

Registered number
4790556

MUZE EUROPE LIMITED

Report and Accounts

30 June 2008

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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
J Anderson
T Goldsworthy
R Kuckuck
C Brady

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 2008.

BUSINESS REVIEW

Principal activities and review of the business

Revenue from continuing operations decreased from £2,046,000 to £1,919,000. The profit before tax was £42,000, compared to £267,000 achieved in the previous year. The decline is largely due to several one-off costs in the year.

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 decline on both targets, mainly due as previously noted to several one-off costs, 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
J Anderson
R Kuckuck
C Brady (Appointed 30 June 2008)
A Zahedieh (Resigned 30 June 2008)

Political and charitable donations

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

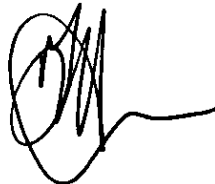
Disclosure of information to auditors

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 30 September 2008

M Harrington
Director

A handwritten signature in black ink, consisting of a large, stylized 'M' followed by a 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 2008 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 2008 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 2008

	Notes	2008 £	2007 £
Revenue	2	1,918,807	2,046,180
Cost of sales		(361,644)	(393,689)
Gross profit		<u>1,557,163</u>	<u>1,652,491</u>
Distribution costs		(5,908)	(7,555)
Administrative expenses		(1,477,404)	(1,373,696)
Operating profit	3	<u>73,851</u>	<u>271,240</u>
Interest payable	5	(31,625)	(3,864)
Profit on ordinary activities before taxation		<u>42,226</u>	<u>267,376</u>
Tax on profit on ordinary activities	6	(27,040)	4,092
Profit for the financial year		<u>15,186</u>	<u>271,468</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 2008

	Notes	2008 £	2007 £
Fixed assets			
Intangible assets	7	1,189,122	1,261,155
Tangible assets	8	<u>63,382</u>	<u>21,200</u>
		1,252,504	1,282,355
Current assets			
Debtors	9	682,098	1,095,600
Cash at bank and in hand		<u>223,807</u>	<u>34,363</u>
		905,905	1,129,963
Creditors: amounts falling due within one year	10	(605,663)	(874,758)
Net current assets		<u>300,242</u>	<u>255,205</u>
Net assets		<u>1,552,746</u>	<u>1,537,560</u>
Capital and reserves			
Called up share capital	12	2,000	2,000
Share premium	13	877,400	877,400
Profit and loss account	14	673,346	658,160
Shareholders' funds	16	<u>1,552,746</u>	<u>1,537,560</u>

M Harrington
Director

Approved and authorised for issue by the board and signed on its behalf on 30 September 2008



MUZE EUROPE LIMITED
Cash Flow Statement
for the year ended 30 June 2008

	Notes	2008 £	2007 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		73,851	271,240
Depreciation charges		19,064	15,020
Amortisation of goodwill		72,033	47,879
Decrease/(increase) in debtors		386,462	(175,538)
(Decrease)/increase in creditors		(269,095)	390,237
Net cash inflow from operating activities		<u>282,315</u>	<u>548,838</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		282,315	548,838
Returns on investments and servicing of finance	17	(31,625)	(3,864)
Taxation		-	297
Capital expenditure	17	<u>(61,246)</u>	<u>(541,137)</u>
		189,444	4,134
Equity dividends paid		<u>-</u>	<u>(300,000)</u>
		189,444	(295,866)
Increase/(decrease) in cash		<u>189,444</u>	<u>(295,866)</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(decrease) in cash in the period		189,444	(295,866)
Change in net debt	18	<u>189,444</u>	<u>(295,866)</u>
Net funds at 1 July		<u>34,363</u>	<u>330,229</u>
Net funds at 30 June		<u>223,807</u>	<u>34,363</u>

MUZE EUROPE LIMITED
Notes to the Accounts
for the year ended 30 June 2008

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.

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.

MUZE EUROPE LIMITED
Notes to the Accounts
for the year ended 30 June 2008

2 Turnover

Turnover is attributable to the main activity of the company.

Analysis by geographical market:	2008 £	2007 £
United Kingdom	1,016,968	1,116,379
Other	901,839	929,801
	<u>1,918,807</u>	<u>2,046,180</u>

3 Operating profit

2008
£

2007
£

This is stated after charging:

Depreciation of owned fixed assets	19,064	15,020
Amortisation of goodwill	72,033	47,879
Auditors' remuneration for audit services	<u>4,250</u>	<u>3,750</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

2008
£

2007
£

Wages and salaries	794,960	689,100
Social security costs	79,384	78,006
Other pension costs	<u>480</u>	<u>444</u>
	<u>874,824</u>	<u>767,550</u>

Average number of employees during the year

Number

Number

Administration	3	1
Development	18	17
Sales	<u>3</u>	<u>4</u>
	<u>24</u>	<u>22</u>

5 Interest payable

2008
£

2007
£

Intercompany interest	<u>31,625</u>	<u>3,864</u>
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MUZE EUROPE LIMITED
Notes to the Accounts
for the year ended 30 June 2008

6 Taxation	2008	2007
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	-	-
Adjustments in respect of previous periods	-	-
	<u>-</u>	<u>-</u>
Deferred tax:		
Origination and reversal of timing differences	(763)	60,840
Deferred tax asset recognised for losses carried forward	27,803	(64,932)
	<u>27,040</u>	<u>(4,092)</u>
 Tax charge on profit on ordinary activities	 <u>27,040</u>	 <u>(4,092)</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:

	2008	2007
	£	£
Profit on ordinary activities before tax	<u>42,226</u>	<u>267,376</u>
Standard rate of corporation tax in the UK	29.5%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	12,457	80,213
Effects of:		
Expenses not deductible for tax purposes	14,425	2,418
Capital allowances for period less than/(in excess of) depreciation	5,624	(82,631)
Trading losses utilised	(32,506)	-
	<u>-</u>	<u>-</u>
Tax charge/(credit) for the period	<u>-</u>	<u>-</u>

7 Intangible fixed assets	£	£	£
Goodwill:		Other Intangible	
	Goodwill	Assets	Total
Cost			
At 1 July 2007	262,906	1,177,754	1,440,660
Additions	-	-	-
At 30 June 2008	<u>262,906</u>	<u>1,177,754</u>	<u>1,440,660</u>
Amortisation			
At 1 July 2007	51,485	128,020	179,505
Provided during the year	13,145	58,888	72,033
At 30 June 2008	<u>64,630</u>	<u>186,908</u>	<u>251,538</u>
Net book value			
At 30 June 2008	<u>198,276</u>	<u>990,846</u>	<u>1,189,122</u>
At 30 June 2007	<u>211,421</u>	<u>1,049,734</u>	<u>1,261,155</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 2008

8 Tangible fixed assets

	Computer equipment £	Fixtures & fittings £	Total £
Cost			
At 1 July 2007	116,067	32,555	148,622
Additions	61,246	-	61,246
At 30 June 2008	<u>177,313</u>	<u>32,555</u>	<u>209,868</u>
Depreciation			
At 1 July 2007	95,158	32,264	127,422
Charge for the year	18,853	211	19,064
At 30 June 2008	<u>114,011</u>	<u>32,475</u>	<u>146,486</u>
Net book value			
At 30 June 2008	<u>63,302</u>	<u>80</u>	<u>63,382</u>
At 30 June 2007	<u>20,909</u>	<u>291</u>	<u>21,200</u>

9 Debtors

	2008 £	2007 £
Trade debtors	383,925	621,215
Amounts owed by group undertakings and undertakings in which the company has a participating interest	-	-
Other debtors	1,460	118,799
Prepayments and accrued income	33,953	65,786
Deferred tax asset	262,760	289,800
	<u>682,098</u>	<u>1,095,600</u>

10 Creditors: amounts falling due within one year

	2008 £	2007 £
Trade creditors	33,361	53,904
Amounts owed to group undertakings and undertakings in which the company has a participating interest	393,356	521,172
Other taxes and social security costs	37,957	25,275
Other creditors	37,770	-
Accruals and deferred income	103,219	274,407
	<u>605,663</u>	<u>874,758</u>

MUZE EUROPE LIMITED
Notes to the Accounts
for the year ended 30 June 2008

11 Deferred taxation			2008	2007
			£	£
Accelerated capital allowances			251,090	245,752
Tax losses carried forward			38,676	71,000
Undiscounted provision for deferred tax			289,766	316,752
Discount on capital allowances			(25,459)	(20,884)
Discount on losses			(1,547)	(6,068)
Discounted provision for deferred tax			262,760	289,800
			2008	2007
			£	£
At 1 July			289,800	285,708
Deferred tax trading loss now recognised			-	64,932
Utilisation of deferred tax in profit and loss account			(27,040)	(60,840)
At 30 June			262,760	289,800
12 Share capital			2008	2007
			£	£
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
	2008	2007	2008	2007
	No	No	£	£
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
13 Share premium			2008	2007
			£	£
At 1 July			877,400	877,400
At 30 June			877,400	877,400
14 Profit and loss account			2008	2007
			£	£
At 1 July			658,160	686,692
Profit for the financial year			15,186	271,468
Dividends			-	(300,000)
At 30 June			673,346	658,160

MUZE EUROPE LIMITED
Notes to the Accounts
for the year ended 30 June 2008

15 Dividends	2008	2007
	£	£
Dividends for which the company became liable during the year:		
Dividends paid	<u>-</u>	<u>300,000</u>

16 Reconciliation of movement in shareholders' funds	2008	2007
	£	£
At 1 July	1,537,560	1,566,092
Profit for the financial year	15,186	271,468
Dividends	-	(300,000)
At 30 June	<u>1,552,746</u>	<u>1,537,560</u>

17 Gross cash flows	2008	2007
	£	£
Returns on investments and servicing of finance		
Interest paid	<u>(31,625)</u>	<u>(3,864)</u>
Capital expenditure		
Payments to acquire intangible fixed assets	-	(527,000)
Payments to acquire tangible fixed assets	<u>(61,246)</u>	<u>(14,137)</u>
	<u>(61,246)</u>	<u>(541,137)</u>

18 Analysis of changes in net debt	At 1 Jul	Cash flows	At 30 Jun
	2007		2008
	£	£	£
Cash at bank and in hand	34,363	189,444	223,807
Total	<u>34,363</u>	<u>189,444</u>	<u>223,807</u>

19 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:

	2008	2007
	£	£
Administrative services provided by Wilmington Business Information Limited	299,490	278,493
Administrative services provided by Waterlow Legal and Regulatory Limited	13,750	141,326

MUZE EUROPE LIMITED
Notes to the Accounts
for the year ended 30 June 2008

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:

	2008	2007
	£	£
Waterlow Legal and Regulatory Limited	466	12,695
Wilmington Media Limited	-	24,302
Wilmington Business Information Limited	341,374	484,175
Muze Inc	51,516	-

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

	2008	2007
	£	£
Muze Inc	-	79,479

20 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.