


GREENSLEEVES RECORDS LIMITED

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Directors' Report And Financial Statements

For the period ended 31 December 2008

Company Registration No 00871107 (England And Wales)

GREENSLEEVES RECORDS LIMITED

COMPANY INFORMATION

Directors	C Chin	(Appointed 15 February 2008)
	V Chin	(Appointed 15 February 2008)
	O Chastan	(Appointed 10 March 2008)
Secretary	C Chin	
Company number	00871107	
Registered office	65 New Cavendish Street London W1G 7IS	
Auditors	Kingston Smith LLP 141 Wardour Street London W1F 0UT	
Business address	Unit 14 Metro Centre St John's Road Isleworth Middlesex TW7 6NJ	

GREENSLEEVES RECORDS LIMITED

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GREENSLEEVES RECORDS LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2008

The directors present their report and financial statements for the period ended 31 December 2008

Principal activities

The principal activity of the company continued to be that of the release, marketing, distribution and publication of recorded music, specialising in reggae in particular

Directors

The following directors have held office since 1 October 2007

C Chin	(Appointed 15 February 2008)
V Chin	(Appointed 15 February 2008)
O Chastan	(Appointed 10 March 2008)
R J Griffiths	(Resigned 15 February 2008)
S Weltman	(Resigned 15 February 2008)

Auditors

Kingston Smith LLP were appointed auditors to the company during the period and in accordance with section 385 of the Companies Act 1985, a resolution proposing that they be re-appointed will be put to the Annual General Meeting

Statement of directors' responsibilities

The directors are responsible for preparing 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. 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.

GREENSLEEVES RECORDS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2008

Statement of disclosure to auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



V Chin

Director

12-4-10

GREENSLEEVES RECORDS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GREENSLEEVES RECORDS LIMITED

We have audited the financial statements of Greensleeves Records Limited for the period ended 31 December 2008 set out on pages 5 to 14. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

GREENSLEEVES RECORDS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF GREENSLEEVES RECORDS LIMITED

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Kingston Smith LLP
Kingston Smith LLP

Chartered Accountants
Registered Auditors

13-4-10.

141 Wardour Street
London
W1F 0UT

GREENSLEEVES RECORDS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2008

		Period ended 31 December 2008 £	30 September 2007 £
	Notes		
Turnover		2,542,474	2,388,398
Cost of sales		(1,399,557)	(1,386,258)
Gross profit		1,142,917	1,002,140
Administrative expenses		(916,355)	(1,367,160)
Operating profit/(loss)	2	226,562	(365,020)
Other interest receivable and similar income	3	1,620	-
Interest payable and similar charges		(17,362)	(42,752)
Profit/(loss) on ordinary activities before taxation		210,820	(407,772)
Tax on profit/(loss) on ordinary activities	4	(5,308)	-
Profit/(loss) for the period	12	205,512	(407,772)

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

GREENSLEEVES RECORDS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2008

		2008		2007	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	5		671,188		682,872
Investments	6		70		137
			<u>671,258</u>		<u>683,009</u>
Current assets					
Stocks		58,516		428,817	
Debtors	7	454,821		1,288,314	
Cash at bank and in hand		70,188		61,295	
		<u>583,525</u>		<u>1,778,426</u>	
Creditors amounts falling due within one year	8	<u>(1,026,596)</u>		<u>(2,403,361)</u>	
Net current liabilities			<u>(443,071)</u>		<u>(624,935)</u>
Total assets less current liabilities			<u>228,187</u>		<u>58,074</u>
Creditors amounts falling due after more than one year	9		<u>(368,414)</u>		<u>(403,813)</u>
			<u>(140,227)</u>		<u>(345,739)</u>
Capital and reserves					
Called up share capital	11		17,250		17,250
Profit and loss account	12		(157,477)		(362,989)
Shareholders' funds	13		<u>(140,227)</u>		<u>(345,739)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

Approved by the Board and authorised for issue on 12-4-10



V Chin
Director

Company Registration No 00871107

GREENSLEEVES RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2008

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The financial statements have been prepared on a going concern basis. This is considered appropriate as the company continues to meet its day to day liabilities as they fall due and as the immediate parent company will continue to provide financial support to the company for the foreseeable future. Should the company be unable to continue trading, adjustments would have to be made to reduce the value of assets to their recoverable amounts to provide for any further liabilities which might arise, and to reclassify fixed assets as current assets.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

The total turnover of the Company for the year has been derived from its principal activity.

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. The following specific recognition criteria must also be met before revenue is recognised:

-sale of goods: revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer and can be reliably measured.

-royalty and other income: all royalty and other income is recognised when it has been earned and can be reliably measured.

1.4 Tangible fixed assets and depreciation

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

Land and buildings Freehold	50 Years straight line
Fixtures, fittings & equipment	3-10 Years straight line

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the scheme rules.

1.8 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

GREENSLEEVES RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2008

1 Accounting policies

(continued)

1.9 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.10 Advances

In the ordinary course of business, the Company pays advances and other expenses recoupable from future royalties to performing artists, songwriters, producers and third party repertoire owners. The amounts paid are carried at cost less recoupment and less an allowance for any unrecoverable amounts. The allowance is based on past revenue performance, current popularity and projected revenue advances to be recouped during the business operating cycle. All advances are therefore reported as current assets, including advances recoupable more than 12 months after the balance sheet date.

1.11 Group accounts

The company, itself a subsidiary company, is exempt from the requirement to prepare group accounts by virtue of S 228 Companies Act 1985. The financial statements therefore present information about the company as an individual undertaking and not about its group.

2	Operating profit/(loss)	2008 £	2007 £
	Operating profit/(loss) is stated after charging		
	Depreciation of tangible assets	20,790	20,034
	Operating lease rentals	5,804	-
	Auditors' remuneration	15,000	28,000
	Directors' emoluments	65,799	-
	Loss on foreign exchange transactions and after crediting	-	58,096
	Profit on foreign exchange transactions	(157,977)	-

3	Investment income	2008 £	2007 £
	Bank interest	1,620	-
		1,620	-

GREENSLEEVES RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2008

4 Taxation	2008	2007
	£	£
Domestic current year tax		
U K corporation tax	332	-
Foreign corporation tax		
Other foreign tax	4,976	-
	<hr/>	<hr/>
Current tax charge	5,308	-
	<hr/>	<hr/>
	5,308	-
	<hr/>	<hr/>
Factors affecting the tax charge for the period		
Profit/(loss) on ordinary activities before taxation	210,820	(407,772)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 21.00% (2007 - 30.00%)	44,272	(122,332)
	<hr/>	<hr/>
Effects of		
Non deductible expenses	671	6,923
Depreciation add back	2,454	1,874
Tax losses carried forward	-	113,535
Tax losses utilised	(46,012)	-
Foreign tax adjustment	3,931	-
Due to change in tax rate	(8)	-
	<hr/>	<hr/>
	(38,964)	122,332
	<hr/>	<hr/>
Current tax charge	5,308	-
	<hr/>	<hr/>

The company has estimated losses of £ 198,318 (2007 - £ 417,423) available for carry forward against future trading profits

GREENSLEEVES RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2008

5 Tangible fixed assets

	Freehold Land and buildings £	Plant and machinery etc £	Total £
Cost			
At 1 October 2007	689,420	131,458	820,878
Additions	-	9,106	9,106
At 31 December 2008	689,420	140,564	829,984
Depreciation			
At 1 October 2007	20,682	117,324	138,006
Charge for the period	13,788	7,002	20,790
At 31 December 2008	34,470	124,326	158,796
Net book value			
At 31 December 2008	654,950	16,238	671,188
At 30 September 2007	668,738	14,134	682,872

The freehold land and buildings has been provided as security as part of a bank loan guarantee of its immediate parent company VP Records (UK) Limited. As at 31 December 2008 the loan outstanding was £700,000 (2007: £Nil).

GREENSLEEVES RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2008

6 Fixed asset investments

	Shares in group undertakings and participating interests £
Cost	
At 1 October 2007 & at 31 December 2008	137
Provisions	
At 1 October 2007	-
Charge for the period	67
At 31 December 2008	67
Net book value	
At 31 December 2008	70
At 30 September 2007	137

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Greensleeves Publishing Limited	England	Ordinary	100 00
Greensleeves Records (USA) Limited	USA	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2008 £	Profit/(loss) for the year 2008 £
	Principal activity		
Greensleeves Publishing Limited	Dormant	70	-
Greensleeves Records (USA) Limited	Dormant	67	-

Greensleeves Records (USA) Limited became dormant during the period having previously undertaken music recording and publishing activities

GREENSLEEVES RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2008

7 Debtors	2008	2007
	£	£
Trade debtors	363,330	1,053,155
Other debtors	91,491	235,159
	<u>454,821</u>	<u>1,288,314</u>
8 Creditors amounts falling due within one year	2008	2007
	£	£
Bank loans and overdrafts	-	22,750
Trade creditors	96,972	1,662,088
Amounts owed to group undertakings and undertakings in which the company has a participating interest	-	411,264
Taxation and social security	8,978	10,932
Other creditors	920,646	296,327
	<u>1,026,596</u>	<u>2,403,361</u>
9 Creditors amounts falling due after more than one year	2008	2007
	£	£
Bank loans	-	403,813
Amounts owed to group undertakings	368,414	-
	<u>368,414</u>	<u>403,813</u>
Analysis of loans		
Wholly repayable within five years	<u>368,414</u>	<u>403,813</u>
Loan maturity analysis		
In more than one year but not more than two years	-	22,750
In more than two years but not more than five years	-	68,250
In more than five years	-	312,813

GREENSLEEVES RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2008

10 Pension and other post-retirement benefit commitments

Defined contribution

	2008 £	2007 £
Contributions payable by the company for the period	14,828	1,062

11 Share capital

	2008 £	2007 £
Authorised		
20,000 Ordinary of £1 each	20,000	20,000
Allotted, called up and fully paid		
17,250 Ordinary of £1 each	17,250	17,250

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 October 2007	(362,989)
Profit for the period	205,512
Balance at 31 December 2008	(157,477)

13 Reconciliation of movements in shareholders' funds

	2008 £	2007 £
Profit/(Loss) for the financial period	205,512	(407,772)
Opening shareholders' funds	(345,739)	62,033
Closing shareholders' funds	(140,227)	(345,739)

14 Contingent liabilities

Greensleeves Limited has provided security as part of a bank loan guarantee on behalf of its immediate parent company VP Records (UK) Limited. The contingent liability at 31 December 2008 was £1,930,000 which includes the loan of £700,000 referred to in note 5.

GREENSLEEVES RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2008

15 Control

On February 18 2008, 100% of the share capital of Greensleeves Records Limited was acquired by V P Records (UK) Limited. There is no ultimate controlling party.

16 Related party transactions

During the period the company sold goods and services of £53,828 (2007: £Nil) and purchased services of £157,399 (2007: £Nil) from VP Records Inc, a company in which C Chin and V Chin are directors. As at 31 December 2008 the company owed £103,571 to VP Records Inc.

As part of the acquisition of the company by VP Records (UK) Limited, a bank loan of £420,866 was repaid directly by VP Records (UK) Limited, a company in which C Chin and V Chin are directors. In addition the company made payments on behalf of VP Records (UK) Limited of £188,086 and VP Records (UK) Limited made payments of £32,063 on behalf of the company. As at 31 December 2008 the company owed VP Records (UK) Limited £264,843.