5 Auditor's remuneration

	2019	2018
	£	£
Fees payable to the company's auditor and associates:		
<b>For audit services</b>		
Audit of the financial statements of the group and company	50,000	45,000
Audit of the financial statements of related parties	50,000	45,000
	<u>          </u>	<u>          </u>
<b>For other services</b>		
Taxation compliance services	13,000	14,175
Taxation advisory services	24,550	50,200
Taxation services for related parties	46,650	27,625
	<u>          </u>	<u>          </u>
	<u>84,200</u>	<u>92,000</u>

Fees in related parties relate to services provided to the Tiverton 2 Limited Group, who share the same ultimate shareholders as Martinhoe Holdings Limited (see note 24).

### 6 Employees

The average monthly number of persons employed by the group during the year was:

	2019 Number	2018 Number
Directors	9	9
Administration	34	34
Artist Management and promotion	46	42
	<u>          </u>	<u>          </u>
	<u>89</u>	<u>85</u>

Their aggregate remuneration comprised:

	2019 £	2018 £
Wages and salaries	8,754,321	9,190,250
Social security costs	879,127	907,757
Pension costs	78,227	128,994
	<u>          </u>	<u>          </u>
	<u>9,711,675</u>	<u>10,227,001</u>

The parent company had no employees or remuneration expense during the year.



# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 7 Directors' remunerations

	2019 £	2018 £
Remuneration for qualifying services	2,122,900	2,273,926
Compensation for loss of office	-	289,064
Company pension contributions to defined contribution schemes	19,922	13,165
	<u>2,142,822</u>	<u>2,576,155</u>

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2018: 4).

Remuneration disclosed above includes the following amounts paid to the highest paid director:

Remuneration for qualifying services	625,000	525,000
Company pension contributions to defined contribution schemes	8,000	5,000
	<u>633,000</u>	<u>530,000</u>

### Compensation to key management

Compensation to key management (key decision makers who are not Directors of the Group) not disclosed within directors remuneration is as follows:

	2019 £	2018 £
Remuneration for qualifying services	2,214,221	2,064,314
Company pension contributions to defined contribution schemes	8,499	8,165
	<u>2,222,720</u>	<u>2,072,479</u>

### 8 Interest receivable and similar income

	2019 £	2018 £
<b>Interest income</b>		
Interest on bank deposits	1,373	594
	<u>1,373</u>	<u>594</u>

### 9 Interest payable and similar expenses

	2019 £	2018 £
<b>Interest on financial liabilities measured at amortised cost:</b>		
Interest on bank overdrafts and loans	989	291
	<u>989</u>	<u>291</u>

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 10 Taxation

(a) Tax expense included in the profit and loss

	2019 £	2018 £
<b>Current tax</b>		
UK corporation tax on profits for the current year	418,248	408,448
Adjustments in respect of prior years	(505,902)	422,335
Total UK current tax	(87,654)	830,783
Foreign current tax on profits for the current year	184,912	152,720
Total current tax	97,258	983,503
<b>Deferred tax</b>		
Origination and reversal of timing differences	(725)	(15,498)
Changes in tax rates	-	(3,802)
Adjustment in respect of prior periods	(63,080)	-
Total deferred tax	(63,805)	(19,300)
Tax on profit on ordinary activities	33,453	964,203

(b) Reconciliation of tax charge

Tax assessed for the period is the same as the standard rate of corporation tax in the UK for the year ended 30 June 2019 of 19.00% (2018: 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before taxation	2,289,116	1,763,798
Expected tax charge based on the standard rate of corporation tax of 19% (2018: 19%)	434,932	335,156
Tax effect of expenses that are not deductible in determining taxable profit	105,928	57,678
Adjustments in respect of prior years	(505,902)	422,338
Depreciation on assets not qualifying for tax allowances	26,629	-
Other non-reversing timing differences	(57,851)	(15,684)
Capital Allowances	(49,740)	-
Deferred tax adjustments in respect of prior years	(63,080)	-
Other tax adjustments (including foreign tax)	142,537	164,718
Tax charge for the year	33,453	964,206

(c) Tax rate changes. The standard rate of corporation tax in the UK changed from 20% to 19% with effect from 1 April 2017. The Finance Act 2016 will reduce this rate further to 17% from 1 April 2020.

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 11 Dividends

	2019 £	2018 £
Dividend to A shareholders of £3.17 per share	3,000,000	-

### 12 Intangible fixed assets

Group	Goodwill £
<b>Cost</b>	
At 1 July 2018 and 30 June 2019	903,540
<b>Amortisation and impairment</b>	
At 1 July 2018	412,138
Amortisation charged for the year	91,486
At 30 June 2019	503,624
<b>Carrying amount</b>	
At 30 June 2019	399,918
At 30 June 2018	491,402

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

### 13 Tangible fixed assets

Group	Improvements to property	Fixtures, fittings & equipment	Computer equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 July 2018	225,224	726,522	451,340	214,094	1,617,179
Additions	-	72,079	215,898	-	287,977
Transfer	-	(40,434)	40,434	-	-
Exchange adjustments	-	6,130	4,522	-	10,652
At 30 June 2019	225,224	764,297	712,194	214,094	1,915,809
<b>Depreciation and impairment</b>					
At 1 July 2018	225,224	519,384	394,246	134,950	1,273,803
Depreciation charged in the year	-	44,293	104,078	31,662	180,033
Transfer	-	(43,882)	39,895	3,987	-
Exchange adjustments	-	4,849	3,098	-	7,948
At 30 June 2019	225,224	524,644	541,317	170,599	1,461,784
<b>Carrying amount</b>					
At 30 June 2019	-	239,653	170,877	43,495	454,025
At 30 June 2018	-	207,138	57,094	79,144	343,376

### 14 Fixed asset investments

	Notes	Group 2019 £	2018 £	Company 2019 £	2018 £
Investments in subsidiaries	15	-	-	6,894,814	6,894,814

In the opinion of the directors, the aggregate value of the Company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

### 15 Subsidiaries

Details of the company's subsidiaries at 30 June 2019 are as follows:

Name of undertaking and country of incorporation or residency		Nature of Business	Class of shareholding	% Held
Avalon Management Group Limited (02242641) †	UK	Talent Management	Ordinary Shares	100.00
Malsmead Holdings Limited (08307810) †	UK	Intermediate Holding Company	Ordinary Shares	100.00
Billy Marsh Holdings Limited (02172103) †	UK	Intermediate Holding Company	Ordinary Shares	100.00

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

### 15 Subsidiaries (Continued)

Billy Marsh Associates Limited (02168257) * †	UK	Talent Management	Ordinary Shares	100.00
Artist Rights Group Limited (04194789) * †	UK	Talent Management	Ordinary Shares	100.00
Avalon US Holdings Inc. *	US	Talent Management and TV production	Ordinary Shares	100.00
Avalon Management Inc. *	US	Talent Management	Ordinary Shares	100.00
Avalon Television Inc. *	US	TV Production	Ordinary Shares	100.00
Novel Productions Inc. *	US	Talent Management	Ordinary Shares	100.00
Avalon Management Group NY LLC *	US	Talent Management	Ordinary Shares	100.00
Bacon Bar Productions LLC *	US	TV Production	Ordinary Shares	100.00
Sketch Productions LLC *	US	TV Production	Ordinary Shares	100.00
50/50 Productions LLC *	US	TV Production	Ordinary Shares	100.00
50/50 Studio Productions LLC *	US	TV Production	Ordinary Shares	100.00
Pointless Studio Productions Inc. *	US	TV Production	Ordinary Shares	100.00
Partially Important Productions LLC *	US	TV Production	Ordinary Shares	100.00
Workaholics LLC	US	Dormant	Ordinary Shares	100.00

\*Indirect holding

† These non-dormant companies have elected to make use of the audit exemption. Under section 479A of the Companies Act 2006, in order to fulfil the conditions set out in the regulations, the Company has given statutory guarantee of all outstanding liabilities to which the subsidiaries are subject at the end of the financial year to 30 June 2019.

The registered office of all of the company's UK subsidiaries, detailed above, is 4a Exmoor Street, London W10 6BD. The registered office of all of the company's US subsidiaries, detailed above, is 9171 Wilshire Blvd, Suite 320, Beverly Hills, CA 90210, USA

### 16 Financial instruments

	Group 2019 £	2018 £	Company 2019 £	2018 £
<b>Carrying amount of financial assets</b>				
Debt instruments measured at undiscounted cost	10,601,414	8,361,268	2,862,506	2,999,584
Equity instruments measured at cost less impairment	-	-	6,894,814	6,894,814
	<u>10,601,414</u>	<u>8,361,268</u>	<u>2,862,506</u>	<u>2,999,584</u>
<b>Carrying amount of financial liabilities</b>				
Measured at undiscounted cost	19,346,741	18,886,826	3,951,311	4,759,610
	<u>19,346,741</u>	<u>18,886,826</u>	<u>3,951,311</u>	<u>4,759,610</u>

Financial assets measured at undiscounted cost comprise of trade debtors, other debtors amounts owed by related parties, and accrued income.

Financial liabilities measured at undiscounted cost comprise of trade creditors, other creditors, accruals and amounts owed to related parties.

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

### 17 Debtors

	Group 2019	2018	Company 2019	2018
	£	£	£	£
<b>Amounts falling due within one year:</b>				
Trade debtors	582,583	732,576	-	-
Corporation tax recoverable	619,805	1,362,283	297,975	303,166
VAT recoverable	744,071	905,163	-	10,000
Amounts due from fellow group undertakings	-	-	2,120,012	2,079,554
Amounts owed by related parties	2,456,946	1,359,315	-	-
Other debtors	2,737,568	3,608,630	742,506	920,030
Prepayments and accrued income	5,601,438	2,660,747	-	-
	<u>12,742,411</u>	<u>10,628,714</u>	<u>3,160,493</u>	<u>3,312,750</u>
Deferred tax asset (note 20)	23,133	3,555	-	-
	<u>12,765,544</u>	<u>10,632,269</u>	<u>3,160,493</u>	<u>3,312,750</u>

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

Included in other debtors are amounts due from the directors as follows:

	Group 2019	2018	Company 2019	2018
J Taylor	743,463	920,030	742,494	920,030
R Aslett	2,219	5,588	-	-
J Thoday	1,725,809	2,266,033	-	-
R Allen-Turner	14,316	55,508	-	-

These amounts are unsecured, interest free, have no fixed repayment date and are repayable on demand. No interest was charged during the year on these amounts. No amounts due from the directors were written off and no amounts were waived.

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 JUNE 2019

#### 18 Creditors: amounts falling due within one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Bank loans and overdrafts	8	8	-	-
Trade creditors	211,218	255,386	-	-
Amounts due to group undertakings	-	-	2,035,000	-
Amounts due to related parties	2,962,271	2,526,051	2,600,000	4,599,999
Corporation tax payable	-	1,218,567	-	585,398
Other taxation and social security	415,421	252,033	-	-
Other creditors	1,225,982	241,489	1,116,063	114,611
Accrued Expenses	14,947,270	9,770,114	252,798	45,000
Deferred Income	3,157,325	5,893,778	-	-
	<u>22,919,495</u>	<u>20,157,426</u>	<u>6,003,861</u>	<u>5,345,008</u>

Amounts owed to group undertakings and related parties are unsecured, interest free, have no fixed repayment date and are repayable on demand. There are no amounts disclosed within note 18 that are secured.

At 30 June 2019 the Group had available £0.5m (2018: £0.5m) of undrawn committed borrowing facilities with a floating charge over the Group's assets; all conditions precedent had been met.

#### 19 Creditors: amounts falling due after more than one year

	Group 2019 £	2018 £	Company 2019 £	2018 £
Deferred consideration	-	112,028	-	112,028
	<u>-</u>	<u>112,028</u>	<u>-</u>	<u>112,028</u>

#### 20 Deferred taxation

Deferred tax assets and liabilities are offset where the group or 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:

	Liabilities 2019 £	Liabilities 2018 £	Assets 2019 £	Assets 2018 £
Group				
Accelerated capital allowances	-	25,215	-	-
Other timing differences	-	(4,838)	23,133	3,555
	<u>-</u>	<u>20,377</u>	<u>23,133</u>	<u>3,555</u>

The company has no deferred tax provision at 30 June 2019 (2018: £nil).

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

20 Deferred taxation		(Continued)
	Group 2019 £	Company 2019 £
<b>Movements in the year:</b>		
Liability at 1 July 2018	(16,821)	-
Credit to profit and loss	63,080	-
Other	(23,126)	-
Asset at 30 June 2019	<u>23,133</u>	<u>-</u>

21 Retirement benefit schemes		2019 £	2018 £
<b>Defined contribution schemes</b>			
Charge to profit and loss in respect of defined contribution schemes		<u>78,227</u>	<u>70,108</u>

A defined contribution pension scheme is operated for all qualifying employees. The assets of the scheme are held separately from those of the group in an independently administered fund. As at 30 June 2019 £nil was payable by the group to the defined contribution pension provider (2018: £nil).

22 Called up share capital		Group and company 2019 £	2018 £
<b>Ordinary share capital</b>			
<b>Issued and fully paid</b>			
945,200 A Ordinary shares of 1p each		9,452	9,452
45,000 B Ordinary shares of 1p each		450	450
10,000 D Ordinary shares of 1p each		100	100
10,103 E Ordinary shares of 0.001p each		10	-
		<u>10,012</u>	<u>10,002</u>



# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

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### 22 Called up share capital

(Continued)

The rights in relation to the different classes of shares are as follows:

#### Capital

On return of assets on a liquidation or a winding-up, reduction of capital, or otherwise the assets of the company remaining after payment of such of its liabilities as it is necessary to discharge to effect the distribution ("net proceeds") shall be distributed as follows:

- to the holders of the A Shares, in respect of their A Shares then held, the full amount of the net proceeds up to an amount equal to the B threshold value;
- thereafter, the balance of the Net Proceeds, if any, shall be distributed to each of the holders of the A Shares and the B Shares in proportion to the number of A Shares or B Shares held by them respectively up to the amount of the D Threshold Value;
- thereafter, the balance of the Net Proceeds, if any, shall be distributed to each of the holders of the A Shares, the B Shares and the D Shares in proportion to the number of A Shares, B Shares or D Shares held by them respectively up to the amount of the E Threshold Value;
- thereafter, the balance of the Net Proceeds, if any, shall be distributed to each of the holders of the A Shares, the B Shares, the D Shares and the E Shares in proportion to the number of A Shares, B Shares, D Shares or E Shares held by them respectively

In the event of a sale, the proceeds of such sale shall be distributed between the selling shareholders in the manner set out above, as if the same constituted a liquidation of the company.

#### Voting in General Meetings

The holders of the A Shares shall be entitled to receive notice of and to attend and vote at the general meetings of the company. Every holder of A Shares who (being an individual) is present in person or by proxy or (being a corporation) is present by a duly authorised representative or by proxy, shall have one vote on a show of hands and on a poll every holder of A Shares so present shall have one vote for each A Share held by him.

The holders of the B Shares, D Shares and E Shares shall not be entitled to receive notice of, nor to attend or vote at general meetings of the company.

The A Shares, the B Shares, D Shares and the E Shares shall be treated as separate classes of Shares for the purposes of all distributions and accordingly the Company or the Board (as the case may be, as required pursuant to the Companies Act) shall not be under any obligation to make any distribution to one class of Shares if it makes a distribution to another class of Shares, nor shall the Company or the Board be under any obligation to pay the same amount by way of dividend on each class of Shares and any distribution shall be treated as separate classes of Shares.

Any distribution payable to the holders of the B shares, D shares or E shares shall not be paid in respect of any unvested Shares.

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

### 22 Called up share capital

(Continued)

#### Income

No dividend shall be payable on any Shares in respect of any financial period of the Company unless there are sufficient profits of the company available for distribution.

The A Shares, B Shares, D Shares and the E shares shall be treated as separate classes of Shares for the purposes of all distributions and, accordingly, the Company or the Board (as the case may be, as required pursuant to the Act) shall not be under any obligations to make any distribution to one class of Shares if it makes a distribution to another class of Shares, nor shall the Company or the Board be under any obligation to pay the same amount by way of dividend on each class of Shares.

Any distribution payable to the holders of the B Shares, D Shares or E Shares shall not be paid in respect of any unvested Shares.

#### Merger reserves

Merger reserves are a direct result of the last group reconstruction of Martinhoe Holdings Limited and Tiverton 2 Holdings Limited. The group reconstruction was accounted for using merger accounting principles since the new shareholders of the Company are the same as the former shareholders and the rights of each shareholder, relative to the others, are unchanged.

#### Exchange difference reserve

Exchange difference reserves are the cumulative effect of revaluing the US balance sheet at the year end exchange rate.

### 23 Operating lease commitments

#### Lessee

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

	Group 2019 £	2018 £	Company 2019 £	2018 £
Within one year	340,769	183,427	-	-
Between two and five years	1,036,575	770,069	-	-
In over five years	-	-	-	-
	<u>1,377,344</u>	<u>953,496</u>	<u>-</u>	<u>-</u>

In 2017 the commitment for rented office space in Los Angeles was renewed; this lease will expire in 2023.

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2019

### 24 Related party transactions

#### Transactions with related parties

During the year, Martinhoe Holdings Limited group companies entered into transactions and arrangements on normal commercial terms with Tiverton 2 Limited which shared the same ultimate shareholders as Martinhoe Holdings Limited.

	Sale of goods		Purchase of goods	
	2019	2018	2019	2018
	£	£	£	£
<b>Group</b>				
Tiverton 2 Limited	13,416,040	19,515,218	3,773,870	237,147

#### Company

The company has the following year-end transactions and balances with related parties:

	2019	2018
	£	£
Amounts falling due within one year from related party undertakings:		
Tiverton 2 Limited	-	400,000
	-	400,000
Amounts due to related party undertakings within one year:		
Tiverton 2 Limited	(2,600,000)	(2,600,000)
	(2,600,000)	(2,600,000)
<b>Directors' Transactions</b>		
Dividend payments owed	1,213,917	-
	1,213,917	-

Amounts due from the Group's directors are disclosed in Note 17.

### 25 Ultimate controlling party

Martinhoe Holdings Limited is the ultimate parent company of the group and the highest level legal entity preparing consolidated financial statements. J Thoday is the ultimate controlling party.

# MARTINHOE HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 JUNE 2019

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### 26 Cash generated from group operations

	2019 £	2018 £
Operating Profit	2,288,732	1,763,485
Adjustments for:		
Amortisation and impairment of intangible assets	91,486	91,486
Depreciation and impairment of tangible fixed assets	187,981	183,012
Movements in working capital:		
(Increase) in debtors	(2,856,177)	(883,191)
Increase in creditors	2,654,677	5,203,486
<b>Cash generated from operations</b>	<u>2,366,699</u>	<u>6,358,277</u>