

MUSICQUBED INTERNATIONAL LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015
Company Registration No. 08725424 (England and Wales)

SHELLEY STOCK HUTTER LLP
Chartered Accountants
1st Floor
7 - 10 Chandos Street
London
W1G 9DQ

FRIDAY



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25/11/2016
COMPANIES HOUSE

MUSICQUBED INTERNATIONAL LIMITED

COMPANY INFORMATION

Directors	C S Gorman N R C G Lycett C S Burke (resigned 21 October 2016)
Registered number	08725424
Registered office	7-10 Chandos Street London W1G 9DQ
Trading Address	Ground Floor 4 Grosvenor Square London SW1X 7HJ
Independent auditors	Shelley Stock Hutter LLP Chartered Accountants & Statutory Auditor 1st Floor 7-10 Chandos Street London W1G 9DQ

MUSICQUBED INTERNATIONAL LIMITED

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MUSICQUBED INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

The directors present their report and the financial statements for the year ended 31 December 2015.

Results and dividends

The loss for the year, after taxation, amounted to £96,680 (2014 - loss £29,677).

Directors

The directors who served during the year were:

C S Gorman
N R C G Lycett
C S Burke (resigned 21 October 2016)

Directors' responsibilities statement

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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 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 for the Company financial statements and then apply them consistently;
- make judgments 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; 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 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.

Disclosure of information to auditors

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

MUSICQUBED INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

Auditors

The auditors, Shelley Stock Hutter LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

Small Companies Note

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



C S Gorman
Director

Date: 24/11/2016

MUSICQUBED INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUSICQUBED INTERNATIONAL LIMITED

We have audited the financial statements of Musicqubed International Limited for the year ended 31 December 2015, set out on pages 5 to 14. 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), including Financial Reporting Standard 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 Auditors' 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

As explained more fully in the Directors' Responsibilities Statement, 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

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 Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 December 2015 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

In forming our opinion, we have considered whether the company can continue as a going concern. Given that as at the balance sheet date, the company's liabilities exceeded assets by £126,347 (please also see note 1.3 to the accounts). Our opinion is not qualified in this respect, as the directors have provided forecasts and budgets in support of the Company's current going concern status. The Company will remain dependent upon support from its principal creditor and parent Now Technologies Limited.

However, on 8 November 2016 Now Technologies Limited proposed the terms of a Company Voluntary Agreement to all creditors. The terms of the Agreement are the repayment of 53p in every £1 owed to the Company's unsecured creditors. The proposal will be subject to an approval vote on 30 November 2016. The directors are satisfied that the terms of the Agreement should enable the Company to remain a going concern for the foreseeable future.

MUSICQUBED INTERNATIONAL LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUSICQUBED INTERNATIONAL LIMITED

Now Technologies Limited is itself dependent upon further investment to continue as a going concern. As at the balance sheet date the Group's liabilities exceeded assets by £9,978,760. The Group's financial forecasts for 2017 and 2018 show a requirement for additional net funding of circa £5.0m. The Group successfully raised £5.1m between the Balance Sheet date and 30 September 2016 which has enabled the Group to meet its obligations in 2016. However, additional funding will be required in respect of 2017 and 2018, all of which is yet to be secured. Without this additional funding being in place Musicqubed International Limited will be unable to continue as a going concern. Although negotiations are ongoing no further funding is currently committed but the directors are confident of securing this in the near future.

Opinion on other matter 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 or in preparing the Directors' Report.



Richard Churchill (Senior Statutory Auditor)
for and on behalf of Shelley Stock Hutter LLP
Chartered Accountants
Statutory Auditor
1st Floor
7-10 Chandos Street
London
W1G 9DQ

25/11/2016
Date

MUSICQUBED INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015

		Year ended 31 December 2015 £	Period ended 31 December 2014 £
	Note		
Turnover		15,541	23,028
Cost of sales		(90,091)	(21,428)
Gross (loss)/profit		(74,550)	1,600
Administrative expenses		(22,114)	(31,277)
Operating loss		(96,664)	(29,677)
Interest payable and expenses	7	(16)	-
Loss before tax		(96,680)	(29,677)
Tax on loss	8	-	-
Loss for the year		(96,680)	(29,677)
Other comprehensive income		-	-
		-	-
Total comprehensive income for the year		(96,680)	(29,677)

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.
The notes on pages 8 to 14 form part of these financial statements.

MUSICQUBED INTERNATIONAL LIMITED
REGISTERED NUMBER:08725424

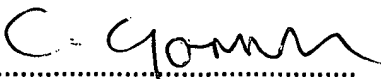
BALANCE SHEET
AS AT 31 DECEMBER 2015

	Note	2015 £	2014 £
Current assets			
Debtors	9	2,951	3,526
Cash at bank and in hand		5,777	5,420
		<u>8,728</u>	<u>8,946</u>
Creditors: amounts falling due within one year	10	(135,075)	(24,257)
Net current liabilities		<u>(126,347)</u>	<u>(15,311)</u>
Total assets less current liabilities		<u>(126,347)</u>	<u>(15,311)</u>
Creditors: amounts falling due after more than one year	11	-	(14,356)
Net liabilities		<u>(126,347)</u>	<u>(29,667)</u>
Capital and reserves			
Called up share capital	12	10	10
Profit and loss account		(126,357)	(29,677)
Total shareholders' deficit		<u>(126,347)</u>	<u>(29,667)</u>

The Company's financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

Under the provisions of s454 of the Companies Act 2006, the directors reserve the right to amend the financial statements on a voluntary basis if they are later found to be defective.

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


.....
C S Gorman
Director

Date: 24 / 11 / 2016

The notes on pages 8 to 14 form part of these financial statements.

MUSICQUBED INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital £	Retained earnings £	Total equity £
At 1 January 2015	10	(29,677)	(29,667)
Comprehensive income for the year			
Loss for the year	-	(96,680)	(96,680)
Actuarial gains on pension scheme	-	-	-
Total comprehensive income for the year	-	(96,680)	(96,680)
At 31 December 2015	10	(126,357)	(126,347)

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2014

	Share capital £	Retained earnings £	Total equity £
Comprehensive income for the period			
Loss for the period	-	(29,677)	(29,677)
Total comprehensive income for the period	-	(29,677)	(29,677)
Shares issued during the period	10	-	10
Total transactions with owners	10	-	10
At 31 December 2014	10	(29,677)	(29,667)

The notes on pages 8 to 14 form part of these financial statements.

MUSICQUBED INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 16. There were no transitional adjustments.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 2).

The following principal accounting policies have been consistently applied:

1.2 Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.29;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23;

This information is included in the consolidated financial statements of Now Technologies Limited as at 31 December 2015 and these financial statements may be obtained from Companies House.

MUSICQUBED INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.3 Going concern

As at the balance sheet date the company had net liabilities of £126,347 (2014: £29,667). The financial statements have been prepared on a going concern basis as the company has the continued support of its parent, Now Technologies Limited.

However, on 8 November 2016 Now Technologies Limited proposed the terms of a Company Voluntary Agreement to all creditors to aid the on-going restructuring process. The terms of the Agreement are the repayment of 53p in every £1 owed to the Company's unsecured creditors. The proposal will be subject to a vote on 30 November 2016.

The Directors believe that assumptions used in preparing the forecasts in the context of the CVA are reasonable and prudent. However, whereas every care has been taken by the Directors when preparing the financial projections of the business, these assumptions are a best estimate of future trading based on information available at the time the CVA was drafted. Directors are targeting new investments of approximately £5.0m and discussions are ongoing. These anticipated investments should bring much needed stability and ensure that the Company is materially more financially stable

The Directors are satisfied that, at present, the terms of the Agreement should enable the Company to remain a going concern for the foreseeable future.

However, without additional funding being in place in 2016 as anticipated in the projected financials disclosed as part of the CVA, the Directors understand that the Company will be unable to continue as a going concern.

1.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. Revenue is recognised by the company in respect of subscription income.

1.5 Debtors

Short term debtors are measured at transaction price, less any impairment. Financial assets are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

1.6 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

1.7 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that

MUSICQUBED INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

1. Accounting policies (continued)

1.7 Financial instruments (continued)

are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the Company would receive for the asset if it were to be sold at the balance sheet date.

1.8 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

1.9 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors considered in detail the requirements of FRS 102 and have concluded that the existing accounting policies, as detailed in Note 1, are still appropriate to the company's circumstances.

MUSICQUBED INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

3. Analysis of turnover

An analysis of turnover by class of business is as follows:

	Year ended 31 December 2015 £	Period ended 31 December 2014 £
Subscription income	15,541	23,028
	<u>15,541</u>	<u>23,028</u>

All turnover arose within the rest of the world.

4. Operating loss

The operating loss is stated after charging/(crediting):

	Year ended 31 December 2015 £	Period ended 31 December 2014 £
Exchange differences	4,021	(146)
	<u>4,021</u>	<u>(146)</u>

5. Auditors' remuneration

	Year ended 31 December 2015 £	Period ended 31 December 2014 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	3,500	3,500
Fees payable to the Company's auditor and its associates in respect of:		
All other services	3,026	2,500
	<u>3,026</u>	<u>2,500</u>

6. Employees

The Company has no employees other than the directors, who did not receive any remuneration (2014 - £NIL).

MUSICQUBED INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

7. Interest payable and similar charges

	Year ended 31 December 2015 £	Period ended 31 December 2014 £
Other interest payable	16	-
	<u>16</u>	<u>-</u>

8. Taxation

	Year ended 31 December 2015 £	Period ended 31 December 2014 £
Corporation tax		
Current tax on profits for the year	-	-
Total current tax	<u>-</u>	<u>-</u>

Factors affecting tax charge for the year/period

The tax assessed for the year/period is the same as (2014 - the same as) the standard rate of corporation tax in the UK of 20% (2014 - 20%) as set out below:

	Year ended 31 December 2015 £	Period ended 31 December 2014 £
(Loss)/profit on ordinary activities before tax	(96,680)	(29,677)
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2014 - 20%)	(19,336)	(5,935)
Effects of:		
Unrelieved tax losses carried forward	19,336	5,935
Total tax charge for the year/period	<u>-</u>	<u>-</u>

Factors that may affect future tax charges

The company has trading losses of £126,357 (2014: £29,677) to offset against future taxable profits.

MUSICQUBED INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

9. Debtors

	2015 £	2014 £
Other debtors	1,315	10
Prepayments and accrued income	1,636	3,516
	<u>2,951</u>	<u>3,526</u>

10. Creditors: Amounts falling due within one year

	2015 £	2014 £
Trade creditors	10,128	5,333
Amounts owed to group undertakings	29,665	-
Accruals and deferred income	95,282	18,924
	<u>135,075</u>	<u>24,257</u>

The above amounts owed to group undertakings are not subject to interest and are without fixed terms of repayment.

11. Creditors: Amounts falling due after more than one year

	2015 £	2014 £
Amounts owed to group undertakings	-	14,356
	<u>-</u>	<u>14,356</u>

12. Share capital

	2015 £	2014 £
Allotted, called up and fully paid		
1,000 Ordinary shares of £0.01 each	10	10

The Ordinary shares have full voting, dividend and capital distribution (including on winding up) rights.

MUSICQUBED INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

13. Contingent liabilities

As at the year end the assets of the company are subject to a floating charge in respect of loan notes issued by the parent company, Now Technologies Limited, totalling £8,625,038 (2014: £8,625,038)

14. Related party transactions

The company has taken advantage of the exemption in FRS 102 whereby it has not disclosed transactions with its parent company or any wholly owned subsidiary undertaking.

At the balance sheet date, Musicqubed International Limited owed its parent company Now Technologies Limited £29,665 (2014: £14,356).

15. Controlling party

The ultimate parent company in the current and preceding period is Now Technologies Limited. There is no ultimate controlling party of Now Technologies Limited in the current or preceding period.

Now Technologies Limited, the ultimate parent company, prepares consolidated financial statements which are available from Companies House, 4 Abbey Orchard Street, Westminster, London, SW1P 2HT.

16. First time adoption of FRS 102

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.