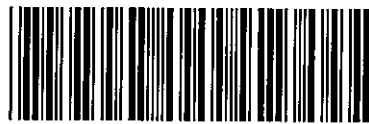


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# **Electricland Limited**

Report and Accounts  
*30 September 2006*

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COMPANIES HOUSE

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OFFICERS AND PROFESSIONAL ADVISERS

**The Board of Directors**

S Forster  
P Marling  
J Northcote

**Company Secretary**

P Marling

**Registered Office**

211 Stockwell Road  
London  
SW9 9SL

**Auditor**

Rees Pollock  
35 New Bridge Street  
London  
EC4V 6BW

**Bankers**

Barclays  
Canons House  
Canons Way  
Bristol  
BS99 7LB

**Registered Number**

05142633

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**DIRECTORS' REPORT**

The directors present their report and the accounts of the company for the year ended 30 September 2006.

**Principal activities**

The principal activity of the company during the year was that of a holding company.

**Results and dividends**

The loss for the year, after taxation, amounted to £3,368,506. The directors have not recommended a dividend.

**Directors**

The directors who served the company during the year were as follows:

S Forster  
P Marling  
J Northcote

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the accounts of the parent company.

**Directors' responsibilities**

The directors are responsible for preparing the accounts in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare accounts for each financial year which 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 year.

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts 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 to enable them to ensure that the accounts comply with the Companies Act 1985. The directors 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.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Auditor**

A resolution to re-appoint Rees Pollock as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to be 'P Marling', written over a horizontal line.

P Marling  
Company Secretary

20 February 2007



# REES POLLOCK

Chartered Accountants

35 New Bridge Street  
London EC4V 6BW  
Telephone 020 7778 7200  
Fax 020 7329 6408

## INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELECTRICLAND LIMITED

We have audited the accounts of Electricland Limited for the year ended 30 September 2006 on pages 5 to 11 which have been prepared on the basis of the accounting policies set out on page 7.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditor

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 information in the accounts.

### Opinion

In our opinion:

- the accounts give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its loss for the year then ended;
- the accounts have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the accounts for the year ended 30 September 2006.

*Rees Pollock*

Rees Pollock  
Chartered Accountants & Registered Auditors

21 February 2007

**PROFIT AND LOSS ACCOUNT**

for the year ended 30 September 2006

		Year to 30 Sep 06 £	Period from 1 Jun 04 to 30 Sep 05 £
	Note		
<b>TURNOVER</b>	<b>2</b>	—	—
Administrative expenses		62,205	64
<b>OPERATING LOSS</b>		<u>(62,205)</u>	<u>(64)</u>
Interest receivable		270,125	656,640
Interest payable and similar charges	<b>5</b>	<u>(3,568,244)</u>	<u>(3,653,262)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(3,360,324)</u>	<u>(2,996,686)</u>
Tax on loss on ordinary activities	<b>6</b>	8,182	(80,999)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(3,368,506)</u></u>	<u><u>(2,915,687)</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

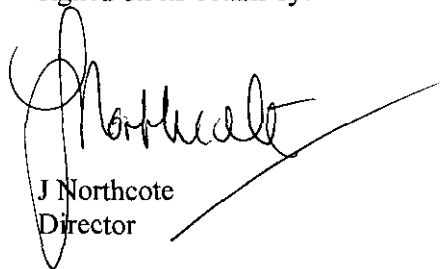
The notes on pages 7 to 11 form part of these accounts.

## Electricland Limited

BALANCE SHEET  
at 30 September 2006

	Note	£	2006 £	2005 £
<b>FIXED ASSETS</b>				
Investments	7		27,608,056	27,608,056
<b>CURRENT ASSETS</b>				
Debtors	8	5,506,343		5,579,488
Cash at bank		18,316		—
		5,524,659		5,579,488
<b>CREDITORS: amounts falling due within one year</b>	9	5,950,965		2,089,170
<b>NET CURRENT (LIABILITIES)/ASSETS</b>			(426,306)	3,490,318
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			27,181,750	31,098,374
<b>CREDITORS: amounts falling due after more than one year</b>	10		32,965,943	33,514,061
			(5,784,193)	(2,415,687)
<b>CAPITAL AND RESERVES</b>				
Called-up equity share capital	13		500,000	500,000
Profit and loss account	14		(6,284,193)	(2,915,687)
<b>DEFICIT</b>	15		(5,784,193)	(2,415,687)

The accounts on pages 5 to 11 were approved by the board of directors on 20 February 2007 and signed on its behalf by:



J Northcote  
Director

The notes on pages 7 to 11 form part of these accounts.

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**NOTES TO THE ACCOUNTS**

for the year ended 30 September 2006

**1. ACCOUNTING POLICIES**

**Basis of accounting**

The accounts have been prepared under the historical cost convention.

**Consolidation**

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEC and in accordance with Section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the accounts on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

**Deferred taxation**

Deferred taxation is provided on all timing differences, without discounting, calculated at the rate at which it is estimated that tax will be payable, except where otherwise required by accounting standards.

**Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

**2. OPERATING LOSS**

The operating loss for the year was derived from the company's principal continuing activity which was carried out wholly in the UK.

**3. AUDITOR'S REMUNERATION**

Auditors' remuneration is borne by Academy Music Group Limited, a wholly owned subsidiary of the company.

**4. PARTICULARS OF EMPLOYEES**

No salaries or wages have been paid to employees, including the directors, during the year.



## NOTES TO THE ACCOUNTS

for the year ended 30 September 2006

## 5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 30 Sep 06	Period from 1 Jun 04 to 30 Sep 05
	£	£
Interest payable on bank borrowing	1,869,536	2,082,338
Amortisation of loan issue expenses	131,106	94,853
Interest payable on loan notes	1,488,922	1,476,071
Interest payable to group companies	78,680	—
	<u>3,568,244</u>	<u>3,653,262</u>

## 6. TAXATION ON ORDINARY ACTIVITIES

## (a) Analysis of charge in the year

	Year to 30 Sep 06	Period from 1 Jun 04 to 30 Sep 05
	£	£
<b>Current tax</b>		
UK Corporation tax based on the results for the year at 30% (2005 – 30%)	8,182	(80,999)
Total current tax	<u>8,182</u>	<u>(80,999)</u>

## (b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2005 – 30%).

	Year to 30 Sep 06	Period from 1 Jun 04 to 30 Sep 05
	£	£
Loss on ordinary activities before taxation	<u>(3,360,324)</u>	<u>(2,996,686)</u>
Loss on ordinary activities multiplied by rate of tax	(1,008,097)	(899,006)
Group relief	1,016,279	907,972
Payments received for group relief	—	(86,678)
Other differences	—	(3,287)
Total current tax (note 6(a))	<u>8,182</u>	<u>(80,999)</u>

## NOTES TO THE ACCOUNTS

for the year ended 30 September 2006

## 7. INVESTMENTS

	Subsidiary undertakings £
Cost	
At 1 October 2005 and 30 September 2006	<u>27,608,056</u>
Net book value	
At 30 September 2006	<u>27,608,056</u>
At 30 September 2005	<u>27,608,056</u>

The company holds more than 20% of the equity of the following companies:

Name of company	Holding	Proportion held	Nature of business
Academy Music Group Limited	Ordinary shares	100%	Holding company
Newcbeat Limited	Ordinary shares	100%	Venue operator
Magstack Limited	Ordinary shares	100%	Venue operator
Sharpfleur Limited	Ordinary shares	100%	Venue operator
Sharpfleur Limited	Preference shares	100%	Venue operator
Brumbeat Limited	Ordinary shares	100%	Venue operator
Bristolbeat Limited	Ordinary shares	100%	Venue operator
Glasgowbeat Limited	Ordinary shares	100%	Venue operator
Livebeat Limited	Ordinary shares	100%	Venue operator
Islingtonbeat Limited	Ordinary shares	100%	Venue operator

All of the above companies are registered in England and Wales.

Academy Music Group Limited and Newcbeat Limited are the only investments held directly by the company.

## 8. DEBTORS

	2006 £	2005 £
Amounts owed by group undertakings	<u>5,506,343</u>	<u>5,579,488</u>

## 9. CREDITORS: amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	—	379,268
Bank debt	1,868,894	1,255,147
Amounts owed to group undertakings	3,310,193	—
Corporation tax	8,182	5,679
Accruals, deferred income & other creditors	763,696	449,076
	<u>5,950,965</u>	<u>2,089,170</u>

## NOTES TO THE ACCOUNTS

for the year ended 30 September 2006

**10. CREDITORS: amounts falling due after more than one year**

	2006	2005
	£	£
Bank and other loans	25,408,505	19,888,397
Loan notes	7,557,438	13,625,664
	<u>32,965,943</u>	<u>33,514,061</u>

**11. LOANS**

Creditors include finance capital which is due for repayment as follows:

	2006	2005
	£	£
Amounts repayable:		
In one year or less or on demand	2,000,000	1,350,000
In more than one year but not more than two years	2,050,000	2,000,000
In more than two years but not more than five years	10,150,000	6,000,000
In more than five years	21,719,940	26,272,882
	<u>35,919,940</u>	<u>35,622,882</u>
Unamortised loan issue expenses	(1,085,103)	(853,674)
	<u>34,834,837</u>	<u>34,769,208</u>
Disclosed as:		
Loans falling due within one year	1,868,894	1,255,147
Loans falling due after more than one year	32,965,943	33,514,061
	<u>34,834,837</u>	<u>34,769,208</u>

The company's loan instruments are comprised of the following amounts:

Loan notes of £7,557,438 (2005: £13,625,664) which are due for repayment in August 2014

A bank loan of £8,000,000 (2005: £9,350,000) which is due for repayment by instalment over the period to July 2010.

A bank loan of £7,500,000 (2005: £nil) which is due for repayment by instalment over the period to July 2015.

A bank loan of £4,000,000 (2005: £4,000,000) which is due for repayment in two instalments in January and July 2011.

A bank loan of £4,000,000 (2005: £4,000,000) which is due for repayment in two instalments in January and July 2012.

A bank loan of £4,862,502 (2005: £4,647,218) which is due for repayment in two instalments in July 2013.

Interest on these instruments is charged at normal commercial rates as agreed with the lenders from time to time.

The bank loans are secured by a fixed and floating charge over the assets of the company and its subsidiary undertakings.

## NOTES TO THE ACCOUNTS

for the year ended 30 September 2006

**12. CONTINGENCIES**

The company is included in a group cross-guarantee for bank overdraft purposes with other group companies. All group members are jointly and severally liable for the bank overdrafts outstanding at 30 September 2006.

The company is included in a group VAT registration and is therefore jointly and severally liable for all the other group companies' unpaid debts in this connection.

**13. SHARE CAPITAL**

Authorised share capital:

	2006	2005
	£	£
1,000,000 Ordinary shares of £0.50 each	<u>500,000</u>	<u>500,000</u>

Allotted, called up and fully paid:

	2006		2005	
	No	£	No	£
Ordinary shares of £0.50 each	<u>1,000,000</u>	<u>500,000</u>	<u>1,000,000</u>	<u>500,000</u>

**14. PROFIT AND LOSS ACCOUNT**

	Year to 30 Sep 06	Period from 1 Jun 04 to 30 Sep 05
	£	£
Balance brought forward	(2,915,687)	—
Loss for the financial year	<u>(3,368,506)</u>	<u>(2,915,687)</u>
Balance carried forward	<u>(6,284,193)</u>	<u>(2,915,687)</u>

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2006	2005
	£	£
Loss for the financial year	(3,368,506)	(2,915,687)
New ordinary share capital subscribed	—	500,000
Net reduction to shareholders' deficit	<u>(3,368,506)</u>	<u>(2,415,687)</u>
Opening shareholders' deficit	<u>(2,415,687)</u>	—
Closing shareholders' deficit	<u>(5,784,193)</u>	<u>(2,415,687)</u>

**16. ULTIMATE PARENT COMPANY**

The company's immediate and ultimate parent company is Academy Music Holdings Limited, a company incorporated in England and Wales. Consolidated financial statements are available from Companies House.