

**AVALON MANAGEMENT GROUP LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 1999**



# **AVALON MANAGEMENT GROUP LIMITED**

## **COMPANY INFORMATION**

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### **DIRECTORS**

J M Thoday  
R Allen-Turner  
C Jones  
R J Bennett  
R Aslett

### **SECRETARY**

R Allen-Turner

### **COMPANY NUMBER**

2242641

### **REGISTERED OFFICE**

4a Exmoor Street  
London  
W10 6BD

### **AUDITORS**

MGI Midgley Snelling  
Brettenham House  
Lancaster Place  
London  
WC2E 7EW

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# **AVALON MANAGEMENT GROUP LIMITED**

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# AVALON MANAGEMENT GROUP LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH JUNE 1999

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The directors present their report together with the audited financial statements for the year ended 30th June 1999.

### PRINCIPAL ACTIVITY

The company's principal activity continued to be that of the provision of services of performers in the entertainment industry.

### RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 4.

The directors consider the loss achieved on ordinary activities before taxation to be satisfactory and are optimistic for the future.

The directors do not recommend a dividend.

### DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary Shares		Variable Rate Preference Shares	
	30th June 1999	1st July 1998	30th June 1999	1st July 1998
J M Thoday	80	80	-	-
R Allen-Turner	20	20	100	100
C Jones (appointed on 1st July 1998)	-	-	-	-
R J Bennett (appointed on 4th January 2000)	-	-	-	-
R Aslett (appointed on 1st September 1999)	-	-	-	-

### YEAR 2000 COMPLIANCE

The directors are pleased to report that the issues regarding what was known as Year 2000 Compliance passed without any interruption to the company's operations.

### COMPANY STATUS

The company is a close company as defined by Section 414 I.C.T.A. 1988.

# AVALON MANAGEMENT GROUP LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH JUNE 1999

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### DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. In preparing these financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

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 proper accounting records which 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 1985. 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.

### AUDITORS

A resolution to reappoint MGI Midgley Snelling Chartered Accountants as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 12th June 2000, and signed on its behalf by:

A handwritten signature in black ink, appearing to read 'R Allen-Turner', is written over a horizontal line.

R Allen-Turner, Secretary

# AUDITORS' REPORT TO THE SHAREHOLDERS OF AVALON MANAGEMENT GROUP LIMITED

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We have audited the financial statements on pages 4 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

## RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and report our opinion to you.

## BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

## OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants  
and Registered Auditors

Brettenham House  
Lancaster Place  
London  
WC2E 7EW

Date: 13<sup>th</sup> June 2000

# AVALON MANAGEMENT GROUP LIMITED

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 1999

	Notes	1999 £	1998 £
<b>TURNOVER</b>	2	<b>1,667,677</b>	<b>1,186,348</b>
<b>GROSS PROFIT</b>		<b>1,667,677</b>	<b>1,186,348</b>
Administrative Expenses		<b>1,723,103</b>	<b>1,174,418</b>
<b>OPERATING (LOSS)/PROFIT</b>	3	<b>(55,426)</b>	<b>11,930</b>
Interest Receivable		<b>23,188</b>	<b>8,789</b>
Interest Payable and Similar Charges	4	<b>(24,788)</b>	<b>(1,608)</b>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(57,026)</b>	<b>19,111</b>
Tax on (loss)/profit on ordinary activities	7	<b>(30)</b>	<b>11,797</b>
<b>LOSS/PROFIT FOR THE FINANCIAL YEAR</b>		<b>(56,996)</b>	<b>7,314</b>
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<b>59,611</b>	<b>52,297</b>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<b>2,615</b>	<b>59,611</b>

The turnover and operating profit for the period are attributable to continuing operations in both this and the preceding period. The only gain recognised in this and the preceding period was the profit for the period.

# AVALON MANAGEMENT GROUP LIMITED

## BALANCE SHEET

AS AT 30TH JUNE 1999

	Notes	£	1999 £	£	1998 £
<b>FIXED ASSETS</b>					
Tangible assets	8		363,416		63,548
<b>CURRENT ASSETS</b>					
Debtors	9	881,676		811,171	
Cash at bank and in hand		93,393		174,716	
		975,069		985,887	
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	10	1,196,957		989,624	
<b>NET CURRENT LIABILITIES</b>			(221,888)		(3,737)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			141,528		59,811
<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	11		138,713		-
			2,815		59,811
<b>CAPITAL AND RESERVES</b>					
Share capital - equity	14		100		100
Share capital - non equity	14		100		100
Profit and loss account			2,615		59,611
<b>SHAREHOLDERS' FUNDS</b>					
Equity		2,715		59,711	
Non-equity		100		100	
	15		2,815		59,811

These financial statements were approved by the board on 12th June 2000 and signed on its behalf by:

  
J M Thoday  
Director

  
R J Bennett  
Director

The notes on pages 6 to 12 form part of these financial statements.



**AVALON MANAGEMENT GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 1999**

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**1 ACCOUNTING POLICIES**

**Basis of Accounting**

The Financial Statements have been prepared in accordance with applicable accounting standards and under the historical cost convention. There were no differences between the reported profit and the historical cost profit on ordinary activities before taxation.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company as defined by the Companies Act, 1985.

**Turnover**

Turnover represents commission receivable during the year stated net of Value Added Tax.

**Depreciation**

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The rates generally applicable are:

Motor vehicles	25% per annum
Furniture and equipment	25% per annum
Computer equipment	25% per annum
Leasehold improvements	12.5 % per annum

**Deferred Taxation**

Deferred taxation is provided on the liability method on all material timing differences where, in the opinion of the directors, a liability will arise in the foreseeable future.

In the opinion of the directors there were no material timing differences at the balance sheet date.

**Contribution to Pension Funds**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost represents contributions payable by the company to the fund.

**Operating Leases**

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

**Finance Leases**

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

**2 TURNOVER**

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

**AVALON MANAGEMENT GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 1999**

**3 OPERATING LOSS**

*The operating loss is arrived at after charging or crediting:*

	1999	1998
	£	£
Depreciation of owned assets	46,624	31,316
Depreciation of assets held under finance leases and hire purchase contracts	62,197	-
Hire of equipment	26,463	25,718
Rents payable under operating leases	57,150	98,355
Directors' remuneration	362,497	314,262
Auditors' remuneration	6,000	3,500
	<u>6,000</u>	<u>3,500</u>

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	1999	1998
	£	£
Finance leases and hire purchase contracts	23,863	-
Interest payable on loans other than bank loans and overdrafts	925	1,608
	<u>24,788</u>	<u>1,608</u>

**5 DIRECTORS AND EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	1999	1998
	£	£
Wages and salaries	652,071	408,599
Social security costs	65,468	41,064
Pension contributions	58,800	87,600
	<u>776,339</u>	<u>537,263</u>

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

	1999	1998
	Number	Number
Management and administration	<u>26</u>	<u>19</u>

Directors' emoluments

	1999	1998
	£	£
Emoluments	303,697	226,662
Directors' pension contributions under defined contribution schemes	58,800	87,600
	<u>362,497</u>	<u>314,262</u>

**AVALON MANAGEMENT GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 1999**

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	1999	1998
Retirement benefits were accruing to directors under schemes as follows:-		
	<b>Number</b>	<i>Number</i>
Money purchase schemes	<b>2</b>	<i>2</i>
	<hr/>	<hr/>
The highest paid director received emoluments and benefits as follows:-		
	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Emoluments	<b>152,568</b>	<b>105,455</b>
Contributions to a money purchase pension scheme	<b>29,400</b>	<b>43,800</b>
	<hr/>	<hr/>
	<b>181,968</b>	<b>149,255</b>
	<hr/>	<hr/>

**7 TAXATION**

	1999	1998
	<b>£</b>	<b>£</b>
Based on the (loss)/profit for the year		
UK corporation tax	-	11,797
Prior periods		
UK corporation tax	<b>(30)</b>	-
	<hr/>	<hr/>
	<b>(30)</b>	<b>11,797</b>
	<hr/>	<hr/>

**AVALON MANAGEMENT GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 1999**

**8 TANGIBLE FIXED ASSETS**

	Motor Vehicles	Furniture and Equipment	Computer Equipment	Leasehold Improve- ments	Total
<b>Cost</b>	£	£	£	£	£
At 1st July 1998	18,953	46,408	97,645	-	163,006
Additions	-	140,926	112,788	154,974	408,688
Disposals	-	(25,051)	(14,644)	-	(39,695)
<b>At 30th June 1999</b>	<b>18,953</b>	<b>162,283</b>	<b>195,789</b>	<b>154,974</b>	<b>531,999</b>
<b>Depreciation</b>					
At 1st July 1998	4,738	34,895	59,824	-	99,457
Charge for the year	4,738	39,833	44,878	19,372	108,821
Disposals	-	(25,051)	(14,644)	-	(39,695)
<b>At 30th June 1999</b>	<b>9,476</b>	<b>49,677</b>	<b>90,058</b>	<b>19,372</b>	<b>168,583</b>
<b>Net Book Value</b>					
<b>At 30th June 1999</b>	<b>9,477</b>	<b>112,606</b>	<b>105,731</b>	<b>135,602</b>	<b>363,416</b>
<i>At 30th June 1998</i>	<i>14,215</i>	<i>11,513</i>	<i>37,821</i>	<i>-</i>	<i>63,549</i>

Assets held under finance leases originally cost £248,790 (1998: £26,048) and have a net book value of £186,593 (1998: £8,254).

**9 DEBTORS**

	1999 £	1998 £
Trade debtors	215,226	680,667
Other debtors	168,833	115,387
Prepayments and accrued income	497,617	15,117
	<b>881,676</b>	<b>811,171</b>

Included within other debtors is an amount of £ 30,802 due from C.Jones, director.

**10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank overdraft	44,429	-
Obligations under hire purchase and finance lease contracts (Note 12)	75,632	11,943
Trade creditors	663,647	491,605
Corporation tax	12,000	12,000
Other taxes and social security	103,240	172,087
Other creditors	276,342	203,810
Accruals and deferred income	21,667	98,179
	<b>1,196,957</b>	<b>989,624</b>

**AVALON MANAGEMENT GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 1999**

<b>11</b>	<b>CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>	<b>1999</b>	<b>1998</b>
		£	£
	Obligations under hire purchase and finance lease contracts (Note 12)	<b>138,713</b>	-
		<u><b>138,713</b></u>	<u>-</u>
<b>12</b>	<b>OBLIGATIONS UNDER HIRE PURCHASE AND FINANCE LEASES</b>	<b>1999</b>	<b>1998</b>
		£	£
	Obligations under finance leases and hire purchase contracts are analysed:		
	Current obligations	<b>75,632</b>	<b>11,943</b>
	Obligations due between one and five years	<b>138,713</b>	-
		<u><b>214,345</b></u>	<u><b>11,943</b></u>

**13 OPERATING LEASE COMMITMENTS**

At 30 June 1999 the company had annual commitments under non-cancellable operating leases as set out below:

	<b>Land and buildings</b>		<b>Other</b>
	<b>1999</b>	<b>1999</b>	<b>1998</b>
	£	£	£
Operating leases which expire:			
Within one year	-	<b>6,800</b>	<b>704</b>
Between two and five years	-	<b>14,057</b>	<b>25,344</b>
After five years	<b>65,500</b>	-	-
	<u><b>65,500</b></u>	<u><b>20,857</b></u>	<u><b>26,048</b></u>

**AVALON MANAGEMENT GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
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14	SHARE CAPITAL	1999 £	1998 £
	<b>Authorised</b>		
	<b>Equity Shares</b>		
	90,000 Ordinary shares of £1 each	90,000	90,000
	<b>Non Equity Shares</b>		
	10,000 Preference shares of £1 each	10,000	10,000
		<u>100,000</u>	<u>100,000</u>
	<b>Allotted</b>		
	<b>Equity Shares</b>		
	100 Allotted, called up and fully paid Ordinary shares of £1 each	100	100
	<b>Non Equity Shares</b>		
	100 Preference shares of £1 each	100	100
		<u>200</u>	<u>200</u>

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

Holders are eligible for a variable non-cumulative dividend with a guaranteed minimum rate currently of 10%.

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

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

15	RECONCILIATION OF SHAREHOLDERS' FUNDS	1999 £	1998 £
	(Loss)/Profit for the financial year	(56,996)	7,314
	Decrease/Increase in the shareholders' funds	(56,996)	7,314
	Opening shareholders' funds	59,811	52,497
	Closing shareholders' funds	<u>2,815</u>	<u>59,811</u>

**16 CONTROL AND RELATED PARTY TRANSACTIONS**

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

J.M.Thoday also controls Avalon Promotions Limited, Avalon Television Limited, Funnyfriend Limited and Spring Residuals (1997) Limited. During the year the company had the following transactions with those companies:-

**AVALON MANAGEMENT GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30TH JUNE 1999**

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**16 CONTROL AND RELATED PARTY TRANSACTIONS (Continued)**

	<i>Manage- ment fees received/ (paid)</i>	<i>Production expenses received</i>
Avalon Television Limited	45,000	368,302
Avalon Promotions Limited	293,000	-
Funnyfriend Limited	52,649	-

At the balance sheet date the following balances existed:-

	<i>Debtors</i>	<i>Creditors</i>
Avalon Television Limited	188,899	-
Avalon Promotions Limited	-	275,310
Funnyfriend Limited	52,649	-
Spring Residuals (1997) Limited	84,262	-