

COMPANY REGISTRATION NUMBER: 00270228

Peermusic (UK) Limited - Group
Financial Statements
31 December 2018



BOWKER ORFORD
Accountants, business advisers & statutory auditor
15-19 Cavendish Place
London
W1G 0DD

Peermusic (UK) Limited - Group

Financial Statements

Year ended 31 December 2018

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Peermusic (UK) Limited - Group

Directors' Report

Year ended 31 December 2018

The directors present their report and the financial statements of the group for the year ended 31 December 2018.

Directors

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

N. R. Elderton
R. I. Peer II
E.W. Peer
K. C. Wiggins (Retired 29 June 2018)

Directors' responsibilities statement

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 group and the company and the profit or loss of the group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting 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.

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.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as they are aware, there is no relevant audit information of which the group and the company's auditor is unaware; and
- they have taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the group and the company's auditor is aware of that information.

The auditor is deemed to have been re-appointed in accordance with section 487 of the Companies Act 2006.

Peermusic (UK) Limited - Group

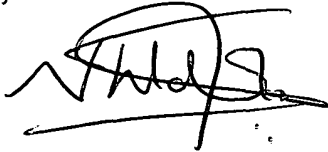
Directors' Report *(continued)*

Year ended 31 December 2018

Small company provisions

This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

This report was approved by the board of directors on 5 June 2019 and signed on behalf of the board by:

A handwritten signature in black ink, appearing to be 'N. R. Elderton', with a large, sweeping flourish underneath.

N. R. Elderton
Director

Registered office:
23/24 George Street
Richmond upon Thames
Surrey
England
TW9 1HY

Peermusic (UK) Limited - Group

Independent Auditor's Report to the Members of Peermusic (UK) Limited - Group

Year ended 31 December 2018

Opinion

We have audited the financial statements of Peermusic (UK) Limited - Group (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2018 which comprise the consolidated statement of income and retained earnings, company statement of income and retained earnings, consolidated statement of financial position, company statement of financial position and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2018 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Peermusic (UK) Limited - Group

Independent Auditor's Report to the Members of Peermusic (UK) Limited - Group (continued)

Year ended 31 December 2018

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

We have nothing to report in respect of the following matters in relation to which 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 in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

Peermusic (UK) Limited - Group

Independent Auditor's Report to the Members of Peermusic (UK) Limited - Group (continued)

Year ended 31 December 2018

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's or the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Peermusic (UK) Limited - Group

Independent Auditor's Report to the Members of Peermusic (UK) Limited - Group *(continued)*

Year ended 31 December 2018

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



Rashpal Parmar (Senior Statutory Auditor)

For and on behalf of
Bowker Orford
Accountants, business advisers & statutory
auditor

15-19 Cavendish Place
London
W1G 0DD

5 June 2019

Peermusic (UK) Limited - Group
Consolidated Statement of Income and Retained Earnings
Year ended 31 December 2018

| | Note | 2018 £ | 2017 £ |
|---|----------|---------------------------|--------------------|
| Turnover | | 8,997,515 | 6,565,717 |
| Cost of sales | | <u>7,114,545</u> | <u>5,034,961</u> |
| Gross profit | | 1,882,970 | 1,530,756 |
| Distribution costs | | 146,879 | 150,945 |
| Administrative expenses | | 1,624,487 | 1,264,015 |
| Other operating income | | <u>220,088</u> | <u>200,120</u> |
| Operating profit | | 331,692 | 315,916 |
| Income from interests in associates | | 14 | (77) |
| Other interest receivable and similar income | | 2,224 | 485 |
| Interest payable and similar expenses | | <u>58,536</u> | <u>36,347</u> |
| Profit before taxation | 6 | 275,394 | 279,977 |
| Tax on profit | | <u>—</u> | <u>—</u> |
| Profit for the financial year and total comprehensive income | | <u>275,394</u> | <u>279,977</u> |
| Retained losses at the start of the year | | (3,274,772) | (3,554,749) |
| Retained losses at the end of the year | | <u>(2,999,378)</u> | <u>(3,274,772)</u> |

All the activities of the group are from continuing operations.

The notes on pages 11 to 20 form part of these financial statements.

Peermusic (UK) Limited - Group
Company Statement of Income and Retained Earnings
Year ended 31 December 2018

| | Note | 2018 £ | 2017 £ |
|--|------|---------------------------|---------------------------|
| Profit for the financial year and total comprehensive income | | 485,965 | 280,835 |
| Retained losses at the start of the year | | <u>(3,125,298)</u> | <u>(3,406,133)</u> |
| Retained losses at the end of the year | | <u>(2,639,333)</u> | <u>(3,125,298)</u> |

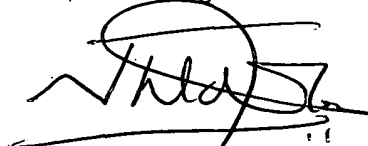
The notes on pages 11 to 20 form part of these financial statements.

Peermusic (UK) Limited - Group
Consolidated Statement of Financial Position
31 December 2018

| | Note | 2018 £ | 2017 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 7 | 2,092,554 | 280,665 |
| Tangible assets | 8 | 1,040 | – |
| Investments | 9 | 4,030 | 4,016 |
| | | <u>2,097,624</u> | <u>284,681</u> |
| Current assets | | | |
| Debtors | 10 | 374,456 | 286,655 |
| Cash at bank and in hand | | 3,701,429 | 1,203,042 |
| | | <u>4,075,885</u> | <u>1,489,697</u> |
| Creditors: amounts falling due within one year | 11 | <u>7,651,474</u> | <u>4,562,560</u> |
| Net current liabilities | | <u>3,575,589</u> | <u>3,072,863</u> |
| Total assets less current liabilities | | <u>(1,477,965)</u> | <u>(2,788,182)</u> |
| Creditors: amounts falling due after more than one year | 12 | 1,200,000 | 160,000 |
| Provisions | | | |
| Taxation including deferred tax | | (5,177) | – |
| Net liabilities | | <u>(2,672,788)</u> | <u>(2,948,182)</u> |
| Capital and reserves | | | |
| Called up share capital | | 300 | 300 |
| Other reserves | | 326,290 | 326,290 |
| Profit and loss account | | <u>(2,999,378)</u> | <u>(3,274,772)</u> |
| Shareholders deficit | | <u>(2,672,788)</u> | <u>(2,948,182)</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 5 June 2019, and are signed on behalf of the board by:



N. R. Elderton
Director

Company registration number: 00270228

The notes on pages 11 to 20 form part of these financial statements.

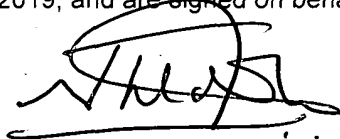
Peermusic (UK) Limited - Group
Company Statement of Financial Position
31 December 2018

| | Note | 2018 £ | 2017 £ |
|--|------|--------------------|--------------------|
| Fixed assets | | | |
| Intangible assets | 7 | 249,213 | 280,664 |
| Investments | 9 | <u>2,863,845</u> | <u>200</u> |
| | | 3,113,058 | 280,864 |
| Current assets | | | |
| Debtors | 10 | 323,133 | 279,098 |
| Cash at bank and in hand | | <u>3,439,390</u> | <u>1,203,042</u> |
| | | 3,762,523 | 1,482,140 |
| Creditors: amounts falling due within one year | 11 | <u>8,314,614</u> | <u>4,728,002</u> |
| Net current liabilities | | 4,552,091 | 3,245,862 |
| Total assets less current liabilities | | (1,439,033) | (2,964,998) |
| Creditors: amounts falling due after more than one year | 12 | <u>1,200,000</u> | <u>160,000</u> |
| Net liabilities | | (2,639,033) | (3,124,998) |
| Capital and reserves | | | |
| Called up share capital | | 300 | 300 |
| Profit and loss account | | <u>(2,639,333)</u> | <u>(3,125,298)</u> |
| Shareholders deficit | | (2,639,033) | (3,124,998) |

The profit for the financial year of the parent company was £485,965 (2017: £280,835).

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

These financial statements were approved by the board of directors and authorised for issue on 5 June 2019, and are signed on behalf of the board by:



N. R. Elderton
Director

Company registration number: 00270228

The notes on pages 11 to 20 form part of these financial statements.

Peermusic (UK) Limited - Group

Notes to the Financial Statements

Year ended 31 December 2018

1. General information

The company is a private company limited by shares, registered in England and Wales. The address of the registered office is 23/24 George Street, Richmond upon Thames, Surrey, TW9 1HY, England.

2. Statement of compliance

These financial statements have been prepared in compliance with Section 1A of FRS 102, 'The Financial Reporting Standard applicable in the UK and the Republic of Ireland'.

3. Accounting policies

Basis of preparation

The financial statements have been prepared on the historical cost basis, as modified by the revaluation of certain financial assets and liabilities and investment properties measured at fair value through profit or loss.

The financial statements are prepared in sterling, which is the functional currency of the entity.

Disclosure exemptions

The parent company satisfies the criteria of being a qualifying entity as defined in FRS 102. As such, advantage has been taken of the following reduced disclosures available under FRS 102:

- (a) Disclosures in respect of each class of share capital have not been presented.
- (b) No cash flow statement has been presented for the company.
- (c) Disclosures in respect of financial instruments have not been presented.
- (d) No disclosure has been given for the aggregate remuneration of key management personnel.

Consolidation

The financial statements consolidate the financial statements of Peermusic (UK) Limited - Group and all of its subsidiary undertakings.

The results of subsidiaries acquired or disposed of during the year are included from or to the date that control passes.

The parent company has applied the exemption contained in section 408 of the Companies Act 2006 and has not presented its individual profit and loss account.

Revenue recognition

Turnover is measured at the fair value of the consideration received or receivable for goods supplied and services rendered, net of discounts and Value Added Tax.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have transferred to the buyer (usually on despatch of the goods); the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the entity; and the costs incurred or to be incurred in respect of the transactions can be measured reliably.

Peermusic (UK) Limited - Group

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Foreign currencies

Foreign currency transactions are initially recorded in the functional currency, by applying the spot exchange rate as at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the reporting date, with any gains or losses being taken to the profit and loss account.

Intangible assets

Intangible assets are initially recorded at cost, and are subsequently stated at cost less any accumulated amortisation and impairment losses. Any intangible assets carried at revalued amounts, are recorded at the fair value at the date of revaluation, as determined by reference to an active market, less any subsequent accumulated amortisation and subsequent accumulated impairment losses.

Intangible assets acquired as part of a business combination are recorded at the fair value at the acquisition date.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

| | | |
|------------|---|----------------------|
| Goodwill | - | Over 10 years |
| Copyrights | - | £1 nominal valuation |

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

Tangible assets

Tangible assets are initially recorded at cost, and subsequently stated at cost less any accumulated depreciation and impairment losses. Any tangible assets carried at revalued amounts are recorded at the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation, is recognised in other comprehensive income and accumulated in equity, except to the extent it reverses a revaluation decrease of the same asset previously recognised in profit or loss. A decrease in the carrying amount of an asset as a result of revaluation, is recognised in other comprehensive income to the extent of any previously recognised revaluation increase accumulated in equity in respect of that asset. Where a revaluation decrease exceeds the accumulated revaluation gains accumulated in equity in respect of that asset, the excess shall be recognised in profit or loss.

Peermusic (UK) Limited - Group

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

| | | |
|---|---|----------------------------|
| Improvement to short leasehold property | - | Over the life of the lease |
| Plant & Equipment | - | 25 - 33% Straight line |

Investments

Fixed asset investments are initially recorded at cost, and subsequently stated at cost less any accumulated impairment losses.

Listed investments are measured at fair value with changes in fair value being recognised in profit or loss.

Investments in associates

Investments in associates are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the associate.

Investments in joint ventures

Investments in joint ventures are accounted for using the equity method of accounting, whereby the investment is initially recognised at the transaction price and subsequently adjusted to reflect the group's share of the profit or loss, other comprehensive income and equity of the joint venture.

Impairment of fixed assets

A review for indicators of impairment is carried out at each reporting date, with the recoverable amount being estimated where such indicators exist. Where the carrying value exceeds the recoverable amount, the asset is impaired accordingly. Prior impairments are also reviewed for possible reversal at each reporting date.

For the purposes of impairment testing, when it is not possible to estimate the recoverable amount of an individual asset, an estimate is made of the recoverable amount of the cash-generating unit to which the asset belongs. The cash-generating unit is the smallest identifiable group of assets that includes the asset and generates cash inflows that largely independent of the cash inflows from other assets or groups of assets.

For impairment testing of goodwill, the goodwill acquired in a business combination is, from the acquisition date, allocated to each of the cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the company are assigned to those units.

Peermusic (UK) Limited - Group

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Provisions

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments are initially recognised at the transaction price, unless the arrangement constitutes a financing transaction, where it is recognised at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Debt instruments are subsequently measured at amortised cost.

Where investments in non-convertible preference shares and non-puttable ordinary shares or preference shares are publicly traded or their fair value can otherwise be measured reliably, the investment is subsequently measured at fair value with changes in fair value recognised in profit or loss. All other such investments are subsequently measured at cost less impairment.

Other financial instruments, including derivatives, are initially recognised at fair value, unless payment for an asset is deferred beyond normal business terms or financed at a rate of interest that is not a market rate, in which case the asset is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Other financial instruments are subsequently measured at fair value, with any changes recognised in profit or loss, with the exception of hedging instruments in a designated hedging relationship.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

For all equity instruments regardless of significance, and other financial assets that are individually significant, these are assessed individually for impairment. Other financial assets are either assessed individually or grouped on the basis of similar credit risk characteristics.

Any reversals of impairment are recognised in profit or loss immediately, to the extent that the reversal does not result in a carrying amount of the financial asset that exceeds what the carrying amount would have been had the impairment not previously been recognised.

Peermusic (UK) Limited - Group

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

3. Accounting policies *(continued)*

Defined contribution plans

Contributions to defined contribution plans are recognised as an expense in the period in which the related service is provided. Prepaid contributions are recognised as an asset to the extent that the prepayment will lead to a reduction in future payments or a cash refund.

When contributions are not expected to be settled wholly within 12 months of the end of the reporting date in which the employees render the related service, the liability is measured on a discounted present value basis. The unwinding of the discount is recognised as a finance cost in profit or loss in the period in which it arises.

4. Auditor's remuneration

| | 2018 £ | 2017 £ |
|--|---------------|---------------|
| Fees payable for the audit of the financial statements | <u>28,530</u> | <u>17,960</u> |

5. Employee numbers

The average number of persons employed by the company during the year amounted to 9 (2017: 10).

6. Profit before taxation

Profit before taxation is stated after charging:

| | 2018 £ | 2017 £ |
|--|-----------|---------------|
| Amortisation of intangible assets | 242,233 | 108,170 |
| Depreciation of tangible assets | 1,040 | 4,800 |
| Interest payable to group undertakings | <u>–</u> | <u>17,306</u> |

7. Intangible assets

| Group | Goodwill £ | Copyrights £ | Total £ |
|----------------------------|------------------|------------------|-------------------------|
| Cost | | | |
| At 1 January 2018 | – | 1,204,747 | 1,204,747 |
| Additions | 2,045,933 | 8,189 | 2,054,122 |
| At 31 December 2018 | <u>2,045,933</u> | <u>1,212,936</u> | <u>3,258,869</u> |
| Amortisation | | | |
| At 1 January 2018 | – | 924,082 | 924,082 |
| Charge for the year | 204,593 | 37,640 | 242,233 |
| At 31 December 2018 | <u>204,593</u> | <u>961,722</u> | <u>1,166,315</u> |
| Carrying amount | | | |
| At 31 December 2018 | <u>1,841,340</u> | <u>251,214</u> | <u>2,092,554</u> |
| At 31 December 2017 | <u>–</u> | <u>280,665</u> | <u>280,665</u> |

Peermusic (UK) Limited - Group

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

7. Intangible assets *(continued)*

| Company | Copyrights £ |
|----------------------------|------------------|
| Cost | |
| At 1 January 2018 | 1,204,746 |
| Additions | 5,189 |
| At 31 December 2018 | 1,209,935 |
| Amortisation | |
| At 1 January 2018 | 924,082 |
| Charge for the year | 36,640 |
| At 31 December 2018 | 960,722 |
| Carrying amount | |
| At 31 December 2018 | 249,213 |
| At 31 December 2017 | 280,664 |

8. Tangible assets

| Group | Short leasehold property £ | Equipment £ | Total £ |
|--|-------------------------------------|----------------|----------------|
| Cost | | | |
| At 1 January 2018 | 43,806 | 115,279 | 159,085 |
| Acquisitions through business combinations | – | 19,438 | 19,438 |
| At 31 December 2018 | 43,806 | 134,717 | 178,523 |
| Depreciation | | | |
| At 1 January 2018 | 43,806 | 115,279 | 159,085 |
| Charge for the year | – | 1,040 | 1,040 |
| Other movements | – | 17,358 | 17,358 |
| At 31 December 2018 | 43,806 | 133,677 | 177,483 |
| Carrying amount | | | |
| At 31 December 2018 | – | 1,040 | 1,040 |
| At 31 December 2017 | – | – | – |
| Company | | | |
| Cost | | | |
| At 1 January 2018 and 31 December 2018 | 43,806 | 115,279 | 159,085 |
| Depreciation | | | |
| At 1 January 2018 and 31 December 2018 | 43,806 | 115,279 | 159,085 |
| Carrying amount | | | |
| At 31 December 2018 | – | – | – |
| At 31 December 2017 | – | – | – |

Peermusic (UK) Limited - Group

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

9. Investments

| Group | Other investments other than loans £ |
|--|---|
| Cost | |
| At 1 January 2018 | 4,016 |
| Additions | 14 |
| At 31 December 2018 | 4,030 |
| Impairment | |
| At 1 January 2018 and 31 December 2018 | - |
| Carrying amount | |
| At 31 December 2018 | 4,030 |
| At 31 December 2017 | 4,016 |
| Company | Other investments other than loans £ |
| Cost | |
| At 1 January 2018 and 31 December 2018 | 2,863,845 |
| Impairment | |
| At 1 January 2018 and 31 December 2018 | - |
| Carrying amount | |
| At 1 January 2018 and 31 December 2018 | 2,863,845 |
| At 31 December 2017 | 2,863,845 |

Subsidiaries, associates and other investments

Details of the investments in which the group and the parent company have an interest of 20% or more are as follows:

| | Registered office | Class of share | Percentage of shares held |
|-----------------------------------|---|-------------------|---------------------------|
| Subsidiary undertakings | | | |
| Peer-Southern Productions Limited | 23/24 George Street Richmond upon Thames Surrey TW9 1HY | Ordinary £1 | 100 |
| Paul Rodriguez Music Limited | Greyhound House 23/24 George Street Richmond upon Thames Surrey TW9 1HY | Ordinary £0.01 | 100 |

Peermusic (UK) Limited - Group

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

9. Investments *(continued)*

| | Registered office | Class of share | Percentage of shares held |
|--|---|----------------|---------------------------|
| Accorder Music Publishing Limited | Greyhound House 23/24 George Street Richmond upon Thames Surrey TW9 1HY | Ordinary £1 | 100 |
| Other significant holdings | | | |
| Dunmo Music Publishing Company Limited | Richmond upon Thames Surrey TW9 1HY | Ordinary £1 | 50 |
| Donovan (Music) Limited | Richmond upon Thames Surrey TW9 1HY | Ordinary £1 | 50 |

10. Debtors

| | Group | | Company | |
|---|----------------|----------------|----------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Trade debtors | 149,150 | 105,201 | 149,150 | 105,201 |
| Amounts owed by group undertakings and undertakings in which the company has a participating interest | 86,161 | 46,503 | 78,161 | 38,503 |
| Other debtors | 139,145 | 134,951 | 95,822 | 135,394 |
| | <u>374,456</u> | <u>286,655</u> | <u>323,133</u> | <u>279,098</u> |

11. Creditors: amounts falling due within one year

| | Group | | Company | |
|---|------------------|------------------|------------------|------------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | 400,001 | 145,001 | 400,000 | 145,000 |
| Trade creditors | 5,515,455 | 2,972,257 | 3,990,483 | 2,851,591 |
| Amounts owed to group undertakings and undertakings in which the company has a participating interest | 1,365,794 | 1,227,127 | 3,717,730 | 1,516,918 |
| Social security and other taxes | 303,164 | 173,656 | 160,296 | 170,924 |
| Other creditors | 67,060 | 44,519 | 46,105 | 43,569 |
| | <u>7,651,474</u> | <u>4,562,560</u> | <u>8,314,614</u> | <u>4,728,002</u> |

12. Creditors: amounts falling due after more than one year

| | Group | | Company | |
|---------------------------|------------------|----------------|------------------|----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Bank loans and overdrafts | <u>1,200,000</u> | <u>160,000</u> | <u>1,200,000</u> | <u>160,000</u> |

Peermusic (UK) Limited - Group

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

Coutts Bank Loan 1 of £600,000. Interest on the bank loan is charged at 4.75% (variable). Loan to be repaid at a minimum of £200,000 per annum (Repayment due 3/04/2023)

Coutts Bank Loan 2 of £600,000. Interest on the bank loan is charged at 4.50% (variable). Loan to be repaid at a minimum of £200,000 per annum (Repayment due 26/06/2023)

All bank loans are secured by mortgage debenture over assets provided by Peermusic (UK) Limited dated 15/07/2002.

13. Contingencies

(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.

14. Related party transactions

Group

During the year the group entered into the following transactions with related parties:

| | Transaction value | | Balance owed by/(owed to) | |
|--|-------------------|-----------------|---------------------------|-----------------|
| | 2018 | 2017 | 2018 | 2017 |
| | £ | £ | £ | £ |
| Dunmo Music Publishing Company Limited | (5,350) | (3,800) | (12,044) | (11,125) |
| Donovan (Music) Limited | <u>(71,250)</u> | <u>(62,500)</u> | <u>(179,434)</u> | <u>(81,201)</u> |

Peermusic (UK) Limited - Group

Notes to the Financial Statements *(continued)*

Year ended 31 December 2018

14. Related party transactions *(continued)*

Company

During the year the company entered into the following transactions with related parties:

| | Transaction value | | Balance owed by/(owed to) | |
|--|-------------------|-----------------|---------------------------|-----------------|
| | 2018 £ | 2017 £ | 2018 £ | 2017 £ |
| Dunmo Music Publishing Company Limited | (5,350) | (3,800) | (12,044) | (11,125) |
| Donovan (Music) Limited | <u>(71,250)</u> | <u>(62,500)</u> | <u>(179,434)</u> | <u>(81,201)</u> |

Peermusic (UK) Limited owns 50% of the share capital of Dunmo Music Publishing Company Limited and Donovan (Music) Limited. Both of these companies are incorporated in England. The transactions were in respect of management charges.

Dunmo Music Publishing Company Limited:

The aggregate amount of the capital and reserves of the undertaking at 31st December 2018 was a surplus of £21 and its profit for that year ended was £34.

Donovan (Music) Limited:

The aggregate amount of the capital and reserves of the undertaking at 31st December 2018 was a surplus of £8,854 and its loss for that year ended was £6.

15. Controlling party

The Company is a wholly owned subsidiary of Peermusic III Ltd, a Company registered in the United States of America. The corporate office of Peermusic III Ltd is 2397 Shattuck Avenue, Berkeley, CA 94704, United States of America. The ultimate controlling party is the family of Mr and Mrs R.I. Peer II.