

AVALON MANAGEMENT GROUP LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2001



AVALON MANAGEMENT GROUP LIMITED

COMPANY INFORMATION

DIRECTORS

J M Thoday
R Allen-Turner
R J Bennett
R Aslett
A J Spring
J R Gregory

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

AUDITORS' REPORT TO AVALON MANAGEMENT GROUP LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated financial statements set out on pages 2 to 6 together with the financial statements of Avalon Management Group Limited for the year ended 30th June 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

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

BASIS OF OPINION

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

OPINION

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 2 to 6 are properly prepared in accordance with those provisions.

MGI Midgley Snelling

MGI Midgley Snelling
Chartered Accountants
and Registered Auditors

Brettenham House
Lancaster Place
London
WC2E 7EW

Date: 25 April 2002

AVALON MANAGEMENT GROUP LIMITED

ABBREVIATED BALANCE SHEET

AS AT 30TH JUNE 2001

	Notes	2001 £	2000 £
FIXED ASSETS	2		
Tangible fixed assets		243,970	346,941
Fixed asset investments		6,215	6,215
		<u>250,185</u>	<u>353,156</u>
CURRENT ASSETS			
Debtors		844,368	2,872,909
Cash at bank and in hand		381,600	10,331
		<u>1,225,968</u>	<u>2,883,240</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		<u>(1,493,783)</u>	<u>(3,289,087)</u>
NET CURRENT LIABILITIES		<u>(267,815)</u>	<u>(405,847)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(17,630)</u>	<u>(52,691)</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		<u>(29,298)</u>	<u>(79,847)</u>
		<u>(46,928)</u>	<u>(132,538)</u>
CAPITAL AND RESERVES			
Share capital	4	200	200
Profit and loss account		(47,128)	(132,738)
SHAREHOLDERS' FUNDS		<u>(46,928)</u>	<u>(132,538)</u>

The abbreviated financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

These abbreviated financial statements were approved by the board on 23 April 2002 and signed on its behalf by:

J M Thoday
Director

R Allen-Turner
Director

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2001

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.

Consolidation

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

Turnover

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

Tangible fixed assets and 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

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

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.

Contribution to pension funds

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

Operating Leases

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

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2001

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 FIXED ASSETS

	Tangible fixed assets £	Fixed asset investments £	Total £
Cost			
At 1st July 2000	632,943	6,215	639,158
Additions	15,846	-	15,846
At 30th June 2001	648,789	6,215	655,004
Depreciation and amortisation			
At 1st July 2000	286,002	-	286,002
Charge for the year	118,817	-	118,817
At 30th June 2001	404,819	-	404,819
Net book value			
At 30th June 2001	243,970	6,215	250,185
At 30th June 2000	346,941	6,215	353,156

Finance lease creditors of £79,851 (2000:£171,075) are secured against the fixed assets to which they relate.

AVALON MANAGEMENT GROUP LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 2001

3 SHARES IN GROUP UNDERTAKINGS

Name of company and registered office	Country of incorporation	Details of investments	Proportion held by company	Proportion held by subsidiary	Nature of business
Avalon Management Inc.	United States	10,000 ordinary shares of US\$1 each	100%	Nil%	Provision of the services of performers in the entertainment industry

As at 30 June 2001, the aggregate deficit on the reserves of Avalon Management Inc. amounted to GBP190,921 (US\$268,511) and the loss for the year ended that date was GBP92,595 (US\$130,225).

At the year end the subsidiary owed the company GBP199,941 (2000: GBP 94,475). The directors have provided fully against the funds advanced, due to the uncertainty over the timing of when the funds will be available to repay the advance.

4 SHARE CAPITAL

	2001 £	2000 £
Authorised		
Equity shares		
90,000 Ordinary shares of £1 each	90,000	90,000
Non equity shares		
10,000 Preference shares of £1 each	10,000	10,000
	<u>100,000</u>	<u>100,000</u>
Allotted		
Equity shares		
100 Allotted, called up and fully paid Ordinary shares of £1 each	100	100
Non equity shares		
100 Variable Rate Non-cumulative 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 have the right to be paid, out of the profits available for dividend, a variable non-cumulative dividend at a rate of not less than 1% on the capital for the time being paid up thereon.

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

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

AVALON MANAGEMENT GROUP LIMITED
NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2001

5 DIRECTORS INTERESTS

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

J.M. Thoday also controls and is a director of Avalon Promotions Limited, Avalon Television Limited, Funnyfriend Limited, Avalon Public Relations Limited and Spring Residuals (1997) Limited. In addition J.M.Thoday is a director of Brightwater Productions Limited.

R.Allen-Turner, R.J.Bennett and C.Jones were also directors of the following companies during the year:

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

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

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

	<i>Manage- ment fees received</i>	<i>Production expenses received/ (paid)</i>
Avalon Television Limited	591,823	7,197,154 (136,000)
Avalon Promotions Limited	110,900	136,535 (18,000)
Funnyfriend Limited	37,225	1,152
Avalon Public Relations Limited	147,880	162,601 (59,967)
Brightwater Productions Limited	13,680	

At the balance sheet date the following balances existed:-

	<i>Debtors</i>	<i>Creditors</i>
Avalon Television Limited	220,946	-
Avalon Promotions Limited	69,028	-
Funnyfriend Limited	-	63,267
Spring Residuals (1997) Limited	4,969	-
Avalon Public Relations Limited	-	750
Brightwater Productions Limited	2,310	-