

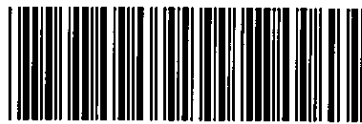
Registered number  
4790556

# MUZE EUROPE LIMITED

## Report and Accounts

30 June 2007

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**MUZE EUROPE LIMITED**  
**Report and accounts**  
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**MUZE EUROPE LIMITED**  
**Company Information**

**Directors**

R A Conwell  
M Harrington  
C Brady  
J Anderson  
T Goldsworthy  
R Kuckuck

**Secretary**

R Cockton

**Auditors**

PKF (UK) LLP  
Farringdon Place  
20 Farringdon Road  
London  
EC1M 3AP

**Registered office**

Paulton House  
8 Shepherdess Walk  
London N1 7LB

**Registered number**

4790556

## **MUZE EUROPE LIMITED**

### **Directors' Report**

The directors present their report and accounts for the year ended 30 June 2007.

#### **BUSINESS REVIEW**

##### **Principal activities and review of the business**

Revenue from continuing operations increased from £1,919,000 to £2,046,000. The profit before tax was £267,000, compared to £331,000 achieved in the previous year. The decline is due to the cost of investment in the expansion of the business into Europe.

##### **Cash flow and treasury policy**

Cash, debt and foreign exchange exposure is managed on a group wide basis by the company's parent company, Wilmington Group plc. The company operates within funding restrictions controlled by the executive directors of the parent company.

##### **Business objective and strategy**

The company's strategy is to deliver sustainable and growing profit from its core business of the provision of high quality music and video information and content, through continued commitment to building strong management teams, organisational effectiveness, investment in technology and tight cost control.

##### **Key financial and operational targets**

The directors consider the operating profit before amortisation of intangibles and margin improvements as the two main key financial targets against which the portfolio of products and services of the company is measured. This year has seen a small decline on both targets, mainly due as previously noted to the cost of research into the European market, however the directors believe there will be improvement in both in the coming year.

##### **Principal risk and uncertainties**

The key challenges arise from the highly competitive and rapidly changing nature of our market and the increasing technological nature of our products and services. The company reviews its principal risks and uncertainties six monthly in accordance with its parent company's policy and reports its findings.

##### **Company's people**

The directors believe that the only way the company can achieve its level of desired growth is to attract and retain the very best people. It does this by ensuring that the company remains a place to work where people have the opportunity to challenge themselves, to develop both professionally and personally and where they can benefit from competitive remuneration packages.

##### **Social and community**

The board seeks to run a socially responsible company which has a positive impact on the communities in which it operates. It seeks to employ a workforce that reflects the diversity of both its customers and the communities in which it is located. It does not discriminate on the grounds of age, race, sex, colour, ethnicity, religion, sexual orientation or disability.

##### **Environmental policies**

Whilst the company has no manufacturing base and therefore produces no major polluting emissions that affect the environment, it remains mindful of its impact on the environment.

**MUZE EUROPE LIMITED**  
**Directors' Report**

**Directors**

The following directors served during the year:

R A Conwell  
M Harrington  
T Goldsworthy  
C Brady (appointed 30 June 2008)  
L Chenkin (resigned 23 May 2007)  
R Lensman (resigned 23 May 2007)  
J Anderson (appointed 23 May 2007)  
R Kuckuck (appointed 23 May 2007)  
A Zahedieh (Resigned 30 June 2008)

**Political and charitable donations**

During the year, the company made no political contributions or charitable contributions.

**Disclosure of information to auditors**

So far as each director at the date of approval of this report is aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

This report was approved by the board on 29 September 2008

M Harrington  
Director

A handwritten signature in black ink, consisting of a circular loop followed by several vertical strokes and a long horizontal line extending to the right.

## **MUZE EUROPE LIMITED**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the report and 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;
- state whether applicable 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 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.

**MUZE EUROPE LIMITED**  
**Independent auditors' report**  
**to the members of MUZE EUROPE LIMITED**

We have audited the financial statements of Muze Europe Limited for the year ended 30 June 2007 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. 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 annual report and 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 implication 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.

**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 30 June 2007 and of its profit for the year 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.

**PKF(UK)LLP**

**PKF (UK) LLP**  
Registered auditors

London, UK  
**30** September 2008

**MUZE EUROPE LIMITED**  
**Profit and Loss Account**  
**for the year ended 30 June 2007**

	Notes	2007 £	2006 £
<b>Turnover</b>	2	2,046,180	1,918,736
Cost of sales		(393,689)	(324,938)
<b>Gross profit</b>		<u>1,652,491</u>	<u>1,593,798</u>
Distribution costs		(7,555)	(15,314)
Administrative expenses		(1,373,696)	(1,247,369)
<b>Operating profit</b>	3	<u>271,240</u>	<u>331,115</u>
Interest payable	5	(3,864)	-
<b>Profit on ordinary activities before taxation</b>		<u>267,376</u>	<u>331,115</u>
Tax on profit on ordinary activities	6	4,092	387,396
<b>Profit for the financial year</b>		<u>271,468</u>	<u>718,511</u>

**Continuing operations**

None of the company's activities were acquired or discontinued during the above two financial years.

**Statement of total recognised gains and losses**

The company has no recognised gains or losses other than the profit for the above two financial years.



**MUZE EUROPE LIMITED**  
**Balance Sheet**  
**as at 30 June 2007**

	Notes	2007 £	2006 £
<b>Fixed assets</b>			
Intangible assets	7	1,261,155	782,034
Tangible assets	8	<u>21,200</u>	<u>22,083</u>
		1,282,355	804,117
<b>Current assets</b>			
Debtors	9	1,095,600	915,970
Cash at bank and in hand		<u>34,363</u>	<u>330,229</u>
		1,129,963	1,246,199
<b>Creditors: amounts falling due within one year</b>	10	(874,758)	(484,224)
<b>Net current assets</b>		<u>255,205</u>	<u>761,975</u>
<b>Net assets</b>		<u>1,537,560</u>	<u>1,566,092</u>
<b>Capital and reserves</b>			
Called up share capital	12	2,000	2,000
Share premium	13	877,400	877,400
Profit and loss account	14	658,160	686,692
<b>Shareholders' funds</b>	16	<u>1,537,560</u>	<u>1,566,092</u>

M Harrington  
Director

Approved and authorised for issue by the board and signed on its behalf on 29 September 2008



**MUZE EUROPE LIMITED**  
**Cash Flow Statement**  
**for the year ended 30 June 2007**

	Notes	2007 £	2006 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		271,240	331,115
Depreciation charges		15,020	17,006
Amortisation of goodwill		47,879	45,683
Increase in debtors		(175,538)	(244,915)
Increase/(decrease) in creditors		390,237	(15,348)
<b>Net cash inflow from operating activities</b>		<u>548,838</u>	<u>133,541</u>
<b>CASH FLOW STATEMENT</b>			
<b>Net cash inflow from operating activities</b>		548,838	133,541
<b>Returns on investments and servicing of finance</b>	17	(3,864)	-
<b>Taxation</b>		297	387,099
<b>Capital expenditure</b>	17	<u>(541,137)</u> 4,134	<u>(13,006)</u> 507,634
<b>Equity dividends paid</b>		<u>(300,000)</u> (295,866)	<u>(300,000)</u> 207,634
<b>(Decrease)/increase in cash</b>		<u>(295,866)</u>	<u>207,634</u>
<b>Reconciliation of net cash flow to movement in net debt</b>			
<b>(Decrease)/increase in cash in the period</b>		(295,866)	207,634
<b>Change in net debt</b>	18	<u>(295,866)</u>	<u>207,634</u>
<b>Net funds at 1 July</b>		330,229	122,595
<b>Net funds at 30 June</b>		<u>34,363</u>	<u>330,229</u>

**MUZE EUROPE LIMITED**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

**1 Accounting policies**

***Accounting convention***

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom Accounting Standards.

***Turnover***

Turnover represents the invoiced value of goods sold and services provided by the company during the period, stated net of Value Added Tax. Contractual revenue is allocated to the relevant accounting periods covered by the contract. Fees in advance are carried forward in creditors: amounts falling due within one year.

***Goodwill and intangible assets***

Purchased goodwill and intangible assets are capitalised and amortised through the profit and loss account over their useful lives not exceeding 20 years.

***Tangible fixed assets***

Fixed assets are stated at cost less accumulated depreciation. Depreciation is provided at the following annual rates, on a straight line basis, in order to write off each asset over its estimated useful life.

Computer equipment	25% - 33% per annum
Fixtures and fittings	10% - 33% per annum

***Taxation***

Corporation tax has been provided on the profit for the period at appropriate rates.

***Deferred taxation***

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse and discounted to reflect the time value of money using rates based on the post-tax yields to maturity that could be obtained at the balance sheet date on government bonds with similar maturity dates.

***Foreign currencies***

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

***Leasing and hire purchase commitments***

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

**MUZE EUROPE LIMITED**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

***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 rules of the scheme.

**2 Turnover**

Turnover is attributable to the main activity of the company.

Analysis by geographical market:	2007 £	2006 £
United Kingdom	1,116,379	1,139,381
Other	929,801	779,355
	<u>2,046,180</u>	<u>1,918,736</u>

**3 Operating profit**

	2007 £	2006 £
This is stated after charging:		
Depreciation of owned fixed assets	15,020	17,006
Amortisation of goodwill	47,879	45,683
Auditors' remuneration for audit services	<u>3,750</u>	<u>3,500</u>

Fees paid to the company's auditor, PKF (UK) LLP, and its associates other than statutory audit of the company are not disclosed in the Muze Europe Limited financial statements since the consolidated financial statements of the company's ultimate parent Wilmington Group plc are required to disclose non-audit fees on a consolidated basis.

**4 Staff costs**

	2007 £	2006 £
Wages and salaries	689,100	680,251
Social security costs	78,006	53,978
Other pension costs	444	504
	<u>767,550</u>	<u>734,733</u>

**Average number of employees during the year**

	Number	Number
Administration	1	1
Development	17	15
Sales	4	3
	<u>22</u>	<u>19</u>

**5 Interest payable**

	2007 £	2006 £
Intercompany interest	<u>3,864</u>	<u>-</u>

**MUZE EUROPE LIMITED**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

<b>6 Taxation</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Analysis of charge in period</b>		
Current tax:		
UK corporation tax on profits of the period	-	(297)
Adjustments in respect of previous periods	-	(101,391)
	<u>-</u>	<u>(101,688)</u>
Deferred tax:		
Origination and reversal of timing differences	60,840	(285,708)
Deferred tax asset recognised for losses carried forward	(64,932)	-
	<u>(4,092)</u>	<u>(285,708)</u>
 Tax charge/(credit) on profit on ordinary activities	 <u>(4,092)</u>	 <u>(387,396)</u>

**Factors affecting tax charge for period**

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before tax	<u>267,376</u>	<u>331,115</u>
Standard rate of corporation tax in the UK	30%	30%
	<b>£</b>	<b>£</b>
Profit on ordinary activities multiplied by the standard rate of corporation tax	80,213	99,335
Effects of:		
Expenses not deductible for tax purposes	2,418	13,241
Capital allowances for period in excess of depreciation	(82,631)	(112,873)
Adjustments to tax charge in respect of previous periods	-	(101,391)
	<u>-</u>	<u>(101,688)</u>
Tax charge/(credit) for the period	<u>-</u>	<u>(101,688)</u>

<b>7 Intangible fixed assets</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Goodwill:</b>		<b>Other Intangible Assets</b>	<b>Total</b>
<b>Cost</b>	<b>Goodwill</b>		
At 1 July 2006	262,906	650,754	913,660
Additions	-	527,000	527,000
At 30 June 2007	<u>262,906</u>	<u>1,177,754</u>	<u>1,440,660</u>
<b>Amortisation</b>			
At 1 July 2006	38,340	93,286	131,626
Provided during the year	13,145	34,734	47,879
At 30 June 2007	<u>51,485</u>	<u>128,020</u>	<u>179,505</u>
<b>Net book value</b>			
At 30 June 2007	<u>211,421</u>	<u>1,049,734</u>	<u>1,261,155</u>
At 30 June 2006	<u>224,566</u>	<u>557,468</u>	<u>782,034</u>

Goodwill is being written off in equal annual instalments over its estimated economic life of 20 years.

**MUZE EUROPE LIMITED**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

**8 Tangible fixed assets**

	<b>Computer equipment £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 July 2006	101,930	32,555	134,485
Additions	14,137	-	14,137
At 30 June 2007	<u>116,067</u>	<u>32,555</u>	<u>148,622</u>
<b>Depreciation</b>			
At 1 July 2006	80,237	32,165	112,402
Charge for the year	14,921	99	15,020
At 30 June 2007	<u>95,158</u>	<u>32,264</u>	<u>127,422</u>
<b>Net book value</b>			
At 30 June 2007	<u>20,909</u>	<u>291</u>	<u>21,200</u>
At 30 June 2006	<u>21,693</u>	<u>390</u>	<u>22,083</u>

**9 Debtors**

	<b>2007 £</b>	<b>2006 £</b>
Trade debtors	621,215	405,756
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	79,691
Other debtors	118,799	129,098
Prepayments and accrued income	65,786	15,717
Deferred tax asset	<u>289,800</u>	<u>285,708</u>
	<u>1,095,600</u>	<u>915,970</u>

**10 Creditors: amounts falling due within one year**

	<b>2007 £</b>	<b>2006 £</b>
Trade creditors	53,904	41,096
Amounts owed to group undertakings and undertakings in which the company has a participating interest	521,172	10,831
Corporation tax	-	(297)
Other taxes and social security costs	25,275	25,586
Other creditors	-	15,549
Accruals and deferred income	<u>274,407</u>	<u>391,459</u>
	<u>874,758</u>	<u>484,224</u>

**MUZE EUROPE LIMITED**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

<b>11 Deferred taxation</b>			<b>2007</b>	<b>2006</b>
			<b>£</b>	<b>£</b>
Accelerated capital allowances			245,752	335,180
Tax losses carried forward			71,000	-
Undiscounted provision for deferred tax			316,752	335,180
Discount on capital allowances			(20,884)	(49,472)
Discount on losses			(6,068)	-
Discounted provision for deferred tax			289,800	285,708
			<b>2007</b>	<b>2006</b>
			<b>£</b>	<b>£</b>
At 1 July			285,708	-
Deferred tax trading loss now recognised			64,932	-
Utilisation of deferred tax in profit and loss account			(60,840)	285,708
At 30 June			289,800	285,708
<b>12 Share capital</b>			<b>2007</b>	<b>2006</b>
			<b>£</b>	<b>£</b>
Authorised:				
A Ordinary shares of 10p each			1,000	1,000
B Ordinary shares of 10p each			1,000	1,000
			2,000	2,000
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
	<b>No</b>	<b>No</b>	<b>£</b>	<b>£</b>
Allotted, called up and fully paid:				
A Ordinary shares of 10p each	10,001	10,001	1,000	1,000
B Ordinary shares of 10p each	10,001	10,001	1,000	1,000
			2,000	2,000
<b>13 Share premium</b>			<b>2007</b>	<b>2006</b>
			<b>£</b>	<b>£</b>
At 1 July			877,400	877,400
At 30 June			877,400	877,400
<b>14 Profit and loss account</b>			<b>2007</b>	<b>2006</b>
			<b>£</b>	<b>£</b>
At 1 July			686,692	268,181
Profit for the financial year			271,468	718,511
Dividends			(300,000)	(300,000)
At 30 June			658,160	686,692

**MUZE EUROPE LIMITED**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

<b>15 Dividends</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Dividends for which the company became liable during the year:		
Dividends paid	<u>300,000</u>	<u>300,000</u>

<b>16 Reconciliation of movement in shareholders' funds</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
At 1 July	1,566,092	1,147,581
Profit for the financial year	271,468	718,511
Dividends	(300,000)	(300,000)
	<u>1,537,560</u>	<u>1,566,092</u>
At 30 June		

<b>17 Gross cash flows</b>	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Returns on investments and servicing of finance</b>		
Interest paid	<u>(3,864)</u>	<u>-</u>
<b>Capital expenditure</b>		
Payments to acquire intangible fixed assets	(527,000)	-
Payments to acquire tangible fixed assets	<u>(14,137)</u>	<u>(13,006)</u>
	<u>(541,137)</u>	<u>(13,006)</u>

<b>18 Analysis of changes in net debt</b>	<b>At 1 Jul</b>	<b>Cash flows</b>	<b>At 30 Jun</b>
	<b>2006</b>		<b>2007</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	330,229	(295,866)	34,363
	<u>330,229</u>	<u>(295,866)</u>	<u>34,363</u>
Total			

**20 Related parties**

The company is a 50.01% owned subsidiary of Wilmington Group plc (the ultimate parent undertaking) which together with other wholly and partially owned subsidiaries offer certain group wide purchasing facilities to the company's fellow subsidiaries whereby the actual costs are recharged. However, the following other services were provided during the year for which appropriate charges, as set out below, were made:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Administrative services provided by Wilmington Business Information Limited	278,493	300,436
Administrative services provided by Waterlow Legal and Regulatory Limited	141,326	93,649



**MUZE EUROPE LIMITED**  
**Notes to the Accounts**  
**for the year ended 30 June 2007**

At the balance sheet date amounts owed to related companies (which were not eligible for the exemption included in FRS 8 for 90% owned subsidiaries) are as follows:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Waterlow Legal and Regulatory Limited	12,695	5,369
Wilmington Media Limited	24,302	5,462
Wilmington Business Information Limited	484,175	-

At the balance sheet date amounts owed from related companies are as follows:

	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
Wilmington Business Information Limited	-	79,691
Muze Inc	79,479	82,826

**21 Controlling party**

The directors regard Wilmington Group plc, a company registered in England and Wales, as the company's ultimate parent undertaking. Copies of the accounts of Wilmington Group plc, the smallest and largest group for which consolidated accounts are prepared, may be obtained from the registered office at Paulton House, 8 Shepherdess Walk, London N1 7LB.