REGISTRAR'S COPY

Registered no. 03811288

SNAPPER IPR LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

TUESDAY

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COMPANIES HOUSE

LUBBOCK FINE
Chartered Accountants
Russell Bedford House
City Forum, 250 City Road
London EC1V 2QQ

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OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	C V Dane F D Jude
Company secretary	C V Dane
Registered office	1 Star Street London W2 1QD
Auditor	Lubbock Fine Chartered Accountants & Statutory Auditor Russell Bedford House City Forum, 250 City Road London EC1V 2QQ

SNAPPER IPR LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2010

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2010

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of ownership and exploitation of music copyrights

The directors intend to continue to take steps to develop the company's business and improve profitability in the future

PRINCIPAL RISKS AND UNCERTAINTIES

A principal risk for the company is that the owned copyrights do not produce the expected levels of returns due to a low demand in the market place This would lead to a fall in the value of the copyrights, which in turn would lower the net assets of the company However, the company is taking every opportunity to exploit the owned copyrights to maximise income to the company

In addition, the company has issued an unlimited guarantee in respect of the bank borrowings of Snapper Music Plc The maximum liability at 31 December 2010 was £1,888,436 (2009 - £1,923,237)

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company's financial instruments comprise borrowings to group companies that arise directly from the company's operations The main risk arising from this would be the need to call in this debt and the parent company not having sufficient funds to cover the debt

The company has no formal procedures for managing these risks, though the company continually reviews these risks and takes action as deemed necessary

KEY PERFORMANCE INDICATORS

The directors consider turnover and pre-tax profits to be key performance indicators In 2010 turnover decreased by 10%, which combined with a decrease in gross margins and a management charge from the parent company led to a reduction in pre-tax profits from £88,956 to a loss of £64,089

RESULTS AND DIVIDENDS

The loss for the year amounted to £50,620 The directors have not recommended a dividend

DIRECTORS

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

C V Dane
F D Jude

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 period In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

AUDITOR

Lubbock Fine are deemed to be re-appointed under section 487(2) of the Companies Act 2006

Signed by order of the directors

C V Dane
Company Secretary

Approved by the directors on 29 06.11.

SNAPPER IPR LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF SNAPPER IPR LIMITED

YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of Snapper IPR Limited for the year ended 31 December 2010 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

EMPHASIS OF MATTER - GOING CONCERN

In forming our opinion we have considered the adequacy of the disclosures made in notes 1 and 9 to the financial statements concerning the ability of the company to generate sufficient cash flows or secure additional funding from either parent undertakings or investors in the parent undertakings and the impact of this uncertainty on the company's ability to continue as a going concern

In addition, the company has issued an unlimited guarantee in respect of the bank borrowings of Snapper Music Plc The maximum liability at 31 December 2010 was £1,888,436 (2009 - £1,923,237)

The financial statements have been prepared on a going concern basis, the validity of which depends on the parent undertakings generating sufficient cash flows and maintaining existing bank facilities, to enable them to meet their liabilities as they fall due The financial statements do not include any adjustments that would result from a failure to generate sufficient cash flows

Should the going concern basis prove to be inappropriate then adjustments may be required to reduce the carrying value of assets to their recoverable amounts, to provide for any additional liabilities that may arise, and to reclassify fixed assets and long term liabilities respectively

In view of the significance of these matters, which could have a significant impact on the ability of the company to continue as a going concern and on the carrying value of assets, we consider they should be drawn to your attention but our opinion is not qualified in this respect

OPINION ON OTHER MATTERS 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

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Lubbock Fine

Russell Rich (Senior Statutory Auditor)
For and on behalf of
Lubbock Fine
Chartered Accountants
& Statutory Auditor

Russell Bedford House
City Forum, 250 City Road
London EC1V 2QQ

Date 21/6/11

SNAPPER IPR LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
TURNOVER	2	247,633	275,803
Cost of sales		(186,722)	(186,847)
GROSS PROFIT		60,911	88,956
Administrative expenses		(125,000)	–
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(64,089)	88,956
Tax on (loss)/profit on ordinary activities	5	13,469	(18,681)
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(50,620)	70,275

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 8 to 12 form part of these financial statements.

SNAPPER IPR LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2010

	Note	2010 £	2009 £
FIXED ASSETS			
Intangible assets	6	1,610,441	1,797,163
CURRENT ASSETS			
Debtors	7	2,731,080	2,608,447
NET CURRENT ASSETS		2,731,080	2,608,447
TOTAL ASSETS LESS CURRENT LIABILITIES		4,341,521	4,405,610
PROVISIONS FOR LIABILITIES			
Deferred taxation	8	(152,382)	(165,851)
		4,189,139	4,239,759
CAPITAL AND RESERVES			
Called-up equity share capital	10	2	2
Share premium account	11	3,999,998	3,999,998
Profit and loss account	11	189,139	239,759
SHAREHOLDERS' FUNDS	12	4,189,139	4,239,759

These financial statements were approved by the directors and authorised for issue on 29.06.11., and are signed on their behalf by

C V Dane
Director

Company Registration Number 03811288

The notes on pages 8 to 12 form part of these financial statements

1. ACCOUNTING POLICIES

Basis of accounting

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

The company meets its day-to-day working capital requirements through the support of its parent undertakings and investors The directors believe that it is appropriate to prepare the financial statements on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future with the support of the parent undertakings and investors in the parent undertakings

Should the going concern basis prove to be inappropriate then adjustments may be required to reduce the carrying value of assets to their recoverable amounts, to provide for any additional liabilities that may arise, and to reclassify fixed assets and long term liabilities respectively

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its ultimate parent undertaking publishes a consolidated cash flow statement

Related parties transactions

The company is indirectly 100% owned by The Indient Group Limited, the consolidated accounts of which are publicly available Accordingly, the company has taken advantage of the exemption in Financial Reporting Standard No 8 from disclosing transactions with members or investees of The Indient Group Limited

Turnover

The turnover shown in the profit and loss account represents amounts receivable during the year

Intangible assets - music copyrights

Music recording copyrights are capitalised at cost as intangible assets From the financial year ended 30 June 2001 onwards, their value has been written down on a straight-line basis over a nineteen year period In addition to systematic amortisation, the book value is written down to recoverable amount when any impairment on individual copyrights are identified

Amortisation

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

Intangible assets - Music Copyrights

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

1. ACCOUNTING POLICIES *(continued)*

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

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

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company and are confined to the United Kingdom

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2010 £	2009 £
Amortisation of intangible assets	186,722	186,847
Auditor's remuneration		
- as auditor	–	–

The auditor's remuneration has been borne by another group undertaking

4. PARTICULARS OF EMPLOYEES

There were no employees in the period The directors received no remuneration from the company

5 TAXATION ON ORDINARY ACTIVITIES

Analysis of charge in the year

	2010 £	2009 £
Deferred tax		
Origination and reversal of timing differences	(13,469)	18,681

5. TAXATION ON ORDINARY ACTIVITIES *(continued)*

Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21% (2009 - 21%)

	2010 £	2009 £
(Loss)/profit on ordinary activities before taxation	(64,089)	88,956
(Loss)/profit on ordinary activities by rate of tax	(13,459)	18,681
Increase in tax losses carried forward	(23,978)	(56,150)
Amortisation in excess of tax relief of music catalogues in the year	37,437	37,469
Total current tax	-	-

6 INTANGIBLE FIXED ASSETS

	Music copyrights £
COST	
At 1 January 2010 and 31 December 2010	4,075,502
AMORTISATION	
At 1 January 2010	2,278,339
Charge for the year	186,722
At 31 December 2010	2,465,061
NET BOOK VALUE	
At 31 December 2010	1,610,441
At 31 December 2009	1,797,163

7. DEBTORS

	2010 £	2009 £
Amounts owed by group undertakings	2,731,080	2,608,447

8. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was

	2010 £	2009 £
Provision brought forward	165,851	147,170
Profit and loss account movement arising during the year	(13,469)	18,681
Provision carried forward	152,382	165,851

8. DEFERRED TAXATION *(continued)*

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2010 £	2009 £
Tax losses available	(167,777)	(191,755)
Excess of tax relief on intellectual property over amortisation	320,159	357,606
	152,382	165,851

9 CONTINGENT LIABILITY

The company has issued an unlimited guarantee in respect of the bank borrowings of Snapper Music Plc, the parent undertaking The maximum liability at 31 December 2010 was £1,888,436 (2009 - £1,923,237)

10 SHARE CAPITAL

Allotted, called up and fully paid:

	2010 No	2010 £	2009 No	2009 £
2 Ordinary shares of £1 each	2	2	2	2

11. RESERVES

	Share premium account £	Profit and loss account £
Balance brought forward	3,999,998	239,759
Loss for the year	–	(50,620)
Balance carried forward	3,999,998	189,139

12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
(Loss)/Profit for the financial year	(50,620)	70,275
Opening shareholders' funds	4,239,759	4,169,484
Closing shareholders' funds	4,189,139	4,239,759

13. ULTIMATE CONTROLLING PARTY

The company is controlled by Greta Morrison by virtue of her controlling shareholding in the ultimate parent company

14 ULTIMATE PARENT COMPANY

The ultimate parent company of the company and the parent undertaking of the largest group to consolidate the accounts of the company is Morrison Music Limited A copy of the group accounts can be obtained from Companies House

The parent company of the smallest group to consolidate the accounts of the company is The Indient Group Limited A copy of the group accounts can be obtained from Companies House

The immediate parent company is Snapper Music Plc