

Registration Number 00270228

PEERMUSIC (UK) LIMITED
AND SUBSIDIARIES

FINANCIAL STATEMENTS

AT

31ST DECEMBER 2011

Bowker Orford
Chartered Accountants
15-19 Cavendish Place
London W1G 0DD

THURSDAY



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07/06/2012 #234
COMPANIES HOUSE

Peermusic (UK) Limited

**Report and Financial Statements for the
year to 31st December 2011**

Directors	R I Peer II (U S A) E W Peer (U S A) K M Spanberger (U S A) N R Elderton K C Wiggins
Secretary	K C Wiggins
Company Number	00270228
Registered office	23/24 George Street Richmond upon Thames Surrey TW9 1HY
Auditors	Bowker Orford 15 – 19 Cavendish Place London W1G 0DD
Business address	23/24 George Street Richmond upon Thames Surrey TW9 1HY

Peermusic (UK) Limited

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Peermusic (UK) Limited
Directors' Report for the year ended 31st December 2011

The Directors present their report and the financial statements of the Company and its subsidiaries for the year ended 31st December 2011

Results and Dividends

The trading profit of the Group for the year, after taxation, amounted to £86,986 (2010 £9,499) The Directors do not recommend the payment of a dividend

Although the Financial Statements reflect a deficiency of assets for the Group, they do not include the very substantial value of all the copyrights owned and/or controlled by the Group. In any case, the Directors are satisfied that the current trading activities can continue as they are assured that the Group will continue to receive full financial support from its overseas fellow group companies

Principal Activity

The Group is primarily engaged in the business of music publishing. There were no significant changes in the principal activity of the Group during the year and no changes are envisaged in the future

Directors

The Directors who served during the year are as stated below

R I Peer II	(USA)
E W Peer	(USA)
K M Spanberger	(USA)
N R Elderton	
K C Wiggins	

K C Wiggins retires by rotation and, being eligible, offers himself for re-election

Directors' Responsibilities

The directors are responsible for preparing the Directors' 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). 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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

Cont'd

Peermusic (UK) Limited
Directors' Report for the year ended 31st December 2011

(continued)

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.

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

Bowker Orford are deemed to be reappointed in accordance with Section 487(2) of the Companies Act 2006.

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

This report was approved by the Board on 31st May 2012 and signed on its behalf by

K.C. - Wiggins

K. C. Wiggins
Secretary

Independent auditors' report to the shareholders of
Peermusic (UK) Limited

We have audited the financial statements of Peermusic (UK) Limited for the year ended 31st December 2011 which comprise the Group Profit and Loss Account, the Group and Parent Balance Sheets, the Group Cash Flow Statement, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Reconciliation of Movements in Shareholders' Funds and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 1-2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and the parent company's affairs as at 31st December 2011 and of the group's profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006.

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the shareholders of
Peermusic (UK) Limited continued

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you 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

R. Parmar

Rashpal Parmar (senior statutory auditor)
For and on behalf of Bowker Orford
Accountants & Business advisers and
Statutory Auditor

15-19 Cavendish Place
London
W1G 0DD

1st June 2012

Date

Peermusic (UK) Limited

Consolidated Profit and Loss Account
for the year to 31st December 2011

		<u>2011</u>		<u>2010</u>	
	Notes	£	£	£	£
Turnover	2		5,136,013		5,156,503
Direct costs			<u>-3,804,800</u>		<u>-3,846,549</u>
Gross Profit			1,331,213		1,309,954
Selling & distribution costs		-55,362		-58,851	
Administration Expenses		<u>-1,145,799</u>		<u>-1,255,669</u>	
			<u>-1,201,161</u>		<u>-1,314,520</u>
Operating Profit/(Loss)	3		130,052		-4,566
Share of profits less losses of joint venture companies		53		1,078	
Bank interest received		284		46	
Investment Income		-		-	
Other income		-		63,288	
Interest payable	6	<u>-43,403</u>		<u>-50,347</u>	
			<u>-43,066</u>		<u>14,065</u>
Profit on ordinary activities before taxation			86,986		9,499
Tax on profit on ordinary activities	7		-		-
Profit for the year	14		<u>£86,986</u>		<u>£9,499</u>

Statement of Total Recognised Gains and Losses
for the year ended 31 December 2011

	£	£
Profit for year	86,986	9,499
Currency translation differences on foreign currency net investments	<u>-8,422</u>	<u>-17,444</u>
	<u>£78,564</u>	<u>£-7,945</u>

The accompanying notes are an integral part of these financial statements.

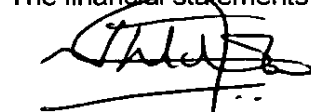
Peermusic (UK) Limited

Consolidated Balance Sheet at 31st December 2011

		<u>2011</u>		<u>2010</u>	
	Note	£	£	£	£
Fixed Assets					
Intangible assets	8		565,512		651,460
Tangible assets	9		42,008		55,678
Investments	10		<u>5,033</u>		<u>4,980</u>
			612,553		712,118
Current assets					
Debtors	11	304,808		692,196	
Cash at Bank and in Hand		<u>202,057</u>		<u>52,604</u>	
		506,865		744,800	
Creditors: amounts falling due within one year	12	<u>-2,876,151</u>		<u>-3,014,939</u>	
Net Current Liabilities			<u>-2,369,286</u>		<u>-2,270,139</u>
			-1,756,733		-1,558,021
Creditors: amounts falling due after more than one year	12		-351,533		-645,653
Net assets excluding net pension scheme assets			<u>-2,108,266</u>		<u>-2,203,674</u>
Pension scheme (liabilities)/assets	18		-133,000		-127,000
Net assets including net pension Scheme assets			<u>-£2,241,266</u>		<u>-£2,330,674</u>
Capital and reserves					
Called up share capital	13		300		300
Profit and Loss Account	14		-2,567,856		-2,657,264
Capital reserve			326,290		326,290
Shareholders' funds	15		<u>-£2,241,266</u>		<u>-£2,330,674</u>

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008) relating to small companies

The financial statements were approved by the Board on 31st May 2012 and signed on its behalf by



N. R. Elderton
Director

Registration Number: 00270228

The accompanying notes are an integral part of these financial statements.

Peermusic (UK) Limited

Balance Sheet at 31st December 2011

		<u>2011</u>		<u>2010</u>	
	Note	£	£	£	£
Fixed Assets					
Intangible assets	8		565,509		651,457
Tangible assets	9		29,501		36,918
Investments	10		760		760
			<u>595,770</u>		<u>689,135</u>
Current Assets					
Debtors	11	304,052		691,841	
Cash at Bank and in hand		<u>166,119</u>		<u>-</u>	
			470,171	691,841	
Creditors: Amounts falling due within one year	12	<u>-2,578,587</u>		<u>-2,672,546</u>	
Net Current Liabilities			-2,108,416		-1,980,705
Creditors: Amounts falling due after more than one year	12		-351,533		-645,653
Net assets excluding net pension scheme assets			<u>-1,864,179</u>		<u>-1,937,223</u>
Pension scheme assets/(liabilities)			-133,000		-127,000
Net assets including net pension scheme assets			<u>-£1,997,179</u>		<u>-£2,064,223</u>
Capital and reserves					
Called up share capital	13		300		300
Profit and Loss Account	14		-1,997,479		-2,064,523
Shareholders' funds	15		<u>-£1,997,179</u>		<u>-£2,064,223</u>

These accounts have been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 and the Financial Reporting Standard for Smaller Entities (effective April 2008) relating to small companies

The financial statements were approved by the Board on 31st May 2012 and signed on its behalf by


N. R. Elderton
Director

Registration Number: 00270228

The accompanying notes are an integral part of these financial statements.

Peermusic (UK) Limited

Consolidated Cashflow Statement
for the year to 31st December 2011

	Note	<u>2011</u> <u>£</u>	<u>2010</u> <u>£</u>
CASH FLOW FROM OPERATING ACTIVITIES	A	515,335	314,672
Interest received		284	46
Other income		-	63,288
Investment income		-	-
Interest paid		-43,403	-50,347
Taxation		-	-
Capital expenditure and financial investment		-1,989	-26,613
Capital expenditure – Intangibles		-	-386,629
Proceeds on disposal		1,167	-
INCREASE/(DECREASE) IN CASH IN THE YEAR		<u>471,394</u>	<u>-85,583</u>
		<u>2011</u> <u>£</u>	<u>2010</u> <u>£</u>
MOVEMENT IN NET DEBT IN THE YEAR		471,394	-85,583
NET DEBT AT 1 JANUARY 2011		<u>-535,441</u>	<u>-449,858</u>
NET DEBT AT 31 DECEMBER 2011	B	<u>-64,047</u>	<u>-535,441</u>

Peermusic (UK) Limited

Consolidated Cashflow Statement
for the year to 31st December 2011

A. RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS

	<u>2011</u> <u>£</u>	<u>2010</u> <u>£</u>
Operating Profit/(Loss)	130,052	-4,566
Depreciation	15,659	20,975
Amortisation of intangible assets	85,948	87,738
Depreciation adjustment on disposal of fixed assets	-1,167	-4,785
Goodwill adjustment on investments	-	81,886
Exchange differences	8,422	-17,444
Movement in Debtors	387,388	819,279
Movement in Creditors	-110,967	-668,411
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>£ 515,335</u>	<u>£ 314,672</u>

B. ANALYSIS OF NET DEBT

	<u>At 01/01/11</u> <u>£</u>	<u>Cashflow</u> <u>£</u>	<u>At 31/12/11</u> <u>£</u>
CASH IN HAND AND AT BANK	52,604	149,453	202,057
OVERDRAFTS	<u>-588,045</u>	<u>321,941</u>	<u>-266,104</u>
	<u>-535,441</u>	<u>471,394</u>	<u>-64,047</u>

PEERMUSIC (UK) LIMITED
Notes to the Financial Statements
as at 31st December 2011

1 Accounting policies

Accounting convention

The financial statements are prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008)

Copyrights

Copyrights are included in the balance sheet at a nominal amount. Acquisitions up to 31st December 2001 were written off in the year of purchase.

Material acquisitions from 1st January 2002 have been capitalised. See Note 8.

Deferred taxation

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Consolidation

The Group financial statements include the results of the Parent Company and all its subsidiary companies together with the Group's share of profits of joint venture companies.

The principal subsidiary companies are listed in Note 10.

Joint venture companies

The Financial Statements include the proportion of the net profits of the joint venture companies in which it has a substantial equity interest (50%) and in which it participates in commercial and financial policy decisions.

Investments in such joint venture companies are incorporated in the Group balance sheet at cost plus the Group's share of post-acquisition reserves.

The joint venture companies are listed in Note 10.

Continued /

Peermusic (UK) Limited
Notes to the Financial Statements
as at 31st December 2011

Accounting Policies Continued

Depreciation

Depreciation is provided on all tangible fixed assets. The Group's policy is to write off the cost of tangible assets over their estimated useful lives as follows -

Improvement to short leasehold property	- Over the life of the lease
Plant & Equipment	- 25% of cost per annum

Foreign currencies

The assets and liabilities of overseas subsidiaries are translated at the rate of exchange ruling at the year-end and the results are translated at the average rate for the year. Differences arising from translation are transferred to reserves.

Other transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the Profit and Loss Account.

Pensions

Defined pension contribution - The pension costs charged in the financial statements represent the contribution payable by the company during the year.

Defined benefit contribution - The regular cost of providing retirement pension and related benefits is charged to the profit and loss account over the employee's service on the basis of a constant percentage of earnings.

2. Turnover

Turnover is stated net of VAT. Turnover represents gross royalties and fees received from the users of musical copyrights and sales of printed music, excluding inter-company transactions.

	<u>2011</u> <u>£</u>	<u>2010</u> <u>£</u>
United Kingdom	2,876,444	2,892,309
Overseas	<u>2,259,569</u>	<u>2,264,194</u>
	<u>£5,136,013</u>	<u>£5,156,503</u>

The turnover includes substantial royalties and fee income originating in other countries, but owing to the method of payment to the Group, the country of origin of this income cannot be accurately determined.

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

3 Operating Profit/(Loss)

This is stated after charging -

	<u>2011</u> <u>£</u>	<u>2010</u> <u>£</u>
Directors' remuneration	297,877	293,360
Amortisation of intangible assets	85,948	87,738
Depreciation	15,659	20,706
Depreciation adjustment on disposal of fixed assets	-1,167	-16,290
Auditors' remuneration	<u>25,235</u>	<u>25,185</u>

4 Directors remuneration

Directors Remuneration is made up of -

	<u>2011</u> <u>£</u>	<u>2010</u> <u>£</u>
Emoluments	338,853	342,593
Pension contributions	<u>25,790</u>	<u>24,523</u>
	<u>£ 364,643</u>	<u>£ 367,116</u>

The emoluments of the chairman, excluding pension contributions, were £26,977 (2010 £26,977) The emoluments of the highest paid director, excluding pension contributions, were £254,820 (2010 £257,459) Other directors' emoluments, excluding pension contributions, fell within the following ranges

	<u>2011</u> <u>No.</u>	<u>2010</u> <u>No.</u>
£ 0 - £5,000	2	2
£ 55,001- £60,000	1	1

Two directors are accruing retirement benefits under a defined contribution scheme

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

5. Staff costs

Employee costs (including directors) during the year to 31st December 2011 amounting to -

	<u>2011</u> <u>£</u>	<u>2010</u> <u>£</u>
Wages & salaries	549,817	570,040
Social Security costs	66,209	64,885
Pension contributions	<u>118,373</u>	<u>120,913</u>
	<u><u>£734,399</u></u>	<u><u>£755,838</u></u>

The average weekly number of employees during the year was -

	<u>No.</u>	<u>No.</u>
Office and management		
- United Kingdom	10	10
- Overseas	<u>3</u>	<u>3</u>
	<u><u>13</u></u>	<u><u>13</u></u>

6. Interest payable

	<u>£</u>	<u>£</u>
Bank interest	<u>£43,403</u>	<u>£50,347</u>

7. Tax on profit on ordinary activities

	<u>2011</u> <u>£</u>	<u>2010</u> <u>£</u>
Corporation Tax	-	-
Overseas Tax	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
Taxable Losses Carried Forward	<u><u>£1,854,161</u></u>	<u><u>£1,946,906</u></u>

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

8. Intangible Fixed Assets

The copyrights owned by the Group as at 1st January 2002 have been nominally valued at £4 (Company £1). The market value of the copyrights, which is material in the opinion of the directors, cannot be readily ascertained reliably.

Material acquisitions of copyright made since the 1st January 2002 have been capitalised. These are being amortised in the proportion that income received therefrom in the year bears to the total expected income over the lifetime of the asset.

	<u>Group</u>		<u>Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<u>Cost</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1 st January 2011	942,996	385,236	942,731	385,001
Additions	<u>-</u>	<u>557,730</u>	<u>-</u>	<u>557,730</u>
At 31 st December 2011	<u>942,996</u>	<u>942,966</u>	<u>942,731</u>	<u>942,731</u>
<u>Amortisation</u>				
At 1 st January 2011	291,506	203,768	291,274	203,536
Charge for year	<u>85,948</u>	<u>87,738</u>	<u>85,948</u>	<u>87,738</u>
At 31 st December 2011	<u>377,454</u>	<u>291,506</u>	<u>377,222</u>	<u>291,274</u>
Net Book Value at 31st December 2011	<u>565,512</u>	<u>651,460</u>	<u>565,509</u>	<u>651,457</u>

9. Tangible Assets

(a) The Group

	<u>Short Leasehold</u>	<u>Plant &</u>	<u>Total</u>
	<u>Properties</u>	<u>Equipment</u>	
<u>Cost</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1 st January 2011	41,817	130,210	172,027
Additions	1,989	-	1,989
Disposals	<u>-</u>	<u>-5,285</u>	<u>-5,285</u>
At 31 st December 2011	<u>43,806</u>	<u>124,925</u>	<u>168,731</u>
<u>Depreciation</u>			
At 1 st January 2011	10,207	106,142	116,349
Charge for the year	4,847	10,812	15,659
Disposal	<u>-</u>	<u>-5,285</u>	<u>-5,285</u>
At 31 st December 2011	<u>15,054</u>	<u>111,669</u>	<u>126,723</u>
<u>Net Book Value</u>			
At 31 st December 2011	<u>£28,752</u>	<u>£13,256</u>	<u>£42,008</u>
At 31 st December 2010	<u>£31,610</u>	<u>£24,068</u>	<u>£55,678</u>

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

9. Tangible assets

(b) The Company

	<u>Short Leasehold Properties</u>	<u>Plant & Equipment</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost:</u>			
At 1st January 2011	41,817	99,912	141,729
Additions	1,989	-	1,989
Disposals	-	-	-
At 31 st December 2011	<u>43,806</u>	<u>99,912</u>	<u>143,718</u>
<u>Depreciation</u>			
At 1st January 2011	10,207	94,604	104,811
Charge for year	4,847	4,559	9,406
Disposals	-	-	-
At 31 st December 2011	<u>15,054</u>	<u>99,163</u>	<u>114,217</u>
<u>Net Book Value</u>			
At 31 st December 2011	<u>28,752</u>	<u>749</u>	<u>29,501</u>
At 31 st December 2010	<u>31,610</u>	<u>5,308</u>	<u>36,918</u>

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

10 Investments

a) Subsidiary companies

The Subsidiary Companies, all of whom are involved in music publishing or associated activities, are -

	<u>% Equity Owned</u>	<u>Cost</u>	<u>Place of Incorporation</u>
Digital Pressure Limited	100	260	England
Latin-American Music Publishing Company Limited	100	100	England
Meridian Music Publishing Company Limited	100	100	England
Peermusic (Ireland) Limited	100	100	Ireland
Peer-Southern Productions Limited	100	100	England
		<u>£660</u>	

b) Joint venture companies

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost of £1 Ordinary shares At 1 st January 2011	100	100	100	100
Share of profits to date	<u>4,933</u>	<u>4,880</u>	<u>-</u>	<u>-</u>
	<u>£5,033</u>	<u>£4,980</u>	<u>£100</u>	<u>£100</u>

The joint venture companies, all of whom are involved in music publishing or associated activities, are -

Donovan (Music) Limited
Dunmo Music Publishing Company Limited

The joint venture companies are all incorporated in England and are 50% owned by the Group

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

11. Debtors

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Trade debtors	94,249	451,675	94,249	451,675
Amounts owed by overseas group undertakings	141,775	163,876	141,775	163,876
Other debtors	47,846	49,904	47,090	49,549
Prepayments & accrued income	<u>20,938</u>	<u>26,741</u>	<u>20,938</u>	<u>26,741</u>
	<u>£304,808</u>	<u>£ 692,196</u>	<u>£ 304,052</u>	<u>£ 691,841</u>

12 Creditors

**a) Amounts falling due
within one year**

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Amounts owed to -				
Group undertakings	-	-	253,157	195,015
Overseas Group Companies	531,696	921,397	181,506	566,048
Joint venture companies	<u>151,983</u>	<u>99,124</u>	<u>151,983</u>	<u>99,124</u>
	683,679	1,020,521	586,646	860,187
Bank Loans and overdrafts	266,104	588,045	266,104	588,045
Trade creditors	1,695,056	1,212,507	1,507,905	1,1047,488
Other taxes & social				
Security costs	173,163	126,335	166,208	117,273
Other creditors	2,395	-	2,395	-
Accruals	55,754	67,531	49,329	59,553
	<u>£2,876,151</u>	<u>£3,014,939</u>	<u>£2,578,587</u>	<u>£2,672,546</u>

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

12. Creditors

b) Amounts falling due
after more than one year

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Bank Loans	225,000	466,157	225,000	466,157
Amount owed to Overseas Group Companies	126,533	179,496	126,533	179,496
	<u>£351,533</u>	<u>£645,653</u>	<u>£351,533</u>	<u>£645,653</u>

Interest on the bank loans is charged at 3.5% above Coutts Bank base rate. These loans are as follows:

£225,000 to be repaid at a minimum of £75,000 per annum (Repayment due 30/09/2015)

Interest on loan from overseas group companies is charged at 1% below Chase Manhattan (New York) Bank base rate

13. Share capital

	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Authorised -		
Ordinary Shares of £1 each	<u>£300</u>	<u>£300</u>
Allotted, called up and fully paid -		
Ordinary Share of £1 each	<u>£300</u>	<u>£300</u>

Peermusic (UK) Limited

Note to the Financial Statements
as at 31st December 2011

14. Reserves

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
At 1st January 2011	-2,657,264	-2,902,305	-2,064,523	-2,038,863
Exchange Profit/(Loss) arising on consolidation	8,422	-17,444	-	-
Goodwill adjustment on investments	-	252,986	-	-
Surplus/(Loss) for the year				
Parent Company	73,044	-25,660	73,044	-25,660
Group undertakings	13,889	34,081	-	-
Joint venture companies	53	1,078	-	-
Pension reserve	-6,000	-	-6,000	-
At 31st December 2011	<u>-£2,567,856</u>	<u>-£2,657,264</u>	<u>-£1,997,479</u>	<u>-£2,064,523</u>

As permitted by section 408 of the Companies Act 2006, the Profit and Loss Account of the Company is not presented as part of these financial statements

Peermusic (UK) Limited
Notes to the Financial Statements
as at 31st December 2011

15 Reconciliation of movements in shareholders funds

	<u>The Group</u>		<u>The Company</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Profit/(Loss) for year	86,986	9,499	73,044	-25,660
Exchange Profit/(Loss) on consolidation	8,422	-17,444	-	-
Goodwill adjustment on investments	-	252,986	-	-
Pension Reserve	-6,000	-	-6,000	-
Shareholders' Funds at 31st December 2010	<u>-2,330,674</u>	<u>-2,575,715</u>	<u>-2,064,223</u>	<u>-2,083,563</u>
Shareholders' Funds at 31st December 2011	<u>-£2,241,266</u>	<u>-£2,330,674</u>	<u>-£1,997,179</u>	<u>-£2,064,223</u>

16. Ultimate parent undertaking

The Company is a wholly owned subsidiary of Peermusic III Ltd, a Company registered in the United States of America. The ultimate controlling party is the family of Mr and Mrs R I Peer II.

17. Contingent liabilities

- (a) The Company is included within the Peermusic (UK) Group V A T registration. As a result a Contingent Liability may arise for the United Kingdom V A T due.
- (b) The Peermusic (UK) Limited Group has entered into a cross guarantee arrangement with its bankers. The companies included in this arrangement are -

Peermusic (UK) Limited
Mendian Music Publishing Company Limited
Peermusic (Ireland) Limited
Latin-American Music Publishing Company Limited
Peer-Southern Productions Limited

- (c) The Company's bankers have a fixed charge over the intangible assets owned by the Company.

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

18 Pension costs

- (a) The Company operates a defined contribution scheme in respect of certain staff. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the Company and amounted to £42,433 (2010 - £46,115)
- (b) The Company sponsors the Peermusic (UK) Limited Pension Fund which is a funded defined benefit arrangement. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities for 8 past employees. The level of retirement benefit is principally based on salary earned in the last three years of active membership.

The trustees of the scheme are required to act in the best interest of the scheme's beneficiaries. The appointment of the trustees is determined by the scheme's trust documentation. It is policy that one third of all trustees should be nominated by the members.

A full actuarial valuation was carried out as at 6 April 2008 in accordance with the scheme funding requirements of the Pensions Act 2004 and the funding of the scheme is agreed between the Company and the trustees in line with those requirements. These in particular require the surplus/deficit to be calculated using prudent, as opposed to best estimate actuarial assumptions.

This last actuarial valuation completed as at 6 April 2008 showed a deficit of £311,000. The company has agreed with the trustees that it will aim to eliminate the deficit over the period of 11 years and 10 months from 6 April 2008 by the payment of annual contributions of £15,500 in respect of the deficit. In addition and in accordance with the actuarial valuation, the Company has agreed with the trustees that it will meet expenses of the scheme and levies to the Pension Protection Fund.

The recovery plan will be reviewed as part of the 6 April 2011 actuarial valuation that is being undertaken.

For the purposes of FRS17 the preliminary results of the actuarial valuation as at 6 April 2011 have been updated by a qualified independent actuary on an approximate basis to 31st December 2011.

Present values of scheme liabilities, fair value of assets and surplus/(deficit)

	31/12/11	31/12/10	31/12/09
	<u>£'000's</u>	<u>£'000's</u>	<u>£'000's</u>
Fair value of scheme assets	1,065	995	1,126
Present value of scheme liabilities	<u>1,198</u>	<u>1,122</u>	<u>1,253</u>
Surplus (deficit) in scheme	-133	-127	-127
Unrecognised surplus	-	-	-
Asset (Liability) to be recognised	-133	-127	-127
Deferred tax	-	-	-
Net asset/(liability) to be recognised	<u>-133</u>	<u>-127</u>	<u>-127</u>

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

18. Pension costs cont. .

The present value of scheme liabilities is measured by discounting the best estimate of future cash flows to be paid out by the scheme using the projected unit method. The value calculated in this way is reflected in the net liability in the balance sheet as shown above.

There are no active members in the scheme, so no allowance for projected salaries is required. Allowance has been made for future revaluation of benefits up to retirement.

A further measure of the scheme liabilities is the solvency basis, often taken as an estimate of the cost of buying out the benefits at the balance sheet date with a suitable insurer. This amount represents the amount that would be required to settle the scheme liabilities rather than the Company continuing to fund the ongoing liabilities of the scheme. The estimated value of liabilities at the date of the last full actuarial valuation prepared for the trustees of the pension scheme as at 6 April 2008 was £1,629,000 compared with assets at the same date of £990,000.

Reconciliation of opening and closing balances of the present value of the scheme liabilities.

	<u>Year Ending</u> <u>31/12/11</u> <u>£'000s</u>	<u>Year Ending</u> <u>31/12/10</u> <u>£'000s</u>
Scheme liabilities at start of year	1,122	1,253
Current service cost	-	-
Interest cost	60	65
Contributions by scheme participants	-	-
Actuarial losses (gains)	33	16
Benefits paid & death in service insurance premiums	-17	-212
Past service costs	-	-
Liabilities assumed in a business combination	-	-
Losses(gains) on curtailments	-	-
Liabilities extinguished on settlements	-	-
Scheme liabilities at end of year	<u>1,198</u>	<u>1,122</u>

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

18. Pension costs cont. ..

Reconciliation of opening and closing balances of the fair value of scheme assets

	<u>Year Ending</u> <u>31/12/11</u> <u>£'000s</u>	<u>Year Ending</u> <u>31/12/10</u> <u>£'000s</u>
Fair value of scheme assets at start of year	995	1,126
Expected return on scheme assets	50	52
Actuarial gains/(losses)	9	1
Contributions by the Company	28	28
Contributions by scheme participants	-	-
Benefits paid & death in service insurance premiums	-17	-212
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Fair Value of scheme assets at end of year	<u>1,065</u>	<u>995</u>

The actual return on the scheme assets over the period ending 31st December 2011 was £59,000

Total expense recognised in profit and loss account

	<u>Year Ending</u> <u>31/12/11</u> <u>£'000s</u>	<u>Year Ending</u> <u>31/12/10</u> <u>£'000s</u>
Current service cost	-	-
Interest cost	60	65
Expected return on scheme assets	-50	-52
Past service cost	-	-
Losses/(gains) on curtailments	-	-
Losses/(gains) on business combinations	-	-
Losses/(gains) on Settlements	-	-
Total expense recognised in profit and loss Account	<u>10</u>	<u>13</u>

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

18. Pension costs cont...

Statement of total recognised gains and losses

	<u>Year Ending</u> <u>31/12/11</u> <u>£'000s</u>	<u>Year Ending</u> <u>31/12/10</u> <u>£'000s</u>
Difference between expected and actual return on scheme assets gain/(loss)	9	1
Experience gains and losses arising on the scheme liabilities gain/(loss)	-44	42
Effects of changes in the demographic and financial assumptions underlying the present value of the scheme liabilities, gain/(loss)	11	-58
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) Amount gain/(loss)	-24	-15
Effect of limit on amount of surplus recognised due to some of the surplus not being recognisable gain (loss)	-	-
Total amount recognised in statement of total recognised gains and losses: gain/(loss)	<u>-24</u>	<u>-15</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses since adoption of FRS17 is £40,000 (a gain)

Assets

	<u>31/12/11</u> <u>£'000s</u>	<u>31/12/10</u> <u>£'000s</u>	<u>31/12/09</u> <u>£'000s</u>
With Profits	1,062	995	1,126
Net Current Assets	<u>3</u>	<u>-</u>	<u>17</u>
Total assets	<u>1,065</u>	<u>995</u>	<u>1,126</u>

None of the fair values of the assets shown above include any of the company's own financial instruments or any property occupied by, or other assets used by, the company

It is the policy of the trustees and the Company to review the investment strategy at the time of each funding valuation

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

18. Pension costs cont...

<u>Assumptions</u>	<u>31/12/11</u> <u>% per annum</u>	<u>31/12/10</u> <u>% per annum</u>	<u>31/12/09</u> <u>% per annum</u>
Rate of discount	4.85%	5.40%	5.70%
Inflation (RPI)	3.10%	3.50%	3.50%
Inflation (CPI)	2.35%	n/a	n/a
Allowance for revaluation of deferred pensions Of RPI or 5% p a if less	n/a	3.50%	3.40%
Allowance for revaluation of deferred pensions of CPI of 5% P A if less	2.35%	n/a	n/a
Allowance for pension in payment increases of RPI or 5% p a if less	3.00%	3.40%	3.40%
Allowance for commutation of pension for cash At retirement	None	None	None

The mortality assumptions adopted at 31st December 2011 are 120% of the standard PnxA00 Year of Birth, no age rating for males and females, projected using CMI_2009 converging to 1.25% p a. These imply the following life expectancies:

Male retiring at age 65 in 2011	21.6
Female retiring at age 65 in 2011	23.5
Male retiring at age 65 in 2031	23.4
Female retiring at age 65 in 2031	25.4

Expected long term rates of return

The Long-term expected rate of return on the with profits policy has been derived by a combination of an equity return and a gilt return based on the market indices, using the latest published mix of equities/bonds underlying Friends Provident's with profits fund less the latest published deduction in respect of guarantees.

The expected long term rates of return applicable for each year are as follows:

	<u>Period Commencing</u> <u>01/01/2011 - % per annum</u>	<u>Period Commencing</u> <u>01/01/2010 - % per annum</u>
With Profits	5.00%	5.00%
Net Current Assets	N/a	N/a
Overall for scheme	5.00%	5.00%

Peermusic (UK) Limited

Notes to the Financial Statements
as at 31st December 2011

18. Pension costs cont.

Analysis of the sensitivity to the principle assumptions of the value of the scheme liabilities

<u>Assumption</u>	<u>Change in assumption</u>	<u>Change in Liability</u>
Discount rate	Increase/decrease of 0.5% p a	Decrease/increase by 8.8%
Rate of inflation	Increase/decrease of 0.5% p a	Increase/decrease by 5.1%
Rate of mortality	1 year increase in life expectancy	Increase by 2.7%

Amounts for the current and previous four years

	<u>31/12/11</u>	<u>31/12/10</u>	<u>31/12/09</u>	<u>31/12/08</u>	<u>31/12/07</u>
	<u>£'000s</u>	<u>£'000s</u>	<u>£'000s</u>	<u>£'000s</u>	<u>£'000s</u>
Fair value of assets	1,065	995	1,126	1,066	1,017
Present value of scheme liabilities	<u>1,198</u>	<u>1,122</u>	<u>1,253</u>	<u>978</u>	<u>992</u>
Surplus/(deficit) in scheme	-133	-127	-127	88	25
Experience adjustment on scheme assets	9	1	-10	-10	6
Experience adjustment on scheme liabilities	-44	42	-24	10	13

The best estimate of contributions to be paid by the Company to the scheme for the period beginning after 31st December 2011 is £15,500 plus the expenses of administration

19 Related party transactions

During the year management charges were received from the following connected companies -

	<u>2011</u>	<u>2010</u>
	<u>£</u>	<u>£</u>
Donovan Music Limited	78,000	62,000
Dunmo Music Publishing Company Limited	<u>4,000</u>	<u>3,000</u>

The Parent company has taken advantage of the exemptions in paragraph 3 of FRS 8 which states that disclosure of related party transactions is not required in its company financial statements when those statements are presented with its consolidated financial statements

20. Financial and capital commitments

- (a) The group had no contracts to purchase equipment at 31st December 2011 (2010 - £Nil)
- (b) The group has annual commitments under operating leases of £93,826 (2010 - £102,700)