

Simple Minds Limited

**Directors' report and financial
statements**

Registered number 1409205

30 June 2009

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Directors' report

Directors

James Kerr
Charles Burchill

The directors have pleasure in submitting their report, together with the financial statements for the year ended 30 June 2009.

Principal activities and business review

The principal activity of the company is to promote popular music bands and is currently promoting its own band called "Simple Minds".

The company will continue to promote the band's recording and touring activities with a view to increasing turnover and increasing profitability.

Results and dividends

The results for the year are set out in the attached profit and loss account.

The directors do not recommend payment of a dividend for the year.

By Order of the Board

Jim Kerr
Secretary



11/12/2009
London



KPMG LLP
Saltire Court
20 Castle Terrace
Edinburgh
EH1 2EG

Accountants' report to Simple Minds Limited

We have compiled the accounts for the year ended 30 June 2009 as set out on pages 3 to 10. As described below, you are responsible for the accounts. We have not audited or otherwise verified the accuracy or completeness of the records or other information given to us.

This report is made solely to you, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the accounts we have been engaged to compile and report to you that we have done so and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than you, as a body, for our compilation work, or for this report.

15/12/2009

KPMG LLP
Chartered Accountants

I approve these accounts and confirm that I am responsible for them, including selecting the accounting policies and making judgements underlying them. I confirm also that I have made available all relevant accounting records and information for their compilation.

Jim Kerr
Director

11.12.2009

Profit and loss account
for the year ended 30 June 2009

	<i>Note</i>	2009 £	2008 £
Turnover	2	2,317,088	316,830
Administrative expenses		(2,131,647)	(580,946)
Operating profit/(loss)		185,441	(264,116)
Interest receivable and similar income		14,482	17,876
Profit/(loss) on ordinary activities before taxation	3	199,923	(246,240)
Taxation on profit/(loss) on ordinary activities	5	(165,823)	(14,114)
Profit/(loss) on ordinary activities after taxation		34,100	(260,354)
Balance brought forward from previous year		(756,734)	(496,380)
Retained loss carried forward		(722,634)	(756,734)

Other than the profit for the year and the loss for the preceding year there have been no other recognised gains or losses.

All activities of the company are continuing operations.

Balance sheet

at 30 June 2009

	Note	2009 £	2008 £
Fixed assets			
Tangible assets	6	2,324	2,082
Investments	7	-	1
		<u>2,324</u>	<u>2,083</u>
Current assets			
Debtors	8	693,834	541,409
Cash at bank and in hand		565,596	449,066
		<u>1,259,430</u>	<u>990,475</u>
Creditors: amounts falling due within one year	9	(99,813)	(57,481)
		<u>1,159,617</u>	<u>932,994</u>
Net current assets			
		<u>1,161,941</u>	<u>935,077</u>
Total assets less current liabilities			
		<u>1,161,941</u>	<u>935,077</u>
Accruals and deferred income	10	(1,884,475)	(1,691,711)
		<u>(722,534)</u>	<u>(756,634)</u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account		(722,634)	(756,734)
		<u>(722,534)</u>	<u>(756,634)</u>
Deficit in shareholders' funds - equity	13	(722,534)	(756,634)

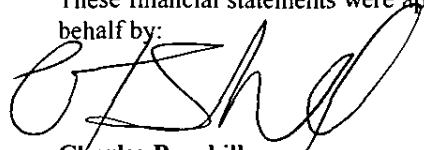
The company was entitled to exemption under the Companies Act 2006 from the requirement to have its financial statements for the year ended 30 June 2009 audited.

No notice has been deposited under section 476 of that Act requiring an audit in relation to the company's financial statements for that financial year.

The directors acknowledge their responsibilities for:

- Ensuring that the company keeps accounting records which comply with section 386 of the Companies Act 2006; and
- Preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit for the financial year in accordance with the requirements of section 394 and 395 of that Act, and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

These financial statements were approved by the board of directors on 11/12/2009 and were signed on its behalf by:


Charles Burchill
Director


Jim Kerr
Director

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The financial statements have been prepared on a going concern basis as the company's indebtedness to its recording company is only repayable out of future royalty earnings (note 10).

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds of its size.

The Company is exempt by virtue of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Depreciation

Depreciation is calculated to write off the cost of tangible assets by equal annual instalments, (the straight-line method) over their estimated useful lives as follows:

Equipment	25%
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Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

Royalties

Royalties are credited to the profit and loss account during the year in which they are earned.

Foreign currencies

Income and expenses on overseas tours have been translated at rates approximating to the exchange rates ruling at the date of the transaction. Assets and liabilities have been translated at the rate ruling at the balance sheet date.

Notes *(continued)*

2 Turnover	2009	2008
	£	£
Turnover can be analysed as follows:		
Tour income	2,043,212	96,251
Recording royalties	138,590	162,925
Other income	135,286	57,654
	<u>2,317,088</u>	<u>316,830</u>
UK	1,369,710	213,409
Foreign	947,378	103,421
	<u>2,317,088</u>	<u>316,830</u>

3 Profit/(loss) on ordinary activities before taxation

	2009	2008
	£	£
This is arrived at after charging:		
Depreciation	2,124	1,533
Hire of vehicles and equipment	348,159	-
	<u>350,283</u>	<u>1,533</u>

4 Staff costs

The average number of employees, including directors, during the year was made up as follows:

	2009	2008
	Number	Number
Band members	2	2
Administration	2	2
	<u>4</u>	<u>4</u>

The aggregate payroll costs of these persons were as follows:

	£	£
Wages and salaries	98,110	82,833
Social security costs	12,061	10,725
	<u>110,171</u>	<u>93,558</u>

Notes (continued)

5 Taxation on profit/(loss) on ordinary activities	2009 £	2008 £
Corporation tax based on the results for the year at 21% (2008 : 20%)	-	-
Overseas taxation	136,838	6,504
	<hr/>	<hr/>
	136,838	6,504
Deferred taxation (note 11)	28,985	7,610
	<hr/>	<hr/>
	165,823	14,114
	<hr/>	<hr/>

Current tax reconciliation

The tax for the year is greater than (2008: *greater than*) the profit/(loss) before tax multiplied by 21% (2008: 20%), the current standard rate of corporation tax.

The differences are explained in the table below:

	2009 £	2008 £
Profit/(loss) on ordinary activities before tax	199,923	(246,240)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by 21% (2008: 20%)	41,984	(49,248)
Effects of tax adjustments, expressed at 21%		
Expenses not deductible for tax purposes	137	101
Depreciation in excess of capital allowances	(1,299)	307
Other timing differences	(161)	17,483
Losses	(11,925)	32,658
Allowable deduction of overseas taxation	(28,736)	(1,301)
Overseas tax	136,838	6,504
	<hr/>	<hr/>
Current tax charge for the year	136,838	6,504
	<hr/>	<hr/>

The company has tax losses of approximately £340,000 available for carry forward against future profits of the same trade.

Notes (continued)

6 Tangible assets

	Equipment £
<i>Cost</i>	
At 1 July 2008	172,363
Additions	2,366
	<hr/>
At 30 June 2009	174,729
	<hr/>
<i>Depreciation</i>	
At 1 July 2008	170,281
Charge for year	2,124
	<hr/>
At 30 June 2009	172,405
	<hr/>
<i>Net book value</i>	
At 30 June 2009	2,324
	<hr/> <hr/>
At 30 June 2008	2,082
	<hr/> <hr/>

7 Investments

	Participating interests £	Other investments other than loans £	Total £
<i>Cost</i>			
At 1 July 2008	1	83,375	83,376
Disposals	(1)	-	(1)
	<hr/>	<hr/>	<hr/>
At 30 June 2009	-	83,375	83,375
	<hr/>	<hr/>	<hr/>
<i>Amount provided</i>			
At 1 July 2008 and 30 June 2009	-	(83,375)	(83,375)
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
30 June 2009	-	-	-
	<hr/>	<hr/>	<hr/>
30 June 2008	1	-	1
	<hr/>	<hr/>	<hr/>

The company owned the whole of the issued ordinary share capital of Mindmoods Limited which was incorporated in Great Britain and registered in England. Mindmoods Limited was dissolved during the year.

The company holds 31,250 (11%) ordinary shares in 2Fluid Creative Limited, which is incorporated in Great Britain and registered in Scotland.

Notes (continued)

8 Debtors

	2009 £	2008 £
Amount due within one year:		
Trade debtors	196,548	64,755
Other debtors	21,474	97
Prepayments	31,118	2,878
Deferred tax (see note 11)	444,694	473,679
	<u>693,834</u>	<u>541,409</u>

9 Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	80,943	24,624
Other taxes	6,610	20,707
Amount due to directors	2,260	2,149
Accruals	10,000	10,001
	<u>99,813</u>	<u>57,481</u>

10 Accruals and deferred income

	Balance brought forward £	Advances received (repaid) during year £	Recording and tour costs defrayed £	Royalties earned during year £	Balance carried forward £
Sanctuary Records	19,393	166,667	148,352	(38,129)	296,283
EMI Records	1,530,700	-	-	(566)	1,530,134
Eagle Records	58,285	-	-	(227)	58,058
Universal Music	83,333	-	(83,333)	-	-
	<u>1,691,711</u>	<u>166,667</u>	<u>65,019</u>	<u>(38,922)</u>	<u>1,884,475</u>

The unearned balance of £1,884,475 (2008: £1,691,711) reflects the indebtedness to the company's recording companies. Advances received and recording and tour costs defrayed by the recording companies are repayable only out of future royalties if, and when, they are earned. The recording companies hold full rights to all future recording royalties earned by the company on records produced to date, until such time as the company's indebtedness is cleared.

11 Deferred tax

	£
At 1 July 2008	473,679
Movement in year: Current year	(28,985)
	<u>444,694</u>
Deferred tax asset at 30 June 2009	<u>444,694</u>

The deferred tax asset arises from timing differences in respect of royalties.

Notes (continued)

12	Share capital	2009 £	2008 £
	<i>Authorised</i>		
	100 ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
	<i>Allotted, called up and fully paid</i>		
	100 ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
13	Reconciliation of movements in shareholders' funds		£
	Profit for the financial year		34,100
	Shareholders' funds at 1 July 2008		(756,634)
			<u> </u>
	Shareholders' funds at 30 June 2009		(722,534)
			<u> </u>

14 Related party transactions

The company was under the control of Mr J Kerr and Mr C Burchill throughout the current and previous year.

Mr J Kerr had a beneficial interest in Jim Kerr Management Consultancy Limited owning 98% of the issued share capital. This company provided the services of Mr J Kerr. The fees payable, by Simple Minds Limited, to this company for the services of Mr J Kerr amounted to £412,000 (2008: £162,000). Mr C Burchill is self employed and Simple Minds Limited paid £400,000 (2008: £150,000) for his services.

The company also provides administration services to Jim Kerr Management Consultancy Limited and Mr C Burchill. The fees for these services, payable to Simple Minds Limited, amounted to £39,341 (2008: £40,797) and £12,473 (2008: £7,783) respectively.

The following information does not form part of the audited statutory financial statements and is included solely for the information of management.

Detailed accounts schedule

for the year ended 30 June 2009

	2009 £	2008 £
Administration expenses		
Tour costs	794,842	25,616
Album costs	-	-
Merchandising	-	-
Donations	654	504
Repairs	-	-
Travel and subsistence costs	11,844	4,728
Hire of musicians' services	812,000	312,000
Insurance	4,958	6,339
Professional fees	26,194	36,981
Consultancy	17,000	6,000
Internet and website costs	9,273	5,000
Depreciation	2,124	1,533
Bank interest and charges	2,385	2,031
Miscellaneous	280	136
Recording costs	326,102	48,605
Printing, stationery and postage	660	264
Storage, freight and duty	6,644	5,694
Wages and pension	110,171	93,558
Telephone	978	1,356
Payment of royalties to former band members	-	25,687
Medical insurance	5,263	4,695
Subscriptions	275	219
Commission	-	-
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	2,131,647	580,946
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