

Meridian Music Publishing Company Limited

Directors' report and financial statements

for the year ended 31 December 2006

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Meridian Music Publishing Company Limited

Company information

Directors	N R Elderton	
	K M Spanberger	(U S A)
	R I Peer II	(U S A)
	K C Wiggins	(appointed 31/07/06)
Secretary	K C Wiggins	
Company number	00500688	
Registered office	Peer House 8 - 14 Verulam Street London WC1X 8LZ	
Auditors	Bowker Orford 15 - 19 Cavendish Place London W1G 0DD	
Business address	Peer House 8 - 14 Verulam Street London WC1X 8LZ	

Meridian Music Publishing Company Limited

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Meridian Music Publishing Company Limited

Directors' report for the year ended 31 December 2006

The directors present their report and the financial statements for the year ended 31 December 2006

Principal activity

The principal activity of the company is the provision of services within the music industry

Directors and their interests

The directors who served during the year and their interests in the company are as stated below

		Class of share	31/12/06	01/01/06 or date of appointment
N R Elderton		Ordinary shares	-	-
K M Spanberger	(U S A)	Ordinary shares	-	-
R I Peer II	(U S A)	Ordinary shares	-	-
D P Toone	(resigned 31/07/06)	Ordinary shares	-	-
K C Wiggins	(appointed 31/07/06)	Ordinary shares	-	-

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

Directors' responsibilities

The directors are responsible for preparing 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). The financial statements are required by law to give a true and fair view of the state of the 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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. 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

Meridian Music Publishing Company Limited

**Directors' report
for the year ended 31 December 2006**

continued

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Bowker Orford be reappointed as auditors of the company will be put to the Annual General Meeting

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

This report was approved by the Board on 22 May 2007 and signed on its behalf by

K.C. Wiggins

**K. C. Wiggins
Secretary**

Meridian Music Publishing Company Limited

Independent auditors' report to the shareholders of Meridian Music Publishing Company Limited

We have audited the financial statements of Meridian Music Publishing Company Limited for the year ended 31 December 2006 which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes. These financial statements have been prepared under the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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

Respective responsibilities of directors and the auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

Meridian Music Publishing Company Limited

Independent auditors' report to the shareholders of Meridian Music Publishing Company Limited

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable for Smaller Entities, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Bowker Orford

Bowker Orford

**Chartered Accountants and
Registered Auditor**

**15 - 19 Cavendish
Place
London
W1G 0DD**

24 May 2007

Meridian Music Publishing Company Limited

**Profit and loss account
for the year ended 31 December 2006**

		2006	2005
	Notes	£	£
Turnover	2	27,586	30,400
Cost of sales		(4,151)	(4,968)
Gross profit		<u>23,435</u>	<u>25,432</u>
Administrative expenses		(18,546)	(24,862)
Profit on ordinary activities before taxation		4,889	570
Tax on profit on ordinary activities		-	-
Retained profit for the year		<u>4,889</u>	<u>570</u>
Accumulated loss brought forward		(5,075)	(5,645)
Accumulated loss carried forward		<u>(186)</u>	<u>(5,075)</u>

The notes on pages 8 to 11 form an integral part of these financial statements.

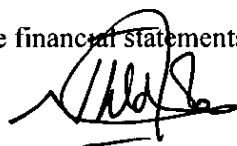
Meridian Music Publishing Company Limited

**Balance sheet
as at 31 December 2006**

		2006		2005	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		3,963		1,119
Creditors: amounts falling due within one year	5	(4,049)		(6,094)	
Net current liabilities			(4,049)		(6,094)
Deficiency of assets			(86)		(4,975)
Capital and reserves					
Called up share capital	6		100		100
Profit and loss account			(186)		(5,075)
Shareholders' funds			(86)		(4,975)

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective January 2005) relating to small companies

The financial statements were approved by the Board on 22 May 2007 and signed on its behalf by



N. R. Elderton
Director

The notes on pages 8 to 11 form an integral part of these financial statements.

Meridian Music Publishing Company Limited

**Cash flow statement
for the year ended 31 December 2006**

	2006		2005	
	£	£	£	£
Cash generated from operations				
Operating profit	4,889		570	
Reconciliation to cash generated from operations				
Depreciation	(2,594)		1,601	
(Decrease) in other creditors	(2,045)		(1,545)	
		250		626
Cash from other sources				
Proceeds from sales of tangible fixed assets	5,035		-	
		5,035		-
Application of cash				
Purchase of tangible fixed assets	(5,285)		(626)	
		(5,285)		(626)
Net decrease in cash in the year		-		-

Meridian Music Publishing Company Limited

Notes to the financial statements for the year ended 31 December 2006

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005)

1.2. Changes in accounting policy

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards

-FRSSE 2005,

FRSSE 2005

As a result of the adoption of FRSSE 2005 there has been no change to the existing accounting policies

1.3. Turnover

Turnover represents income from the hire of studio services and sales of recorded tapes. All turnover is within the United Kingdom.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 25% Straight Line
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Meridian Music Publishing Company Limited

Notes to the financial statements for the year ended 31 December 2006

continued

1.5. 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

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,

Provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,

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

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK

3. Operating profit

	2006	2005
	£	£
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	1,321	1,601
Auditors' remuneration	1,200	1,100
and after crediting		
Profit on disposal of tangible fixed assets	3,915	-

Meridian Music Publishing Company Limited

**Notes to the financial statements
for the year ended 31 December 2006**

continued

4. Tangible fixed assets	Fixtures, fittings and equipment £	Total £
Cost		
At 1 January 2006	6,405	6,405
Additions	5,285	5,285
Disposals	(6,405)	(6,405)
At 31 December 2006	<u>5,285</u>	<u>5,285</u>
Depreciation		
At 1 January 2006	5,286	5,286
On disposals	(5,285)	(5,285)
Charge for the year	1,321	1,321
At 31 December 2006	<u>1,322</u>	<u>1,322</u>
Net book values		
At 31 December 2006	<u>3,963</u>	<u>3,963</u>
At 31 December 2005	<u>1,119</u>	<u>1,119</u>

5. Creditors: amounts falling due within one year	2006 £	2005 £
Amounts owed to group undertaking	2,849	4,899
Accruals and deferred income	1,200	1,195
	<u>4,049</u>	<u>6,094</u>

6. Share capital	2006 £	2005 £
Authorised		
100 Ordinary shares of 1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
100 Ordinary shares of 1 each	<u>100</u>	<u>100</u>
Equity Shares		
100 Ordinary shares of 1 each	<u>100</u>	<u>100</u>

Meridian Music Publishing Company Limited

Notes to the financial statements for the year ended 31 December 2006

continued

7. Ultimate parent undertaking

The company is a wholly owned subsidiary of Peermusic (U K) Limited which is itself a subsidiary of Peermusic III Limited, a Company registered in the United States of America

8. Contingent liabilities

9.1 The company is included within the Peermusic (UK) Group for V A T registration As a result, a contingent liability may arise for the Group V A T due

9.2 The Peermusic (UK) Limited group has entered into a cross guarantee arrangement with its bankers The companies included within this arrangement are

Peermusic (UK) Limited
Southern Library of Recorded Music Limited
Meridian Music Publishing company Limited
Peermusic (Ireland) Limited
Liber Southern Limited
Latin American Music Publishing Company Limited
Mirror Music Publishing company Limited
Peer Southern Productions Limited
Peer Southern International Limited
Pressure Records Limited

9. Controlling interest

D P Toone has a controlling interest in a company which has provided supplies and services totalling £2,146 (2005 £5,150) during the year

10. Related party transactions

Peermusic (UK) Limited were provided with services during the year totalling £27,500 (£30,400 - 2005)