

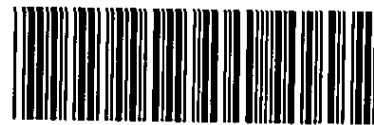
Foam Agency Limited

Directors' report and financial statements

Registered number 07450435

31 March 2012

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Directors' report

The directors present their Annual Report and the audited financial statements for the 16 month period to 31 March 2012

Activities

The Company was incorporated on 24 November 2010 as a private limited company in England and Wales under the Companies Act 2006

The principal activity of the company is research, creation and development of Intellectual Property rights and related services

Business review and results

The company made a loss on ordinary activities after taxation of £19,771 for the period. The directors do not recommend the payment of a dividend. Losses transferred to reserves amounted to £19,771

Future prospects

This is a newly incorporated company and the directors have confidence in its future success and expect it to be profitable in due course

Principal risks and uncertainties

Key risks for the company include the costs of development of intellectual property, as well as the competitive market for its exploitation

Key performance indicators (KPI)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPI's is not necessary for an understanding of the development, performance or position of the business

Directors

The directors of the company who were in office during the period and up to the date of signing the financial statements were

F Bolza
P Clandillon
S Melbourne
G Doherty (resigned 11 November 2011)
M Smith (appointed 8 March 2012)

Company Secretary

Abogado Nominees Limited and Simon Jenkins acted jointly and severally as company secretary during the period

Small Company Provisions

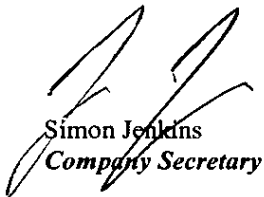
This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime

Directors' report *(continued)*

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

By order of the Board on 24th October 2012



Simon Jenkins
Company Secretary

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 the directors have prepared 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting 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.

Independent auditors' report to the members of Foam Agency Limited

We have audited the financial statements of Foam Agency Limited for the period ended 31 March 2012 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 March 2012 and of its loss for the 16 month period 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

Opinion on other matter prescribed by the Companies Act 2006

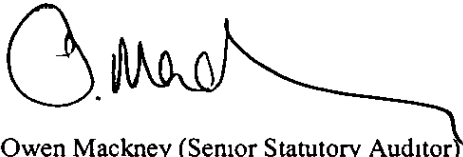
In our opinion the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Independent auditors' report to the members of Foam Agency Limited *(continued)*

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 prepare financial statements in accordance with the small company regime

A handwritten signature in black ink, appearing to read 'O. Mackney', with a long horizontal line extending to the right.

Owen Mackney (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans
24th October 2012

Profit and loss account

	<i>Note</i>	16 months ended 31 March 2012 £
Administrative expenses		(25,816)
Operating Loss		(25,816)
Interest payable and similar charges	5	(198)
Loss on ordinary activities before taxation	2	(26,014)
Tax on loss on ordinary activities	6	6,243
Loss for the financial period	10	(19,771)

Loss on ordinary activities before taxation for the period relate exclusively to continuing operations

There is no difference between the result as disclosed in the profit and loss account and the result on a historical cost basis

A statement of total recognised gains and losses has not been presented as there are no gains or losses other than those dealt with in the profit and loss account


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

Balance sheet

	<i>Note</i>	31 March 2012 £
Current assets		
Debtors	7	6,243
Creditors: amounts falling due within one year	8	(25,614)
Net current liabilities		(19,371)
Share capital and reserves		
Called up share capital	9	400
Profit and loss account	10	(19,771)
Shareholders' deficit	11	(19,371)

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and the Small Companies and Groups (Accounts and Directors' Report) Regulations 2008

These financial statements were approved by the Board of directors on 24th October 2012 and were signed on its behalf by


M Smith
Director

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

Notes to the financial statements

(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 company's financial statements

Basis of preparation

The financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below

Cash flow exemption

The company is exempt from the requirement of Financial Reporting Standard 1 (1996), Cash Flow Statements, being a small company under the Companies Act 2006

Going concern

The management of Sony Global Treasury Services Plc has informed the company that it is their intention to provide such financial support as is required by the company to meet its liabilities as they fall due for payment for a period not less than one year from the date of approval of these financial statements. In view of this confirmed support, the directors have prepared these financial statements on a going concern basis

Foreign currencies

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account

Taxation

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

Sony Music UK entities which include this company are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. Such losses will be purchased and paid for by the recipient company. Where there is reasonable certainty that taxable losses can be utilised the group relief receivable is included in the taxation charge or credit for the year

Notes to the financial statements *(continued)*

2 Loss on ordinary activities before taxation

The audit fee for the company of £2,000 is borne by the company's immediate parent company, Sony Music Entertainment UK Limited

3 Remuneration of directors

The directors are employed as executives of the 50% parent undertaking, Sony Music Entertainment UK Limited, and receive emoluments from that company for their services to that company. The total emoluments are charged in the financial statements of Sony Music Entertainment UK Limited.

Retirement benefits are accruing to 4 directors under a money purchase pension scheme, and are charged in the financial statements of Sony Music Entertainment UK Limited.

4 Staff numbers and costs

There were no persons employed by the company during the year and consequently no staff costs.

5 Interest payable and similar charges

	16 months ended 31 March 2012 £
Other loans	(198)
	<hr/>

Intercompany balances carried a rate of interest of 1.75% during the period.

6 Tax on loss on ordinary activities

Analysis of tax charge /(credit) for the year

	16 months ended 31 March 2012 £
<i>Deferred tax</i>	
Origination and reversal of timing differences	(6,243)
	<hr/>
Total deferred tax credit	(6,243)
	<hr/>

Notes to the financial statements *(continued)*

6 Tax on loss on ordinary activities *(continued)*

The differences are explained below

	16 months ended 31 March 2012 £
Loss on ordinary activities before taxation	26,014
Tax on loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 26%	6,764
<i>Effects of</i>	
Unrelieved tax losses and other deductions arising in the year	(6,243)
Rate Difference	(521)
Current tax charge for the year	-

Factors which may affect future tax changes

On 26 March 2012 a resolution passed by Parliament reduced the main corporation tax rate from 26% to 24% effective from 1 April 2012. This change was announced in the March 2012 Budget Statement together with the intention to reduce the main rate of corporation tax to 22% by 1 April 2013. Legislation to reduce the main rate of corporation tax from 24% to 23% from 1 April 2013 is included in the Finance Act 2012. None of the rate reductions from 24% to 22% had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

	31 March 2012 £
Deferred tax asset	
Other timing differences	6,243
<i>Movement in provision</i>	
Timing differences originating in the period	6,243
Provision at end of the year	6,243
<i>Provision breakdown</i>	
Other timing differences	6,243

The proposed reductions of the main rate of corporation tax by 1% per year to 22% by 1 April 2014 are expected to be enacted separately each year. The overall effect of these changes from 24% to 22%, if applied to the deferred tax balance as at 31 March 2012, would reduce the deferred tax asset by £520 (£5,723).

Notes to the financial statements *(continued)*

7 Debtors

	31 March 2012 £
Deferred tax	6,243
	<u> </u>

8 Creditors: amounts falling due within one year

	31 March 2012 £
Accruals and deferred income	14,550
Amounts owed to group undertakings	11,064
	<u> </u>
	25,614
	<u> </u>

9 Called up share capital

	31 March 2012 £
<i>Authorised, allotted, called up and fully paid</i>	
200 ordinary class A shares of £1 each	200
200 ordinary class B shares of £1 each	200
	<u> </u>
	400
	<u> </u>

During the year, the company was formed and issued 200 A and 200 B shares at par value

10 Profit and loss account

	31 March 2012 £
Opening balance	-
Loss for the financial period	(19,771)
	<u> </u>
Closing balance	(19,771)
	<u> </u>

Notes to the financial statements *(continued)*

11 Reconciliation of movements in shareholders' deficit

	31 March 2012 £
Opening shareholders' deficit	-
Share capital	400
Loss for the financial period	(19,771)
	<hr/>
Closing shareholders' deficit	(19,371)
	<hr/>

12 Ultimate controlling party

The directors consider there to be no ultimate controlling party as the Company is owned equally, 50% by Sony Music Entertainment UK Limited, and the remainder by certain directors

13 Related party transactions

Sony Music Entertainment UK Limited is a related party as it owns 50% of the share capital of the Company. Sony Music Entertainment UK Limited pays certain administrative services on behalf of the Company. During the financial period Sony Music Entertainment UK Limited made payments on behalf of the Company totalling £25,816. In addition, interest totalling £198 has been charged at an arms length basis. The amount owed by the Company to Sony Music Entertainment UK Limited as at 31 March 2012 was £11,064.