

MUSICQUBED INTERNATIONAL LIMITED
DIRECTORS' REPORT AND UNAUDITED FINANCIAL
STATEMENTS
PAGES FOR FILING WITH REGISTRAR
FOR THE YEAR ENDED 31 DECEMBER 2016
Company Registration No. 08725424 (England and Wales)

TUESDAY



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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 Unit 14, Second Floor
Tileyard Studios
Tileyard Road
London
N7 9AH

Accountants Blick Rothenberg Limited
1st Floor
7-10 Chandos Street
London
W1G 9DQ

MUSICQUBED INTERNATIONAL LIMITED

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**MUSICQUBED INTERNATIONAL
LIMITED**

REGISTERED NUMBER:08725424

**BALANCE SHEET
AS AT 31 DECEMBER 2016**

	Note	2016 £	2015 £
Current assets			
Debtors: amounts falling due within one year	4	10	2,951
Cash at bank and in hand	5	132	5,777
		<u>142</u>	<u>8,728</u>
Creditors: amounts falling due within one year	6	(128,481)	(135,075)
Net current liabilities		<u>(128,339)</u>	<u>(126,347)</u>
Total assets less current liabilities		<u>(128,339)</u>	<u>(126,347)</u>
Net liabilities		<u>(128,339)</u>	<u>(126,347)</u>
Capital and reserves			
Called up share capital		10	10
Profit and loss account		(128,349)	(126,357)
		<u>(128,339)</u>	<u>(126,347)</u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

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

The Company has opted not to file the statement of income and retained earnings in accordance with provisions applicable to companies subject to the small companies' regime.

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



C S Gorman
Director

Date: 11/12/2017

The notes on pages 2 to 5 form part of these financial statements.

MUSICQUBED INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

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.

The following principal accounting policies have been consistently applied:

2. General information

Musicqubed International Limited is a private company limited by share capital, incorporated in England and Wales, registration number 08725424. The address of the registered office is 1st Floor, 7-10 Chandos Street, London, W1G 9DQ.

2.1 Going concern

As at the balance sheet date the company had net liabilities of £128,339 (2015: £126,347). The financial statements have been prepared on a going concern basis as the company has the continued support of its parent, Now Technologies Limited.

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 was approved 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.

On 1 September 2017, the CVA was restructured to allow the business to stretch payments into the CVA further. The amounts that unsecured creditors will receive remains unchanged at 53p in every £1 owed. Creditors approved this restructure and payments are being made as per the agreed payment schedule.

In addition, the Directors have secured additional investment of £5.0m, the first drawdown of which was in December 2016.

The directors are satisfied that, at present, the terms of the Agreement should enable the Now Technologies Group to remain a going concern for the foreseeable future.

However, without additional commercial deals being secured in 2018 as anticipated in the projected financials disclosed as part of the CVA, the directors understand that the Group will be unable to continue as a going concern.

2.2 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.

MUSICQUBED INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

2.3 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.

2.4 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.

2.5 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 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.

2.6 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.

MUSICQUBED INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. Accounting policies (continued)

2.7 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.

2.8 Borrowing costs

All borrowing costs are recognised in the Statement of Income and Retained Earnings in the year in which they are incurred.

3. Employees

The average monthly number of employees, including directors, during the year was 3 (2015 - 3).

4. Debtors

	2016 £	2015 £
Other debtors	10	1,315
Prepayments and accrued income	-	1,636
	<u>10</u>	<u>2,951</u>

5. Cash and cash equivalents

	2016 £	2015 £
Cash at bank and in hand	132	5,777
Less: bank overdrafts	(1)	-
	<u>131</u>	<u>5,777</u>

Cash at bank and in hand is measured at fair value, which is calculated as amounts held on deposit at banks employed by the company less any impairments. No impairments to cash balances have been made in these accounts as all cash deposits are held at credible financial institutions.

MUSICQUBED INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

6. Creditors: Amounts falling due within one year

	2016 £	2015 £
Bank overdrafts	1	-
Trade creditors	50,300	10,128
Amounts owed to group undertakings	56,324	29,665
Accruals and deferred income	21,856	95,282
	<u>128,481</u>	<u>135,075</u>

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

7. 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 (2015: £8,625,038)

8. 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 £56,324 (2015: £29,665).