

**Musicstyling.com Limited**

**Annual report and financial  
statements**

**Registered number 05099635**

**31 December 2015**

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## **Company information**

### **Directors**

WJ Truman  
A Jennewein

### **Secretary**

WJ Truman

### **Registered office**

Venture Way  
Dunston Technology Park  
Chesterfield  
Derbyshire  
S41 8NE

### **Registered number**

05099635

### **Auditors**

KPMG LLP  
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 2015.

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

The principal activity of the company during the year was the supply of highly bespoke music content and consultancy services to the leisure industry.

### **Results and dividends**

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

Dividends paid during the year comprise a first interim dividend of £nil (2014: £1,862,000) together with a second interim dividend of £nil (2014: £370,000).

### **Directors**

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

WJ Truman  
A Jennewein

### **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**

KPMG LLP has indicated its willingness to continue in office and a resolution to reappoint it as auditor will be proposed at the next annual general meeting.

By order of the board



**WJ Truman**  
*Company Secretary*

Dated: 31 March 2016

## **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) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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 these 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; 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 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 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.



## **Independent auditor's report to the members of Musicstyling.com Limited**

We have audited the financial statements of Musicstyling.com Limited for the year ended 31 December 2015 set out on pages 5 to 23. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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.

### **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 Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2015 and of its profit for the year then ended ;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter[s] 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; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

**Mark Flanagan** (Senior Statutory Auditor)

*for and on behalf of KPMG LLP, Statutory Auditor  
Chartered Accountants*

St Nicholas House  
Park Row  
Nottingham NG1 6FQ

Dated: 31 March 2016

**Profit and loss account**  
*for year ended 31 December 2015*

	<i>Note</i>	<b>2015</b> <b>£000</b>	<b>2014</b> <b>£000</b>
<b>Turnover</b>	<b>2</b>	<b>3,455</b>	3,096
Cost of sales		(772)	(696)
<b>Gross profit</b>		<b>2,683</b>	2,400
Administrative expenses		(1,555)	(1,421)
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>1,128</b>	979
Tax on profit on ordinary activities	<b>6</b>	(212)	(192)
<b>Profit for the financial year</b>		<b>916</b>	787

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**  
**at 31 December 2015**

	Note	2015		2014	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Intangible assets	7		94		61
Tangible assets	8		46		35
			<hr/>		<hr/>
			140		96
<b>Current assets</b>					
Debtors	9	2,680		1,660	
Cash at bank and in hand	10	344		292	
		<hr/>		<hr/>	
		3,024		1,952	
<b>Creditors: amounts falling due within one year</b>	11	(2,216)		(2,018)	
		<hr/>		<hr/>	
<b>Net current assets/(liabilities)</b>			808		(66)
			<hr/>		<hr/>
<b>Total assets less current liabilities</b>			948		30
			<hr/>		<hr/>
<b>Provisions for liabilities</b>					
Deferred tax liability	12		(2)		-
			<hr/>		<hr/>
<b>Net assets</b>			946		30
			<hr/>		<hr/>
<b>Capital and reserves</b>					
Called up share capital	14		30		30
Profit and loss account			916		-
			<hr/>		<hr/>
<b>Shareholders' funds</b>			946		30
			<hr/>		<hr/>

These financial statements were approved by the board of directors on 31 March 2016 and were signed on its behalf by:



**W J Truman**  
*Director*

Company registered number: 05099635



## Statement of changes in equity

	Called up share capital £000	Profit and loss account £000	Total equity £000
Balance at 1 January 2014	30	1,445	1,475
Profit for the financial year	-	787	787
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>2,232</b>	<b>2,262</b>
<i>Transactions with owners, recorded directly in equity:</i>			
Dividends	-	(2,232)	(2,232)
Total contributions by and distributions to owners	-	(2,232)	(2,232)
<b>Balance at 31 December 2014</b>	<b>30</b>	<b>-</b>	<b>30</b>
Balance at 1 January 2015	30	-	30
Profit for the financial year	-	916	916
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>916</b>	<b>916</b>
<b>Balance at 31 December 2015</b>	<b>30</b>	<b>916</b>	<b>946</b>

## **Notes**

*(forming part of the financial statements)*

### **1 Accounting policies**

Musicstyling.com Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 20.

The Company's parent undertaking, Imagesound Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Imagesound Limited are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from the Company Secretary, Venture Way, Dunston Technology Park, Chesterfield, Derbyshire, S41 8NE. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of Imagesound Limited include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instrument Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

The directors do not consider there to be any judgements in the application of these accounting policies that would have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year.

#### **1.1. Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **1.2. Going concern**

The directors have prepared the financial statements on a going concern basis. The directors have prepared trading and cash flow forecasts for the group for a period in excess of 12 months following the date of approval of these financial statements. The forecasts indicate appropriate cash and covenant headroom based upon the current facilities. On this basis the directors are of the opinion that the group and therefore the Company has adequate resources to trade in an orderly fashion for the foreseeable future and accordingly adopt the going concern basis in preparing these financial statements.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.3. Foreign currency**

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

#### **1.4. Classification of financial instruments issued by the Company**

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

#### **1.5. Basic financial instruments**

##### *Trade and other debtors*

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Trade and other creditors*

Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

##### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.5 Basic financial instruments (continued)**

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

#### **1.6. Tangible fixed assets**

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Tangible fixed assets include investment property whose fair value cannot be measured reliably without undue cost or effort.

Where parts of an item of tangible fixed assets have different useful lives, they are accounted for as separate items of tangible fixed assets, for example land is treated separately from buildings.

Leases in which the Company assumes substantially all the risks and rewards of ownership of the leased asset are classified as finance leases. All other leases are classified as operating leases. Leased assets acquired by way of finance lease are stated on initial recognition at an amount equal to the lower of their fair value and the present value of the minimum lease payments at inception of the lease, including any incremental costs directly attributable to negotiating and arranging the lease. At initial recognition a finance lease liability is recognised equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments. The present value of the minimum lease payments is calculated using the interest rate implicit in the lease. Lease payments are accounted for as described at 1.12 below.

The company assesses at each reporting date whether tangible fixed assets (including those leased under a finance lease) are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated. The estimated useful lives are as follows:

- Computer equipment 3 years
- Rental equipment 5 years
- Fixtures and fittings 4 years

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the company expects to consume an asset's future economic benefits.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.7. Intangible assets**

##### *Research and development*

Expenditure on research activities is recognised in the profit and loss account as an expense as incurred.

Expenditure on development activities may be capitalised if the product or process is technically and commercially feasible and the Company intends and has the technical ability and sufficient resources to complete development, future economic benefits are probable and if the Company can measure reliably the expenditure attributable to the intangible asset during its development. Development activities involve design for, construction or testing of the production of new or substantially improved products or processes. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads and capitalised borrowing costs. Other development expenditure is recognised in the profit and loss account as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and less accumulated impairment losses.

##### *Other intangible assets*

Expenditure on internally generated goodwill and brands is recognised in the profit and loss account as an expense as incurred.

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

The cost of intangible asset acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

##### *Amortisation*

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

- Technology based assets      4 years
- Music Library                      2 years

The basis for choosing these useful lives is that they reflect the period over which economic benefit is expected to be gained from these assets.

- The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.
- Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

## Notes (continued)

### 1 Accounting policies (continued)

#### 1.8. Impairment excluding deferred tax assets

##### *Financial assets (including trade and other debtors)*

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

##### *Non-financial assets*

The carrying amounts of the Company's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs, the company tests the impairment of goodwill by determining the recoverable amount of the entity in its entirety, including the integrated acquired operations.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

An impairment loss is reversed if and only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

#### 1.9. Employee benefits

##### *Defined contribution plans and other long term employee benefits*

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.10. Provisions**

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

Where the Company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee.

#### **1.11. Turnover**

Turnover, which excludes value added tax and discounts, represents the 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 systems installations is only recognised when the installation is complete.

#### **1.12. Expenses**

##### *Operating lease*

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease unless the payments to the lessor are structured to increase in line with expected general inflation; in which case the payments related to the structured increases are recognised as incurred. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

##### *Finance lease*

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability using the rate implicit in the lease. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents are charged as expenses in the periods in which they are incurred.

##### *Interest receivable and Interest payable*

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions, and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrues, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

## **Notes (continued)**

### **1 Accounting policies (continued)**

#### **1.13. Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, [associates, branch, joint ventures] to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.



## Notes (continued)

### 2 Turnover

	2015 £000	2014 £000
Sale of goods	72	65
Rendering of services	3,383	3,031
	<hr/>	<hr/>
Total turnover	3,455	3,096
	<hr/>	<hr/>
	2015 £000	2014 £000
<i>By geographical market:</i>		
United Kingdom	150	154
Americas	1,182	1,031
Asia	993	910
Rest of Europe	592	536
Other	538	465
	<hr/>	<hr/>
	3,455	3,096
	<hr/>	<hr/>

### 3 Expenses and auditor's remuneration

*Included in profit/loss are the following:*

	2015 £000	2014 £000
Amortisation of intangibles	69	30
Depreciation of fixed assets	15	19
	<hr/>	<hr/>

*Auditor's remuneration:*

	2015 £000	2014 £000
Audit of these financial statements	6	4
Amounts receivable by the company's auditor and its associates in respect of:		
Taxation compliance services	2	4
	<hr/>	<hr/>

The fees relating to the audit of this company have been borne by another group company.

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2015	2014
Management and administration	17	15

The aggregate payroll costs of these persons were as follows:

	2015 £000	2014 £000
Wages and salaries	603	569
Social security costs	51	58
Contributions to defined contribution plans	26	4
	<u>680</u>	<u>631</u>

### 5 Directors' remuneration

	2015 £000	2014 £000
Directors' emoluments	156	141
Company contributions to money purchase pension plans	3	3

The aggregate of emoluments and amounts receivable under long term incentive schemes of the highest paid director was £156,000 (2014: £141,000), and company pension contributions of £2,500 (2014: £2,500) were made to a money purchase scheme on his behalf.

Emoluments of the other director was borne by the company's parent undertaking.

	Number of directors	
	2015	2014
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>1</u>	<u>1</u>

## Notes (continued)

### 6 Taxation

#### Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2015		2014	
	£000	£000	£000	£000
<i>Current tax</i>				
Current tax on income for the period		179		168
Foreign tax		24		21
Adjustments in respect of prior periods		(1)		-
		<hr/>		<hr/>
Total current tax		202		189
<i>Deferred tax (see note 12)</i>				
Origination and reversal of timing differences	7		3	
Adjustments in respect of prior periods	3		-	
	<hr/>		<hr/>	
Total deferred tax		10		3
		<hr/>		<hr/>
Total tax		212		192
		<hr/>		<hr/>

#### Reconciliation of effective tax rate

	2015	2014
	£000	£000
Profit for the year	916	787
Total tax expense	212	192
	<hr/>	<hr/>
Profit excluding taxation	1,128	979
Tax using the UK corporation tax rate of 20.25% (2014: 21.49%)	228	210
Expenses not deductible	1	-
Effect of tax rates in foreign jurisdictions	-	1
Non-deductible expenses	-	(3)
Group relief credit	(19)	(16)
Under / (over) provided in prior years	2	-
	<hr/>	<hr/>
Total tax expense included in profit or loss	212	192
	<hr/>	<hr/>

Reductions in the UK corporation tax rate from 23% to 21% (effective from 1 April 2014) and 20% (effective from 1 April 2015) were substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the company's future current tax charge accordingly and reduce the deferred tax liability at 27 June 2015 (which has been calculated based on the rate of 20% substantively enacted at the balance sheet date).

## Notes (continued)

### 7 Intangible assets

	Audio Library £000	Software development £000	Total £000
<b>Cost</b>			
Balance at 1 January 2015	149	22	171
Acquisitions – internally developed	45	57	102
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	194	79	273
	<hr/>	<hr/>	<hr/>
<b>Amortisation and impairment</b>			
Balance at 1 January 2015	108	2	110
Amortisation for the year	40	29	69
	<hr/>	<hr/>	<hr/>
Balance at 31 December 2015	148	31	179
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 1 January 2015	41	20	61
	<hr/>	<hr/>	<hr/>
At 31 December 2015	46	48	94
	<hr/>	<hr/>	<hr/>

#### *Amortisation and impairment charge*

The amortisation and impairment charge are recognised in the following line items in the profit and loss account:

	2015 £000	2014 £000
Administrative expenses	69	30
	<hr/>	<hr/>

## Notes (continued)

### 8 Tangible fixed assets

	Leasehold improvements £000	Fixtures and fittings £000	Computer equipment £000	Rental equipment £000	Total £000
<b>Cost</b>					
Balance at 1 January 2015	29	10	51	417	507
Acquisitions	-	-	8	19	27
Disposals	-	-	(1)	(1)	(2)
	<u>29</u>	<u>10</u>	<u>58</u>	<u>435</u>	<u>532</u>
<b>Depreciation and impairment</b>					
Balance at 1 January 2015	29	10	46	387	472
Depreciation charge for the year	-	-	3	12	15
Disposals	-	-	-	(1)	(1)
	<u>29</u>	<u>10</u>	<u>49</u>	<u>398</u>	<u>486</u>
<b>Net book value</b>					
At 1 January 2015	-	-	5	30	35
	<u>-</u>	<u>-</u>	<u>9</u>	<u>37</u>	<u>46</u>
At 31 December 2015	-	-	9	37	46
	<u>-</u>	<u>-</u>	<u>9</u>	<u>37</u>	<u>46</u>

### 9 Debtors

	2015 £000	2014 £000
Trade debtors	732	637
Amounts owed by group undertakings	1,753	893
Deferred tax assets (see note 12)	-	8
Prepayments and accrued income	195	122
	<u>2,680</u>	<u>1,660</u>
Due within one year	2,680	1,660
Due after more than one year	-	-
	<u>2,680</u>	<u>1,660</u>

## Notes (continued)

### 10 Cash and cash equivalents/bank overdrafts

	2015 £000	2014 £000
Cash at bank and in hand	344	292
Bank overdrafts	-	-
	<u>344</u>	<u>292</u>
Cash and cash equivalents per cash flow statements	<u>344</u>	<u>292</u>

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

	2015 £000	2014 £000
Trade creditors	82	67
Corporation tax	220	144
Other taxation and social security	-	4
Other creditors	306	353
Accruals and deferred income	1,608	1,450
	<u>2,216</u>	<u>2,018</u>

### 12 Deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets 2015 £000	2014 £000	Liabilities 2015 £000	2014 £000	Net 2015 £000	2014 £000
Accelerated capital allowances	-	(8)	2	-	2	(8)
Tax (assets) / liabilities	-	(8)	2	-	2	(8)
Net of tax liabilities/(assets)	-	-	-	-	-	-
Net tax (assets) / liabilities	<u>-</u>	<u>(8)</u>	<u>2</u>	<u>-</u>	<u>2</u>	<u>(8)</u>

In addition to the deferred tax asset above, the Company has additional unrecognised gross tax losses of £nil (2014: £nil).

## Notes (continued)

### 13 Employee benefits

#### Defined contribution plans

The Company operates a number of defined contribution pension plans.

The total expense relating to these plans in the current year was £26,000 (2014: £4,000)

### 14 Capital and reserves

#### Share capital

	2015 £000	2014 £000
<i>Allotted, called up and fully paid</i>		
30,000 ordinary shares of £1 each	30	30
	<hr/>	<hr/>

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

### 15 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	2015 £000	2014 £000
Less than one year	-	21
Between one and five years	-	-
More than five years	-	-
	<hr/>	<hr/>
	-	21
	<hr/>	<hr/>

During the year £21,000 was recognised as an expense in the profit and loss account in respect of operating leases (2014: £25,000).

### 16 Commitments

#### Capital commitments

The Company contractual commitments to purchase tangible fixed assets at the year-end were £nil (2014: £nil).

## **Notes (continued)**

### **17 Contingencies**

The bank loans and overdrafts of the Imagesound Limited (formerly Imagesound plc) group have been secured via a cross guarantee between all companies within the group. At 31 December 2015 the amount outstanding on the group's facilities is £3,596,000 (2014: £4,552,000).

### **18 Related parties**

As the company is a wholly owned subsidiary of Imagesound Limited, the company has taken advantage of the exemption contained within FRS 102.33.1A and has therefore not disclosed transactions or balances with wholly owned entities which form part of the group.

### **19 Ultimate parent company and parent company of larger group**

The Company is a subsidiary undertaking of Imagesound Limited. The ultimate parent undertaking and controlling party is Concentia Capital Limited.

The largest group in which the results of the Company are consolidated is that headed by Concentia Capital Limited, incorporated in England and Wales. The smallest group in which they are consolidated is that headed by Imagesound Limited incorporated in England and Wales. The consolidated financial statements of these groups are available to the public and may be obtained from the Company Secretary, Venture Way, Dunston Technology Park Chesterfield, Derbyshire, S41 8NE.

### **20 Explanation of transition to FRS 102 from old UK GAAP**

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

In preparing its FRS 102 balance sheet, the Company has adjusted amounts reported previously in financial statements prepared in accordance with its old basis of accounting (UK GAAP). An explanation of how the transition from UK GAAP to FRS 102 has affected the Company's financial position and financial performance is set out in the following tables.



## Notes (continued)

### 20 Explanation of transition to FRS 102 from old UK GAAP (continued)

#### Reconciliation of equity

	Note	1 January 2014			31 December 2014		
		UK GAAP	Effect of transition to FRS 102	FRS 102	UK GAAP	Effect of transition to FRS 102	FRS 102
		£000	£000	£000	£000	£000	£000
<b>Fixed assets</b>							
Intangible assets	a	-	26	26	-	61	61
Tangible fixed assets		59	(26)	33	96	(61)	35
		<u>59</u>	<u>-</u>	<u>33</u>	<u>96</u>	<u>(61)</u>	<u>35</u>
<b>Current assets</b>							
Debtors (due with one year)		2,502	-	2,502	1,660	-	1,660
Cash at bank and in hand		659	-	659	292	-	292
		<u>3,161</u>	<u>-</u>	<u>3,161</u>	<u>1,952</u>	<u>-</u>	<u>1,952</u>
<b>Creditors: amounts due within one year</b>		<u>(1,745)</u>	<u>-</u>	<u>(1,745)</u>	<u>(2,018)</u>	<u>-</u>	<u>(2,018)</u>
<b>Net current assets/(liabilities)</b>		<u>1,416</u>	<u>-</u>	<u>1,416</u>	<u>(66)</u>	<u>-</u>	<u>(66)</u>
<b>Total assets less current liabilities</b>		<u>1,475</u>	<u>-</u>	<u>1,475</u>	<u>30</u>	<u>-</u>	<u>30</u>
<b>Net assets</b>		<u>1,475</u>	<u>-</u>	<u>1,475</u>	<u>30</u>	<u>-</u>	<u>30</u>
<b>Capital and reserves</b>							
Called up share capital		30	-	30	30	-	30
Profit and loss account		1,445	-	1,445	-	-	-
		<u>1,475</u>	<u>-</u>	<u>1,475</u>	<u>30</u>	<u>-</u>	<u>30</u>
<b>Shareholders' equity</b>		<u>1,475</u>	<u>-</u>	<u>1,475</u>	<u>30</u>	<u>-</u>	<u>30</u>

#### Notes to the reconciliation of equity

a) Reclassification of music library and technology based assets to intangible assets.

#### Reconciliation of profit/loss for 31 December 2014

There are no measurement and recognition adjustments to the Profit and Loss in the transition to FRS 102.