

**PEERMUSIC (UK) LIMITED**  
**AND SUBSIDIARIES**

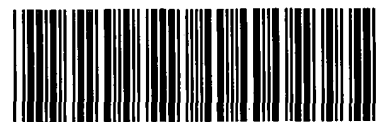
**FINANCIAL STATEMENTS**

**AT**

**31ST DECEMBER 2015**

Bowker Orford  
Accountants & Business Advisers  
15-19 Cavendish Place  
London W1G ODD

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COMPANIES HOUSE

**Peermusic (UK) Limited**

**Report and Financial Statements for the  
year to 31st December 2015**

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**

**Contents**

|                                      | <b><u>Page</u></b> |
|--------------------------------------|--------------------|
| Directors' Report                    | <b>1 - 2</b>       |
| Auditors' Report                     | <b>3 – 4</b>       |
| Consolidated Profit and Loss Account | <b>5</b>           |
| Consolidated Balance Sheet           | <b>6</b>           |
| Balance Sheet                        | <b>7</b>           |
| Consolidated Cash Flow Statement     | <b>8 – 9</b>       |
| Notes to the Financial Statements    | <b>10 – 20</b>     |

**Peermusic (UK) Limited**  
**Directors' Report for the year ended 31<sup>st</sup> December 2015**

The Directors present their report and the financial statements of the Company and its subsidiaries for the year ended 31<sup>st</sup> December 2015.

**Results and Dividends**

The trading loss of the Group for the year, after taxation, amounted to £174,046 (2014 profit £70,597). 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    |       |

R. I. Peer II retires by rotation and, being eligible, offers himself for re-election.

**Statement of 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 31<sup>st</sup> December 2015**

**(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:

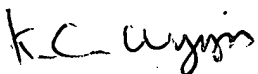
- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information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

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

This report was approved by the Board on 31<sup>th</sup> May 2016 and signed on its behalf by



**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 31<sup>st</sup> December 2015 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).

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 auditors' 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.

**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 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 and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 31<sup>st</sup> December 2015 and of the group's loss 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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime

  
.....  
**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**

**Date: 31<sup>th</sup> May 2016**

**Peermusic (UK) Limited**

**Consolidated Profit and Loss Account**  
**for the year to 31<sup>st</sup> December 2015**

|   |              | <b><u>2015</u></b> |                   | <b><u>2014</u></b> |                   |
|---|--------------|--------------------|-------------------|--------------------|-------------------|
|   | <b>Notes</b> | <b>£</b>           | <b>£</b>          | <b>£</b>           | <b>£</b>          |
| <b>Turnover</b>   | <b>2</b>     |                    | 4,080,667         |                    | 3,867,593         |
| <b>Direct costs</b>   |              |                    | <u>-3,159,637</u> |                    | <u>-2,913,498</u> |
| <b>Gross Profit</b>   |              |                    | 921,030           |                    | 954,095           |
| <b>Selling &amp; distribution costs</b>                     |              | -11,855            |                   | -14,869            |                   |
| <b>Administration Expenses</b>                              |              | <u>-1,026,558</u>  |                   | <u>-821,494</u>    |                   |
|   |              |                    | <u>-1,038,413</u> |                    | <u>-836,363</u>   |
| <b>Operating (Loss)/Profit</b>                              | <b>3</b>     |                    | -117,383          |                    | 117,732           |
| Share of profits less losses of Related party undertakings  |              | -107               |                   | 165                |                   |
| Interest received   |              | 5                  |                   | -                  |                   |
| Investment Income   |              | -                  |                   | -                  |                   |
| Other income  |              | -                  |                   | -                  |                   |
| Interest payable  | <b>6</b>     | <u>-56,561</u>     |                   | <u>-47,300</u>     |                   |
|   |              |                    | <u>-56,663</u>    |                    | <u>-47,135</u>    |
| <b>(Loss)/Profit on ordinary activities before taxation</b> |              |                    | -174,046          |                    | 70,597            |
| Tax on loss on ordinary activities                          | <b>7</b>     |                    | -                 |                    | -                 |
| <b>(Loss)/Profit for the year</b>                           | <b>15</b>    |                    | <u>-£174,046</u>  |                    | <u>£70,597</u>    |

**Statement of Total Recognised Gains and Losses**  
**for the year ended 31 December 2015**

|  | <b>£</b>         | <b>£</b>       |
|--|------------------|----------------|
| (Loss)/Profit for year   | -174,046         | 70,597         |
| Currency translation differences on foreign currency net investments | -                | -              |
|  | <u>£-174,046</u> | <u>£70,597</u> |

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



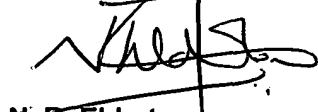
**Peermusic (UK) Limited**

**Consolidated Balance Sheet at 31<sup>st</sup> December 2015**

|  |             | <b><u>2015</u></b> |                    | <b><u>2014</u></b> |                    |
|--|-------------|--------------------|--------------------|--------------------|--------------------|
|  | <b>Note</b> | <b>£</b>           | <b>£</b>           | <b>£</b>           | <b>£</b>           |
| <b>Fixed Assets</b>  |             |                    |                    |                    |                    |
| Intangible assets  | 8           |                    | 274,752            |                    | 347,434            |
| Tangible assets  | 9           |                    | 14,531             |                    | 22,888             |
| Investments  | 10          |                    | <u>4,750</u>       |                    | <u>4,857</u>       |
|  |             |                    | 294,033            |                    | 375,179            |
| <b>Current assets</b>  |             |                    |                    |                    |                    |
| Debtors  | 11          | 430,381            |                    | 395,215            |                    |
| Cash at Bank and in Hand                                       |             | <u>430,381</u>     |                    | <u>395,215</u>     |                    |
| <b>Creditors: amounts falling due within one year</b>          | 12          | <u>-3,406,373</u>  |                    | <u>-3,268,126</u>  |                    |
| <b>Net Current Liabilities</b>                                 |             |                    | <u>-2,975,992</u>  |                    | <u>-2,872,911</u>  |
|  |             |                    | -2,681,959         |                    | -2,497,732         |
| <b>Creditors: amounts falling due after more than one year</b> | 12          |                    | -460,000           |                    | -165,000           |
| <b>Net assets excluding net pension scheme assets</b>          |             |                    | <u>-3,141,959</u>  |                    | <u>-2,662,732</u>  |
| <b>Pension scheme (liabilities)/assets</b>                     |             |                    | -                  |                    | -305,000           |
| <b>Net assets including net pension Scheme assets</b>          |             |                    | <u>-£3,141,959</u> |                    | <u>-£2,967,732</u> |
| <b>Capital and reserves</b>                                    |             |                    |                    |                    |                    |
| Called up share capital  | 13          |                    | 300                |                    | 300                |
| Profit and Loss Account  | 14          |                    | -3,468,549         |                    | -3,294,322         |
| Capital reserve  |             |                    | <u>326,290</u>     |                    | <u>326,290</u>     |
| <b>Shareholders' funds</b>                                     | 15          |                    | <u>-£3,141,959</u> |                    | <u>-£2,967,732</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 31<sup>st</sup> May 2016 and signed on its behalf by



**N. R. Elderton**  
Director

Registration Number: 00270228

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

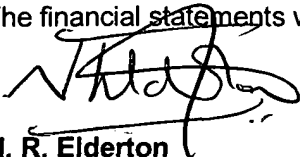
**Peermusic (UK) Limited**

**Balance Sheet at 31<sup>st</sup> December 2015**

|  |             | <b><u>2015</u></b> |                    | <b><u>2014</u></b> |                    |
|--|-------------|--------------------|--------------------|--------------------|--------------------|
|  | <b>Note</b> | <b>£</b>           | <b>£</b>           | <b>£</b>           | <b>£</b>           |
| <b>Fixed Assets</b>  |             |                    |                    |                    |                    |
| Intangible assets  | 8           |                    | 274,751            |                    | 347,432            |
| Tangible assets  | 9           |                    | 14,531             |                    | 22,888             |
| Investments  | 10          |                    | <u>200</u>         |                    | <u>460</u>         |
|  |             |                    | 289,482            |                    | 370,780            |
| <b>Current Assets</b>  |             |                    |                    |                    |                    |
| Debtors  | 11          | 430,824            |                    | 395,215            |                    |
| Cash at Bank and in hand                                       |             | <u>-</u>           |                    | <u>-</u>           |                    |
|  |             | 430,824            |                    | 395,215            |                    |
| <b>Creditors: Amounts falling due within one year</b>          | 12          | <u>-3,523,170</u>  |                    | <u>-3,322,808</u>  |                    |
| <b>Net Current Liabilities</b>                                 |             |                    | -3,092,346         |                    | -2,927,593         |
| <b>Creditors: Amounts falling due after more than one year</b> | 12          |                    | -460,000           |                    | -165,000           |
| <b>Net assets excluding net pension scheme assets</b>          |             |                    | -3,262,864         |                    | -2,721,813         |
| <b>Pension scheme assets/(liabilities)</b>                     |             |                    | -                  |                    | -305,000           |
| <b>Net assets including net pension scheme assets</b>          |             |                    | <u>-£3,262,864</u> |                    | <u>-£3,026,813</u> |
| <b>Capital and reserves</b>                                    |             |                    |                    |                    |                    |
| Called up share capital  | 13          |                    | 300                |                    | 300                |
| Profit and Loss Account  | 14          |                    | -3,263,164         |                    | -3,027,113         |
| <b>Shareholders' funds</b>                                     | 15          |                    | <u>-£3,262,864</u> |                    | <u>-£3,026,813</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 31<sup>st</sup> May 2016 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 31<sup>st</sup> December 2015**

|  | Note | <u>2015</u><br>£  | <u>2014</u><br>£  |
|--|------|-------------------|-------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>     |      |                   |                   |
|  | A    | 1,136,445         | -164,204          |
| Interest received                              |      | -                 | -                 |
| Other income                                   |      | 5                 | -                 |
| Investment income                              |      | -                 | -                 |
| Interest paid                                  |      | -56,561           | -47,300           |
| Taxation                                       |      | -                 | -                 |
| Capital expenditure and financial investment   |      | -                 | -                 |
| Capital expenditure – Intangibles              |      | -14,276           | -                 |
| Proceeds on disposal                           |      | -                 | -                 |
| <b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b> |      | <u>1,065,613</u>  | <u>-211,504</u>   |
|  |      |                   |                   |
|  |      | <u>2015</u><br>£  | <u>2014</u><br>£  |
| <b>MOVEMENT IN NET DEBT IN THE YEAR</b>        |      | 1,065,613         | -211,504          |
| <b>NET DEBT AT 1 JANUARY 2015</b>              |      | <u>-1,308,381</u> | <u>-1,096,877</u> |
| <b>NET DEBT AT 31 DECEMBER 2015</b>            | B    | <u>-242,768</u>   | <u>-1,308,381</u> |

**Peermusic (UK) Limited**

**Consolidated Cashflow Statement**  
**for the year to 31<sup>st</sup> December 2015**

**A. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO OPERATING CASH FLOWS**

|  | <b><u>2015</u></b><br><b><u>£</u></b> | <b><u>2014</u></b><br><b><u>£</u></b> |
|--|---------------------------------------|---------------------------------------|
| Operating (loss)/profit  | -117,383                              | 117,732                               |
| Depreciation   | 8,357                                 | 8,358                                 |
| Amortisation of intangible assets                              | 86,957                                | 85,548                                |
| Depreciation adjustment<br>on disposal of fixed assets         | 1                                     | -                                     |
| (Loss)/profit on disposal of investments                       | -181                                  | 270,867                               |
| Exchange differences   | -                                     | -                                     |
| Pension scheme reserve   | -305,000                              | -                                     |
| Movement in debtors  | -35,166                               | -183,126                              |
| Movement in creditors  | 1,498,860                             | -463,583                              |
| <b>NET CASH INFLOW/(OUTFLOW)<br/>FROM OPERATING ACTIVITIES</b> | <b><u>£1,136,445</u></b>              | <b><u>-£164,204</u></b>               |

**B. ANALYSIS OF NET DEBT**

|                          | <b>At 01/01/15</b><br><b><u>£</u></b> | <b>Cashflow</b><br><b><u>£</u></b> | <b>At 31/12/15</b><br><b><u>£</u></b> |
|--------------------------|---------------------------------------|------------------------------------|---------------------------------------|
| CASH IN HAND AND AT BANK | -                                     | -                                  | -                                     |
| OVERDRAFTS               | <u>-1,308,381</u>                     | <u>1,065,613</u>                   | <u>-242,768</u>                       |
|                          | <u>-1,308,381</u>                     | <u>1,065,613</u>                   | <u>-242,768</u>                       |

**PEERMUSIC (UK) LIMITED**  
**Notes to the Financial Statements**  
**as at 31<sup>st</sup> December 2015**

**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 31<sup>st</sup> December 2001 were written off in the year of purchase.

Material acquisitions from 1<sup>st</sup> 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/(losses) of related party undertakings costs.

The subsidiary company is stated in Note 10.

**Related Party Undertakings**

The Financial Statements include the proportion of the net profits/(losses) of the related party undertakings in which it has a substantial equity interest (50%) and in which it participates in commercial and financial policy decisions.

Investments in such related party undertakings are incorporated in the Group balance sheet at cost plus the Group's share of post-acquisition reserves.

The related party undertakings are listed in Note 10.

Continued...../

**Peermusic (UK) Limited**

**Notes to the Financial Statements**  
**as at 31<sup>ST</sup> December 2015**

**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**

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 is recognised when royalties and fees are received from the users of musical copyrights and sales of printed music, excluding inter-company transactions.

|                | <b><u>2015</u></b><br><b><u>£</u></b> | <b><u>2014</u></b><br><b><u>£</u></b> |
|----------------|---------------------------------------|---------------------------------------|
| United Kingdom | 2,571,629                             | 2,123,831                             |
| Overseas       | <u>1,509,038</u>                      | <u>1,743,762</u>                      |
|                | <b><u>£4,080,667</u></b>              | <b><u>£3,867,593</u></b>              |

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 31<sup>st</sup> December 2015**

**3. Operating (Loss)/Profit**

This is stated after charging: -

|  | <b><u>2015</u></b><br><b><u>£</u></b> | <b><u>2014</u></b><br><b><u>£</u></b> |
|--|---------------------------------------|---------------------------------------|
| Directors' remuneration                                | 317,192                               | 316,446                               |
| Amortisation of intangible assets                      | 86,957                                | 85,548                                |
| Depreciation   | 8,357                                 | 8,358                                 |
| Depreciation adjustment<br>on disposal of fixed assets | 1                                     | -                                     |
| (Loss)/Profit on disposal of investments               | -181                                  | 270,867                               |
| Auditors' remuneration                                 | <u>21,160</u>                         | <u>21,160</u>                         |

**4. Directors remuneration**

Directors Remuneration is made up of: -

|                       | <b><u>2015</u></b><br><b><u>£</u></b> | <b><u>2014</u></b><br><b><u>£</u></b> |
|-----------------------|---------------------------------------|---------------------------------------|
| Emoluments            | 352,668                               | 360,551                               |
| Pension contributions | <u>36,420</u>                         | <u>30,344</u>                         |
|                       | <b><u>£ 389,088</u></b>               | <b><u>£ 390,895</u></b>               |

The emoluments of the chairman, excluding pension contributions, were £26,977 (2014 £26,977). The emoluments of the highest paid director, excluding pension contributions, were £248,702 (2014 £257,585). Other directors' emoluments, excluding pension contributions, fell within the following ranges:

|                  | <b><u>2015</u></b><br><b><u>No.</u></b> | <b><u>2014</u></b><br><b><u>No.</u></b> |
|------------------|---|---|
| £0 - £5,000      | 2                                       | 2                                       |
| £70,001- £75,000 | -                                       | -                                       |
| £75,001- £80,000 | 1                                       | 1                                       |

Two directors (N. R. Elderton and K. C. Wiggins) are accruing retirement benefits under a defined contribution scheme.

**Peermusic (UK) Limited**

**Notes to the Financial Statements**  
**as at 31<sup>st</sup> December 2015**

**5. Staff costs**

Employee costs (including directors) during the year to 31<sup>st</sup> December 2015 amounting to: -

|                       | <u>2015</u><br><u>£</u> | <u>2014</u><br><u>£</u> |
|-----------------------|-------------------------|-------------------------|
| Wages & salaries      | 489,799                 | 497,596                 |
| Social Security costs | 58,560                  | 68,001                  |
| Pension contributions | <u>163,337</u>          | <u>104,827</u>          |
|                       | <u>£711,696</u>         | <u>£670,424</u>         |

The average weekly number of employees during the year was: -

|                       | <u>2015</u><br><u>No.</u> | <u>2014</u><br><u>No.</u> |
|-----------------------|---------------------------|---------------------------|
| Office and management |                           |                           |
| - United Kingdom      | 9                         | 10                        |
| - Overseas            | <u>3</u>                  | <u>3</u>                  |
|                       | <u>12</u>                 | <u>13</u>                 |

**6. Interest payable**

|                | <u>£</u>      | <u>£</u>      |
|----------------|---------------|---------------|
| Bank interest  | 39,690        | 33,793        |
| Other interest | <u>16,871</u> | <u>13,507</u> |
|                | <u>56,561</u> | <u>47,300</u> |

**7. Tax on loss on ordinary activities**

|                                | <u>2015</u><br><u>£</u> | <u>2014</u><br><u>£</u> |
|--------------------------------|-------------------------|-------------------------|
| Corporation Tax                | -                       | -                       |
| Overseas Tax                   | <u>-</u>                | <u>-</u>                |
|                                | <u>-</u>                | <u>-</u>                |
| Taxable Losses Carried Forward | <u>£2,783,416</u>       | <u>£2,645,412</u>       |



**Peermusic (UK) Limited**

**Notes to the Financial Statements**  
**as at 31<sup>st</sup> December 2015**

**8. Intangible Fixed Assets**

The copyrights owned by the Group as at 1<sup>st</sup> January 2002 have been nominally valued at £2 (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 1<sup>st</sup> 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.

|   | <b>Group</b>       |                    | <b>Company</b>     |                    |
|---|--------------------|--------------------|--------------------|--------------------|
|   | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> |
| <b><u>Cost</u></b>                                | <b><u>£</u></b>    | <b><u>£</u></b>    | <b><u>£</u></b>    | <b><u>£</u></b>    |
| At 1 <sup>st</sup> January                        | 983,206            | 983,206            | 982,972            | 982,972            |
| Additions   | 14,276             | -                  | 14,276             | -                  |
| Disposals   | <u>(1)</u>         | <u>-</u>           | <u>-</u>           | <u>-</u>           |
| At 31 <sup>st</sup> December                      | <u>997,481</u>     | <u>983,206</u>     | <u>997,248</u>     | <u>982,972</u>     |
| <b><u>Amortisation</u></b>                        |                    |                    |                    |                    |
| At 1 <sup>st</sup> January                        | 635,772            | 550,224            | 635,540            | 549,992            |
| Charge for year                                   | <u>86,957</u>      | <u>85,548</u>      | <u>86,957</u>      | <u>85,548</u>      |
| At 31 <sup>st</sup> December                      | <u>722,729</u>     | <u>635,772</u>     | <u>722,497</u>     | <u>635,540</u>     |
| <b>Net Book Value at 31<sup>st</sup> December</b> | <u>274,752</u>     | <u>347,434</u>     | <u>274,751</u>     | <u>347,432</u>     |

**9. Tangible Assets**

**(a) The Group**

|                                   | <b><u>Short Leasehold</u></b> | <b><u>Plant &amp;</u></b> | <b><u>Total</u></b> |
|-----------------------------------|-------------------------------|---------------------------|---------------------|
|                                   | <b><u>Properties</u></b>      | <b><u>Equipment</u></b>   | <b><u>£</u></b>     |
| <b><u>Cost</u></b>                | <b><u>£</u></b>               | <b><u>£</u></b>           | <b><u>£</u></b>     |
| At 1 <sup>st</sup> January 2015   | 43,806                        | 115,279                   | 159,085             |
| Additions                         | -                             | -                         | -                   |
| Disposals                         | <u>-</u>                      | <u>-</u>                  | <u>-</u>            |
| At 31 <sup>st</sup> December 2015 | <u>43,806</u>                 | <u>115,279</u>            | <u>159,085</u>      |
| <b><u>Depreciation</u></b>        |                               |                           |                     |
| At 1 <sup>st</sup> January 2015   | 28,601                        | 107,596                   | 136,197             |
| Charge for the year               | 4,516                         | 3,841                     | 8,357               |
| Disposal                          | <u>-</u>                      | <u>-</u>                  | <u>-</u>            |
| At 31 <sup>st</sup> December 2015 | <u>33,117</u>                 | <u>111,437</u>            | <u>144,554</u>      |
| <b><u>Net Book Value</u></b>      |                               |                           |                     |
| At 31 <sup>st</sup> December 2015 | <u>10,689</u>                 | <u>3,842</u>              | <u>£14,531</u>      |
| At 31 <sup>st</sup> December 2014 | <u>15,205</u>                 | <u>7,683</u>              | <u>£22,888</u>      |

**Peermusic (UK) Limited**

**Notes to the Financial Statements**  
**as at 31<sup>st</sup> December 2015**

**9. Tangible assets**

**(b) The Company**

|                                   | <b><u>Short Leasehold<br/>Properties</u></b> | <b><u>Plant &amp;<br/>Equipment</u></b> | <b><u>Total</u></b> |
|-----------------------------------|--|---|---------------------|
|                                   | <b><u>£</u></b>                              | <b><u>£</u></b>                         | <b><u>£</u></b>     |
| <b><u>Cost:</u></b>               |  |   |                     |
| At 1st January 2015               | 43,806                                       | 115,279                                 | 159,085             |
| Additions                         | -  | -                                       | -                   |
| Disposals                         | -  | -                                       | -                   |
| At 31 <sup>st</sup> December 2015 | <u>43,806</u>                                | <u>115,279</u>                          | <u>159,085</u>      |
| <b><u>Depreciation</u></b>        |  |   |                     |
| At 1st January 2015               | 28,601                                       | 107,596                                 | 136,197             |
| Charge for year                   | 4,516  | 3,841                                   | 8,357               |
| Disposals                         | -  | -                                       | -                   |
| At 31 <sup>st</sup> December 2015 | <u>33,117</u>                                | <u>111,437</u>                          | <u>144,554</u>      |
| <b><u>Net Book Value</u></b>      |  |   |                     |
| At 31 <sup>st</sup> December 2015 | <u>10,689</u>                                | <u>3,842</u>                            | <u>14,531</u>       |
| At 31 <sup>st</sup> December 2014 | <u>15,205</u>                                | <u>7,683</u>                            | <u>22,888</u>       |

**Peermusic (UK) Limited**

**Notes to the Financial Statements**  
**as at 31<sup>st</sup> December 2015**

**10. Investments**

**a) Subsidiary company**

The Subsidiary Company included in the consolidation is:-

|                                   | <b><u>% Equity<br/>Owned</u></b> | <b><u>Cost<br/>£</u></b> | <b><u>Place of<br/>Incorporation</u></b> |
|-----------------------------------|----------------------------------|--------------------------|--|
| Peer-Southern Productions Limited | <u>100</u>                       | <u>100</u>               | England                                  |

This company is involved in music publishing or associated activities.

**b) Related party undertakings**

|   | <b><u>The Group</u></b> |                      | <b><u>The Company</u></b> |                    |
|---|-------------------------|----------------------|---------------------------|--------------------|
|   | <b><u>2015</u></b>      | <b><u>2014</u></b>   | <b><u>2015</u></b>        | <b><u>2014</u></b> |
|   | <b><u>£</u></b>         | <b><u>£</u></b>      | <b><u>£</u></b>           | <b><u>£</u></b>    |
| Cost of £1 Ordinary shares<br>At 1 <sup>st</sup> January 2015 | 100                     | 100                  | 100                       | 100                |
| Share of profits to date                                      | <u>4,650</u>            | <u>4,757</u>         | <u>-</u>                  | <u>-</u>           |
|   | <b><u>£4,750</u></b>    | <b><u>£4,857</u></b> | <b><u>£100</u></b>        | <b><u>£100</u></b> |

The related party undertakings, all of whom are involved in music publishing or associated activities, are:-

Donovan (Music) Limited  
Dunmo Music Publishing Company Limited

The related party undertakings are all incorporated in England and are 50% owned by the Group.

**11.**

|  | <b><u>Debtors</u></b>  |                        | <b><u>The Company</u></b> |                        |
|--|------------------------|------------------------|---------------------------|------------------------|
|  | <b><u>2015</u></b>     | <b><u>2014</u></b>     | <b><u>2015</u></b>        | <b><u>2014</u></b>     |
|  | <b><u>£</u></b>        | <b><u>£</u></b>        | <b><u>£</u></b>           | <b><u>£</u></b>        |
| Trade debtors                                  | 214,012                | 243,500                | 214,012                   | 243,500                |
| Amounts owed by overseas<br>group undertakings | 62,502                 | 79,963                 | 62,502                    | 79,963                 |
| Other debtors                                  | 132,873                | 53,582                 | 133,316                   | 53,582                 |
| Prepayments & accrued<br>income                | <u>20,994</u>          | <u>18,170</u>          | <u>20,994</u>             | <u>18,170</u>          |
|  | <b><u>£430,381</u></b> | <b><u>£395,215</u></b> | <b><u>£430,824</u></b>    | <b><u>£395,215</u></b> |

**Peermusic (UK) Limited**

**Notes to the Financial Statements**  
**as at 31<sup>st</sup> December 2015**

**12. Creditors**

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

|                            | <b><u>The Group</u></b> |                    | <b><u>The Company</u></b> |                    |
|----------------------------|-------------------------|--------------------|---------------------------|--------------------|
|                            | <b><u>2015</u></b>      | <b><u>2014</u></b> | <b><u>2015</u></b>        | <b><u>2014</u></b> |
|                            | <b><u>£</u></b>         | <b><u>£</u></b>    | <b><u>£</u></b>           | <b><u>£</u></b>    |
| Amounts owed to: -         |                         |                    |                           |                    |
| Group undertakings         | -                       | -                  | 164,985                   | 99,907             |
| Overseas group companies   | 856,142                 | 347,747            | 856,142                   | 347,747            |
| Related party undertakings | <u>70,743</u>           | <u>13,924</u>      | <u>70,743</u>             | <u>13,924</u>      |
|                            | 926,885                 | 361,671            | 1,091,870                 | 461,578            |
| Bank Loans and overdrafts  | 242,768                 | 1,308,381          | 242,767                   | 1,308,380          |
| Trade creditors            | 2,057,737               | 1,515,833          | 2,010,832                 | 1,472,688          |
| Other taxes & social       |                         |                    |                           |                    |
| Security costs             | 138,826                 | 29,462             | 138,494                   | 28,333             |
| Other creditors            | 2,546                   | 2,515              | 2,546                     | 2,515              |
| Accruals                   | 37,611                  | 50,264             | 36,661                    | 49,314             |
|                            | <u>£3,406,373</u>       | <u>£3,268,126</u>  | <u>£3,523,170</u>         | <u>£3,322,808</u>  |

**Creditors**

**b) Amounts falling due after more than one year**

|   | <b><u>The Group</u></b> |                    | <b><u>The Company</u></b> |                    |
|---|-------------------------|--------------------|---------------------------|--------------------|
|   | <b><u>2015</u></b>      | <b><u>2014</u></b> | <b><u>2015</u></b>        | <b><u>2014</u></b> |
|   | <b><u>£</u></b>         | <b><u>£</u></b>    | <b><u>£</u></b>           | <b><u>£</u></b>    |
| Bank Loans                              | 460,000                 | 165,000            | 460,000                   | 165,000            |
| Amount owed to Overseas Group Companies | -                       | -                  | -                         | -                  |
|   | <u>£460,000</u>         | <u>£165,000</u>    | <u>£460,000</u>           | <u>£165,000</u>    |

Interest on the bank loans is charged at 4% above Coutts Bank base rate. These loans are as follows:

£215,000 to be repaid at a minimum of £75,000 per annum (Repayment due 30/09/2019)

£400,000 to be repaid at a minimum of £80,000 per annum (Repayment due 1/09/2020)

**Peermusic (UK) Limited**

**Notes to the Financial Statements**  
**as at 31st December 2015**

**13. Share capital**

|                                       | <b><u>2015</u></b> | <b><u>2014</u></b> |
|---------------------------------------|--------------------|--------------------|
|                                       | <b><u>£</u></b>    | <b><u>£</u></b>    |
| Authorised: -                         |                    |                    |
| Ordinary Shares of £1 each            | <b><u>£300</u></b> | <b><u>£300</u></b> |
| Allotted, called up and fully paid: - |                    |                    |
| Ordinary Shares of £1 each            | <b><u>£300</u></b> | <b><u>£300</u></b> |

**14. Reserves**

|  | <b><u>The Group</u></b>   |                           | <b><u>The Company</u></b> |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | <b><u>2015</u></b>        | <b><u>2014</u></b>        | <b><u>2015</u></b>        | <b><u>2014</u></b>        |
|  | <b><u>£</u></b>           | <b><u>£</u></b>           | <b><u>£</u></b>           | <b><u>£</u></b>           |
| <b>At 1st January 2015</b>               | -3,294,322                | -3,583,786                | -3,027,113                | -3,052,692                |
| (Loss)/Profit on disposal of investments | -181                      | 270,867                   | -                         | -                         |
| (Loss)/Surplus for the year:             |                           |                           |                           |                           |
| Parent Company                           | -236,051                  | 77,579                    | -236,051                  | 77,579                    |
| Group undertakings                       | 62,112                    | -7,147                    | -                         | -                         |
| Related party undertakings               | -107                      | 165                       | -                         | -                         |
| Pension reserve                          | -                         | -52,000                   | -                         | -52,000                   |
| <b>At 31st December 2015</b>             | <b><u>-£3,468,549</u></b> | <b><u>-£3,294,322</u></b> | <b><u>-£3,263,164</u></b> | <b><u>-£3,027,113</u></b> |

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**

**Note to the Financial Statements**  
**as at 31st December 2015**

**15. Reconciliation of movements in shareholders funds**

|  | <b><u>The Group</u></b>   |                           | <b><u>The Company</u></b> |                           |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
|  | <b><u>2015</u></b>        | <b><u>2014</u></b>        | <b><u>2015</u></b>        | <b><u>2014</u></b>        |
|  | <b><u>£</u></b>           | <b><u>£</u></b>           | <b><u>£</u></b>           | <b><u>£</u></b>           |
| (Loss)/Profit for year                           | -174,046                  | 70,597                    | -236,051                  | 77,579                    |
| Exchange Profit/(Loss) on consolidation          | -                         | -                         | -                         | -                         |
| (Loss)/Profit on disposal of investments         | -181                      | 270,867                   | -                         | -                         |
| Pension Reserve                                  | -                         | -52,000                   | -                         | -52,000                   |
| Shareholders' Funds at 31st December 2014        | <u>-2,967,732</u>         | <u>-3,257,196</u>         | <u>-3,026,813</u>         | <u>-3,052,392</u>         |
| <b>Shareholders' Funds at 31st December 2015</b> | <b><u>-£3,141,959</u></b> | <b><u>-£2,967,732</u></b> | <b><u>-£3,262,864</u></b> | <b><u>-£3,026,813</u></b> |

**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  
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 2015**

**18. Related party transactions**

During the year management charges were received from the following related party undertakings: -

|  | <b><u>2015</u></b><br><b><u>£</u></b> | <b><u>2014</u></b><br><b><u>£</u></b> |
|--|---------------------------------------|---------------------------------------|
| Donovan Music Limited                  | 42,500                                | 43,000                                |
| Dunmo Music Publishing Company Limited | <u>2,500</u>                          | <u>5,000</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.

**19. Financial and capital commitments**

(a) The group had contracts to purchase £Nil of equipment at 31<sup>st</sup> December 2015 (2014 - £Nil).

(b) The group has annual commitments under operating leases of £113,218 (2014 - £110,759). These leases all expire in between two to five years