

**Musicstyling.com Limited**

**Directors' report and financial  
statements**

**Registered number 05099635**

**31 December 2008**



## **Contents**

Company information	1
Directors' report	2
Statement of directors' responsibilities in respect of the directors' report and the financial statements	3
Report of the independent auditors to the members of Musicstyling.com Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

## **Company information**

<b>Director</b>	M Clark KLT Pratt
<b>Secretary</b>	KLT Pratt
<b>Registered office</b>	Venture Way Dunston Technology Park Chesterfield Derbyshire S41 8NE
<b>Registered number</b>	05099635
<b>Auditors</b>	KPMG Audit Plc St Nicholas House Park Row Nottingham NG1 6FQ

## **Directors' report**

The directors present their annual report and the financial statements for the year ended 31 December 2008.

### **Principal activity and business review**

The principal activity of the company during the year was the supplier of highly bespoke music content and consultancy services to the luxury hotel, spa and resort industry.

### **Results and dividends**

The results for the year are shown in the attached profit and loss account. The directors do not recommend the payment of a dividend and no dividend was paid in the year (2007: £nil).

### **Directors**

The following directors served during the year and up to the date of this report:

M Clark  
KLT Pratt

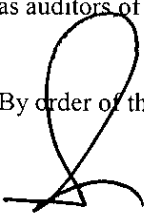
### **Disclosure of information to auditors**

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

  
**KLT Pratt**  
*Company Secretary*

Dated: 24 March 2009

## **Statement of directors' responsibilities in respect of the directors' report and the financial statements**

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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



## KPMG Audit Plc

St Nicholas House  
Park Row  
Nottingham NG1 6FQ  
United Kingdom

### Report of the independent auditors to the members of Musicstyling.com Limited

We have audited the financial statements of Musicstyling.com Limited for the year ended 31 December 2008 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 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.

#### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities on page 3.

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 judgments 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.

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 UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 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.

Dated: 24 March 2009

Chartered Accountants  
Registered Auditor

**Profit and loss account**  
*for the year ended 31 December 2008*

	<i>Note</i>	<b>2008</b> <b>£000</b>	2007 £000
<b>Turnover</b>	2	<b>1,486</b>	1,071
Cost of sales		<b>(581)</b>	(476)
<b>Gross profit</b>		<b>905</b>	595
Administrative expenses		<b>(780)</b>	(432)
<b>Profit on ordinary activities before taxation</b>	3	<b>125</b>	163
Tax on profit on ordinary activities	4	<b>6</b>	(44)
<b>Profit on ordinary activities after taxation and profit for the financial year</b>	11	<b>131</b>	119

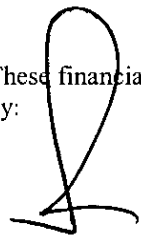
In both the current and preceding year, the company made no material acquisitions and had no discontinued operations.

There were no recognised gains or losses other than the profit in the current and preceding year.

**Balance sheet**  
*as at 31 December 2008*

	<i>Note</i>	<b>2008</b>	<b>2007</b>
		<b>£000</b>	<b>£000</b>
<b>Fixed assets</b>			
Tangible assets	6	329	266
<b>Current assets</b>			
Debtors	7	558	505
Cash at bank and in hand		247	57
		<u>805</u>	<u>562</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(969)</u>	<u>(794)</u>
<b>Net current liabilities</b>		<u>(164)</u>	<u>(232)</u>
<b>Total assets less current liabilities</b>		<u>165</u>	<u>34</u>
<b>Provisions for liabilities and charges</b>	9	<u>(11)</u>	<u>(11)</u>
<b>Net assets</b>		<u>154</u>	<u>23</u>
<b>Capital and reserves</b>			
Called up share capital	10	30	30
Profit and loss account	11	124	(7)
<b>Equity shareholders' funds</b>	12	<u>154</u>	<u>23</u>

These financial statements were approved by the board of directors on 24 March 2009 and were signed on its behalf by:



**KLT Pratt**  
*Director*



## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

#### ***Basis of preparation***

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

#### ***Fixed assets and depreciation***

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value over its expected useful life, as follows:

Leasehold improvements	Straight line over the period of the lease
Computer equipment	33% straight line
Rental equipment	20% straight line
Fixtures and fittings	25% straight line
Audio library	50% straight line

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value.

#### ***Cash flow statement***

The company is exempt from the requirement of FRS 1 to prepare a cash flow statement on the grounds of its size.

#### ***Taxation***

The charge for taxation is based on the profit 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 FRS 19.

#### ***Leases***

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

#### ***Foreign currencies***

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### ***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

### **2 Turnover**

Turnover, which excludes value added tax and trade discounts, represents the value of goods and services sold. For services, turnover is recognised over the performance period that the services provided relate to. Recurring sales turnover such as for music services is billed in advance, for periods up to one year. The element that does not relate to the current year is deferred on a time basis and shown within deferred income. Turnover on non-recurring items such as system installations is only recognised when the installation is complete.

## Notes (continued)

### 3 Profit on ordinary activities before taxation

	2008 £000	2007 £000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation of fixed assets	111	52
Loss on disposal of fixed assets	8	-
Operating lease rentals – other	22	5
<i>Auditors' remuneration:</i>		
- audit of these financial statements	3	4
- tax compliance services	3	3
	<u>          </u>	<u>          </u>

### 4 Taxation

#### *Analysis of tax (credit)/charge in the year*

	2008 £000	2007 £000
<i>Current tax (credit)/charge</i>		
Current tax charge on income for the year	-	14
Adjustment in respect of prior periods	(14)	5
Overseas tax paid	8	-
	<u>          </u>	<u>          </u>
Total current tax (credit)/charge	(6)	19
Deferred tax charge	-	25
	<u>          </u>	<u>          </u>
Total tax (credit)/charge on profit on ordinary activities	(6)	44
	<u>          </u>	<u>          </u>

#### *Factors affecting the current tax (credit)/charge for the current year*

The current tax (credit)/charge for the year is lower (2007: lower) than the standard rate of corporation tax in the UK for small companies of 20.75% (2007: 19.75%).

	2008 £000	2007 £000
Profit on ordinary activities before tax	125	163
	<u>          </u>	<u>          </u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK for small companies of 20.75% (2007: 19.75%)	26	32
<i>Effects of:</i>		
Capital allowances in excess of depreciation	1	(5)
Short-term timing differences	-	(10)
Group relief claimed	(21)	-
Amounts not deductible for tax	2	-
Losses utilised	-	(3)
Adjustment in respect of prior periods	(14)	5
	<u>          </u>	<u>          </u>
Total current tax (credit)/charge	(6)	19
	<u>          </u>	<u>          </u>

## Notes (continued)

### 5 Directors and employees

#### *Directors*

Directors' emoluments amounted to £nil (2007: £51,000).

There were no directors (2007: nil) in respect of whom pension benefits accrued during the year under money purchase schemes.

#### *Employees*

*The average number of persons employed by the company, including directors, during the year is analysed below:*

	2008 Number	2007 Number
Management and administration	10	8
	<u>£000</u>	<u>£000</u>
Staff costs (for the above persons) were:		
Wages and salaries	281	251
Social security costs	27	28
	<u>308</u>	<u>279</u>

### 6 Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Audio library £000	Rental equipment £000	Total £000
<i>Cost:</i>						
At 1 January 2008	2	-	31	-	315	348
Additions	27	10	9	19	102	167
Intercompany transfer	-	-	-	-	15	15
Disposals	-	-	-	-	(11)	(11)
	<u>29</u>	<u>10</u>	<u>40</u>	<u>19</u>	<u>421</u>	<u>519</u>
<i>Accumulated depreciation:</i>						
At 1 January 2008	-	-	10	-	72	82
Charge for the year	6	2	12	-	91	111
Disposals	-	-	-	-	(3)	(3)
	<u>6</u>	<u>2</u>	<u>22</u>	<u>-</u>	<u>160</u>	<u>190</u>
<i>Net book value:</i>						
At 31 December 2008	<u>23</u>	<u>8</u>	<u>18</u>	<u>19</u>	<u>261</u>	<u>329</u>
At 31 December 2007	<u>2</u>	<u>-</u>	<u>21</u>	<u>-</u>	<u>243</u>	<u>266</u>

## Notes (continued)

### 7 Debtors

	2008 £000	2007 £000
Trade debtors	419	387
Prepayments and accrued income	139	118
	<u>558</u>	<u>505</u>

### 8 Creditors: amounts falling due within one year

	2008 £000	2007 £000
Trade creditors	28	43
Amount owed to group undertakings	139	132
Other creditors	41	10
Corporation tax	-	14
Other tax and social security	1	4
Accruals and deferred income	760	591
	<u>969</u>	<u>794</u>

### 9 Provisions for liabilities

	2008 £000	2007 £000
Deferred taxation liability	11	11

The elements of deferred taxation are as follows:

	2008 £000	2007 £000
Accelerated capital allowances	11	11

The movement in the deferred tax liability in the year was as follows:

	£000
At 1 January 2008	11
Charge to the profit and loss account	-
At 31 December 2008	<u>11</u>

## Notes (continued)

### 10 Called up share capital

	2008 £	2007 £
<i>Authorised:</i>		
30,000 ordinary shares of £1 each	30,000	30,000
	<u>          </u>	<u>          </u>
<i>Allotted and fully paid:</i>		
30,000 ordinary shares of £1 each	30,000	30,000
	<u>          </u>	<u>          </u>

During the prior year, the company increased its authorised share capital to 30,000 ordinary shares of £1 each and issued the remaining 29,990 ordinary shares of £1 each for a consideration of £29,990, settled in cash. This issue was completed to strengthen the capital base of the company.

### 11 Profit and loss account

	£000
At 1 January 2008	(7)
Profit for the year	131
	<u>          </u>
At 31 December 2008	124
	<u>          </u>

### 12 Reconciliation of movements in equity shareholders' funds/(deficit)

	2008 £000	2007 £000
Profit for the year	131	119
Issue of share capital	-	30
	<u>          </u>	<u>          </u>
Net movement in equity shareholders' funds	131	149
Opening equity shareholders' funds/(deficit)	23	(126)
	<u>          </u>	<u>          </u>
Closing equity shareholders' funds	154	23
	<u>          </u>	<u>          </u>

### 13 Commitments

Capital commitments at the end of the financial year, for which no provision has been made, were £nil (2007: £33,000).

Annual commitments under non-cancellable operating leases are as follows:

	2008 £000	2007 £000
Operating leases for land and buildings which expire:		
In the second to fifth years inclusive	22	22
	<u>          </u>	<u>          </u>

**Notes** *(continued)*

**14      Contingent liabilities**

The bank loans and overdrafts of the Imagesound plc group have been secured via a cross guarantee between all companies within the group. At 31 December 2008 the potential liability under this guarantee for the company is £5,787,000 (2007: £6,829,000).

**15      Related party transactions**

As the company is a wholly owned subsidiary of Imagesound plc, the company has taken advantage of the exemption contained within FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

**16      Ultimate holding company**

The company's ultimate holding company is Imagesound plc, which is incorporated in England and Wales. Copies of the financial statements of Imagesound plc, into which the company's results are consolidated, may be obtained from the Company Secretary, Venture Way, Dunston Technology Park, Chesterfield, Derbyshire, S41 8NE.