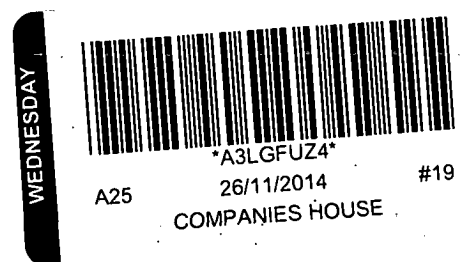


Registered number
05304454

USM Copyrights Limited
Report and Financial Statements

30 June 2014



Directors' Report

The Directors present their annual report on the affairs of USM Copyrights Limited (the Company) together with the financial statements and auditor's report for the year ended 30 June 2014.

Principal activities

The Company's principal activity is the ownership and exploitation of copyrights in musical compositions.

Results and dividends

The Company's profit for the financial year was £8793 (2013 - £731).

The Directors do not recommend payment of a dividend (2013 - £nil).

Directors

The Directors of USM Copyrights Limited who served during the year were as follows:

P Stack

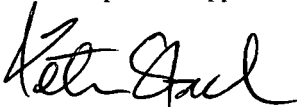
K P Donovan

Disclosure of information to auditors

In so far as the Directors are individually aware:

- there is no information relevant to the preparation of his report of which the Company's auditor is unaware; and
- the Directors have taken all steps a Director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the Company's auditor is aware of that information.

This report was approved by the Board of Directors on 30 October 2014 and signed on its behalf by:



Peter Stack
Director

Strategic Report

The Directors present their strategic report on the affairs of USM Copyrights Limited (the Company) for the year ended 30 June 2014.

Review of the business

The Company's principal activity is the ownership and exploitation of copyrights in master recordings.

The Company's turnover in the year was £85,000 (2013 - £75,000) and was derived from annual fees charged to another group company.

The Company's profit for the financial year was £10,992 (2013 - £914). The Directors consider the Company's key performance indicator to be operating profit. Operating profit for the year was £10,992 (2013 - £914).

The Directors are pleased with the performance of the business.

Principal risks and uncertainties facing the business

There are a number of risks that could affect the Company. We set out below the main risks which, should they materialise, could adversely affect the Company's business.

Music industry growth

The music industry is experiencing a period of rapid change which has resulted in a decline in the sale of physical product. New digital and internet-based revenue streams may not completely offset this.

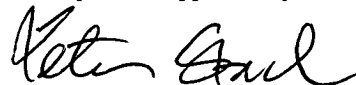
Client retention and performance of compositions

The Company's performance is dependent on income generated by another group company and may be adversely affected if this declines significantly.

Future developments

The Company will continue to exploit its copyrights in conjunction with other members of the group via sales of physical product and digital exploitation, sub-licensing, synchronisation and neighbouring rights income collection.

This report was approved by the Board of Directors on 30 October 2014 and signed on its behalf by:



Peter Stack
Director

USM Copyrights Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the strategic report, the Directors' 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). 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 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 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.

USM Copyrights Limited

Independent auditor's report to the member of USM Copyrights Limited

We have audited the financial statements on pages 6 to 11. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor

As explained more fully in the Statement of Directors' Responsibilities, set out on page 4, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 June 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made.

Baker Tilly UK Audit LLP

Steven Chalfont

(Senior Statutory Auditor)

for and on behalf of Baker Tilly UK Audit LLP, Statutory Auditor

Davidson House

Forbury Square

Reading

RG1 3EU

31 October 2014

USM Copyrights Limited

Profit and loss account for the year ended 30 June 2014

	Notes	2014 £	2013 £
Turnover	2	85,000	75,000
Cost of sales		(73,673)	(73,856)
Gross profit		<u>11,327</u>	<u>1,144</u>
Administrative expenses		(335)	(230)
Operating profit	3	<u>10,992</u>	<u>914</u>
Profit on ordinary activities before taxation		<u>10,992</u>	<u>914</u>
Tax on profit on ordinary activities	4	(2,199)	(183)
Profit for the financial year		<u><u>8,793</u></u>	<u><u>731</u></u>

Continuing operations

All activities arise from continuing operations. There is no difference between the profit for the financial years shown above and their historical cost equivalents.

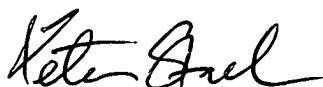
Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit attributable to the shareholders of the Company of £8793 for the year ended 30 June 2014 (2013 - £731) and accordingly a separate statement of total recognised gains and losses has not been presented.

USM Copyrights Limited**Registered number****05304454****Balance sheet
as at 30 June 2014**

	Notes	2014 £	2013 £
Fixed assets			
Intangible assets	5	1,801,183	1,225,249
Current assets			
Debtors	6	55,592	28,000
Cash at bank and in hand		49	31
		<u>55,641</u>	<u>28,031</u>
Creditors: amounts falling due within one year	7	(1,843,281)	(1,248,530)
Net current liabilities		<u>(1,787,640)</u>	<u>(1,220,499)</u>
Net assets		<u>13,543</u>	<u>4,750</u>
Capital and reserves			
Called up share capital	8	1	1
Profit and loss account	9	13,542	4,749
Shareholder's funds	10	<u>13,543</u>	<u>4,750</u>

The financial statements on pages 5 to 10 were approved by the Board of Directors and authorised for issue on 30 October 2014 and are signed on its behalf by:



Peter Stack
Director

USM Copyrights Limited

Notes to the financial statements for the year ended 30 June 2014

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going concern

The financial statements have been prepared on a going concern basis as the Company has received confirmation from Union Square Music Holdings Limited, its ultimate parent undertaking, of its intention to continue to provide financial and other support to enable the Company to pay its liabilities as and when they become due for a period not less than one year from the date of approval of these financial statements.

Having regard to this intention, the Directors believe it is appropriate to prepare the financial statements on a going concern basis notwithstanding the net current liabilities at 30 June 2014.

Revenue recognition

Annual fees derived from the exploitation of rights in musical compositions by other group companies are agreed at the end of the financial year in accordance with the relevant licence agreements.

Intangible assets

Intangible assets are capitalised at cost. The intangible assets are amortised evenly over their deemed useful lives, a period of between one and twenty years. The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and when events or changes in circumstances indicate the carrying value may not be recoverable.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, except that deferred tax assets are recognised only to the extent that the Directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Statement of cash flows

The Company is exempt from preparing a statement of cash flows under FRS1 (Revised) 'Cash Flow Statements', as it is a wholly owned subsidiary of Union Square Music Holdings Limited which prepares publicly available consolidated financial statements.

Foreign currencies

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

USM Copyrights Limited

Notes to the financial statements for the year ended 30 June 2014

2 Analysis of turnover	2014	2013
	£	£
Turnover arises from the Company's principal activity in the following geographical markets:		
United Kingdom	<u>85,000</u>	<u>75,000</u>

3 Operating profit	2014	2013
	£	£
This is stated after charging:		
Amortisation of copyrights	<u>73,673</u>	<u>73,856</u>

Auditor's remuneration is paid by Union Square Music Limited, another company in the group.
The Directors did not receive any emoluments or benefits in respect of services to the Company during the current or the preceding year.

4 Taxation	2014	2013
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	2,199	183
	<u>2,199</u>	<u>183</u>
Tax on profit on ordinary activities	<u>2,199</u>	<u>183</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:

	2014	2013
	£	£
Profit on ordinary activities before tax	<u>10,992</u>	<u>914</u>
Small companies rate of corporation tax in the UK	20%	20%
	£	£
Profit on ordinary activities multiplied by the small companies rate of corporation tax	2,198	183
Effects of:		
Expenses not deductible for tax purposes	1	-
Current tax charge for period	<u>2,199</u>	<u>183</u>

Factors that may affect future tax charges

The small companies rate of taxation is currently 20%. Changes to this may affect future tax charges.

USM Copyrights Limited

Notes to the financial statements for the year ended 30 June 2014

5 Intangible fixed assets

	Copyrights £
Cost	
At 1 July 2013	1,682,137
Additions	732,199
Transfers to other group companies during the year	<u>(82,592)</u>
At 30 June 2014	<u><u>2,331,744</u></u>
Amortisation	
At 1 July 2013	456,888
Provided during the year	<u>73,673</u>
At 30 June 2014	<u><u>530,561</u></u>
Net book value	
At 30 June 2014	<u><u>1,801,183</u></u>
At 30 June 2013	<u><u>1,225,249</u></u>

6 Debtors

	2014 £	2013 £
Other debtors	3,150	5,000
Prepayments and accrued income	<u>52,442</u>	<u>23,000</u>
	<u><u>55,592</u></u>	<u><u>28,000</u></u>

7 Creditors: amounts falling due within one year

	2014 £	2013 £
Amounts owed to parent and fellow subsidiary undertakings	1,808,992	1,248,334
Corporation tax	2,199	183
Accruals and deferred income	<u>32,090</u>	<u>13</u>
	<u><u>1,843,281</u></u>	<u><u>1,248,530</u></u>

8 Issued share capital

	Nominal value	2014 Number	2014 £	2013 £
Allotted, called up and fully paid:				
Ordinary shares	£1 each	1	<u><u>1</u></u>	<u><u>1</u></u>

USM Copyrights Limited

Notes to the financial statements for the year ended 30 June 2014

9 Profit and loss account	2014	
	£	
At 1 July 2013	4,749	
Profit for the financial year	8,793	
At 30 June 2014	<u>13,542</u>	
10 Reconciliation of movement in shareholder's funds	2014	2013
	£	£
At 1 July	4,750	4,019
Profit for the financial year	8,793	731
At 30 June	<u>13,543</u>	<u>4,750</u>

11 Contingent liabilities

The Company is a member of the Union Square Music Holdings Ltd VAT group. Each member of the VAT group is jointly and severally liable for the VAT. At balance sheet date the group balance was a net creditor of £98,551 (2013 - £20,475 net debtor) including debtor balances of £3,150 (2013 - £7,087 creditor).

The Union Square Music group's bank loans and overdrafts are secured by a fixed and floating charge over all the group's assets and a fixed charge over all the group's intellectual property rights. As at the balance sheet date, the group's loan balance was £1,788,910 (2013 - £1,155,672).

12 Related party transactions

The Company has taken the exemption allowed under FRS 8 not to disclose transactions with other members of the group headed by Union Square Music Holdings Limited.

13 Ultimate parent undertaking and controlling parties

The Company's parent undertaking is Union Square Music Holdings Limited, which is the smallest and largest group of which the Company is a member. The parent company prepares consolidated financial statements available from Companies House.

The Company's joint ultimate controlling parties are P Stack, a Director of the Company, and The Caldan Trust, a discretionary trust of which K Donovan, a Director of the Company, is within the class of potential beneficiaries.