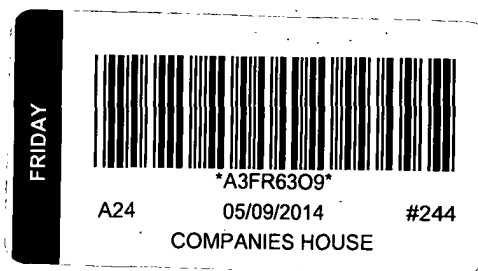


THE MUSIC GROUP INTERNATIONAL LIMITED

UNAUDITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013



THE MUSIC GROUP INTERNATIONAL LIMITED

COMPANY INFORMATION

DIRECTORS

N Morrill
A Jamieson
B Slatter

REGISTERED OFFICE

c/o Alcides LLP
Underwood
Wildernes Avenue
Sevenoaks
Kent
TN15 0EA

THE MUSIC GROUP INTERNATIONAL LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their report and the financial statements for the year ended 31 December 2013.

PRINCIPAL ACTIVITIES

The principal activity of the company is to provide funding for the ongoing operations of The Music Group companies along with management of the company's loan investments.

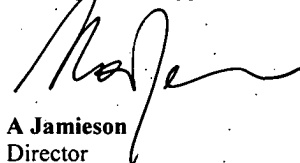
DIRECTORS

The directors who served during the year were:

N Morrill
A Jamieson
B Slatter

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.



A Jamieson
Director

Date: 3 September 2014

THE MUSIC GROUP INTERNATIONAL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2013

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 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 judgments 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 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.

THE MUSIC GROUP INTERNATIONAL LIMITED

PROFIT & LOSS ACCOUNT

Year ended 31 December 2013

		2013	2012
	Note	£	£
TURNOVER	1	-	-
Cost of sales		-	-
		<hr/>	<hr/>
GROSS LOSS		-	-
Administrative income and expenses		(2,059)	(12,926)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE INTEREST		(2,059)	(12,926)
Interest payable and similar charges	2	(1,634,195)	(1,424,667)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,636,254)	(1,437,593)
Tax on loss on ordinary activities	3	-	-
		<hr/>	<hr/>
LOSS FOR THE YEAR		<hr/> <hr/> (1,636,254)	<hr/> <hr/> (1,437,593)

The notes on pages 6 to 8 form part of these financial statements.

THE MUSIC GROUP INTERNATIONAL LIMITED

REGISTERED NUMBER: 4546827

BALANCE SHEET

As at 31 December 2013

	Note	2013 £	£	2012 £	£
FIXED ASSETS					
Investments	4		1		1
CURRENT ASSETS					
Debtors		279,315		279,315	
Cash at bank		-		-	
		<u>279,315</u>		<u>279,315</u>	
CREDITORS: amounts falling due within one year	5	<u>(15,921,224)</u>		<u>(14,284,970)</u>	
NET CURRENT ASSETS			<u>(15,641,909)</u>		<u>(14,005,655)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(15,641,908)</u>		<u>(14,005,654)</u>
CAPITAL AND RESERVES					
Called up share capital	6		960,001		960,001
Profit and loss account	7		<u>(16,601,909)</u>		<u>(14,965,655)</u>
SHAREHOLDERS' DEFICIT			<u>(15,641,908)</u>		<u>(14,005,654)</u>

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

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 386 of the Act and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 December 2012 and of its loss for the year then ended in accordance with the requirements of sections 394 and 395 of the Act and which otherwise comply with the requirements of the Companies Act 2006 relating to the financial statements so far as applicable to the company.

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 in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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



A Jamieson
Director

Date: 3 September 2014

The notes on pages 6 and 7 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts.

1.3 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.4 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

2. INTEREST PAYABLE

	2013 £	2012 £
Loan notes	<u>1,634,195</u>	<u>1,424,667</u>

3. TAXATION

The company has substantial deferred tax assets in respect of the tax losses of the company but these are not recognised, as there is no prospect of suitable taxable profits in the future.

4. FIXED ASSET INVESTMENTS

The company owns 100% of the issued share capital in The Music Group Holdings Limited, a dormant company registered in England and Wales.

THE MUSIC GROUP INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

5. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Loan notes – unsecured	4,269,750	4,269,750
Accruals	142,788	140,729
Other creditors	11,508,686	9,874,491
	<u>15,921,224</u>	<u>14,284,970</u>

6. CALLED UP SHARE CAPITAL

	2013 £	2012 £
Allotted, called up and fully paid 960,001 Ordinary shares of £1 each	<u>960,001</u>	<u>960,001</u>

7. RESERVES

	£
Balance at 1 January 2013	(14,965,655)
Retained profit for the year	<u>(1,636,254)</u>
At 31 December 2013	<u>(16,601,909)</u>

8. RELATED PARTY TRANSACTIONS

Material related party transactions are as follows:

Related Party	Transaction Type	Transaction value		Balance receivable / (payable) at 31 December	
		2013 £	2012 £	2013 £	2012 £
Rutland Fund I	Unsecured loan notes	-	-	(4,269,750)	(4,269,750)
	Interest on loan notes	<u>(1,634,195)</u>	<u>(1,424,667)</u>	<u>(11,508,686)</u>	<u>(9,874,491)</u>

9. CONTROLLING PARTY

The company is a wholly owned by Rutland Fund A.