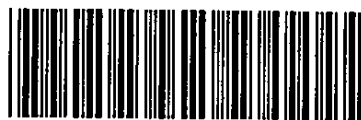


REGISTERED NUMBER 06278494 (England and Wales)

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2010
FOR
MUSIC & MEDIA SOLUTIONS LIMITED

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MUSIC & MEDIA SOLUTIONS LIMITED (Registered number 06278494)

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for the year ended 31 July 2010

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MUSIC & MEDIA SOLUTIONS LIMITED

COMPANY INFORMATION
for the year ended 31 July 2010

DIRECTORS	D James R Bett S Fox
SECRETARY	E Marriner
REGISTERED OFFICE	59 - 65 Worship Street London EC2A 2DU
REGISTERED NUMBER	06278494 (England and Wales)
AUDITORS	BDO LLP 55 Baker Street London, United Kingdom W1U 7EU
BANKERS	Bank of Scotland St James's Gate 14-16 Cockspur Street London SW1Y 5BL

MUSIC & MEDIA SOLUTIONS LIMITED (Registered number 06278494)

REPORT OF THE DIRECTORS
for the year ended 31 July 2010

The directors present their report with the financial statements of the company for the year ended 31 July 2010

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of arranging sponsorship for the benefit of group companies

REVIEW OF BUSINESS

The profit for the year ended 31 July 2010 after taxation was £62,154 (2009 £139,894)

The results for the period and financial position of the company are as shown in the annexed financial statements

DIVIDENDS

During the year the company paid an interim dividend of £Nil per share, the directors recommended post year end that a final dividend of £202,048 is paid. The total distribution for dividends for the year ended 31 July 2010 was £202,048 (2009 £91,344)

DIRECTORS

The directors shown below have held office during the whole of the period from 1 August 2009 to the date of this report

D James
R Bett

Other changes in directors holding office are as follows

A C Driscoll - resigned 25 February 2010
S Fox - appointed 2 March 2010

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors 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 judgements and accounting 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 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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any 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 15 of the Companies Act 2006 relating to small companies

MUSIC & MEDIA SOLUTIONS LIMITED (Registered number 06278494)

REPORT OF THE DIRECTORS
for the year ended 31 July 2010

AUDITORS

The auditors, BDO LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting

ON BEHALF OF THE BOARD

A handwritten signature in black ink, appearing to read 'D James', is written over the printed name.

D James - Director

Date *23 November 2010*

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
MUSIC & MEDIA SOLUTIONS LIMITED**

We have audited the financial statements of MUSIC & MEDIA SOLUTIONS LIMITED for the year ended 31 July 2010 which comprise the profit and loss account, the balance sheet, the cash flow statement and related notes. 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 a Report of the Auditors 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

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 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 Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 July 2010 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors 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, or
- we have not received all the information and explanations we require for our audit.



Matthew White (Senior Statutory Auditor)
for and on behalf of BDO LLP
55 Baker Street
London, United Kingdom

Date

23 November 2010

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127)

MUSIC & MEDIA SOLUTIONS LIMITED (Registered number 06278494)

PROFIT AND LOSS ACCOUNT
for the year ended 31 July 2010

	Notes	2010 £	2009 £
TURNOVER		963,834	619,772
Cost of sales		<u>(569,718)</u>	<u>(189,332)</u>
GROSS PROFIT		394,116	430,440
Administrative expenses		<u>(331,962)</u>	<u>(292,568)</u>
OPERATING PROFIT	3	62,154	137,872
Interest receivable and similar income		<u>-</u>	<u>2,022</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		62,154	139,894
Tax on profit on ordinary activities	4	<u>-</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>62,154</u>	<u>139,894</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current year or previous year

The notes form part of these financial statements

MUSIC & MEDIA SOLUTIONS LIMITED (Registered number 06278494)

BALANCE SHEET

31 July 2010

	Notes	2010 £	2009 £
FIXED ASSETS			
Intangible assets	6	-	154
Tangible assets	7	<u>3,317</u>	<u>1,782</u>
		<u>3,317</u>	<u>1,936</u>
CURRENT ASSETS			
Debtors	8	655,027	703,874
Cash at bank		<u>190,404</u>	<u>231,311</u>
		845,431	935,185
CREDITORS			
Amounts falling due within one year	9	<u>(646,600)</u>	<u>(797,127)</u>
NET CURRENT ASSETS		<u>198,831</u>	<u>138,058</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>202,148</u>	<u>139,994</u>
CAPITAL AND RESERVES			
Called up share capital	10	100	100
Profit and loss account	11	<u>202,048</u>	<u>139,894</u>
SHAREHOLDERS' FUNDS	14	<u>202,148</u>	<u>139,994</u>

The financial statements were approved and authorised for issue by the the Board of Directors on 23 November 2010 and were signed on its behalf by


D James - Director

The notes form part of these financial statements

MUSIC & MEDIA SOLUTIONS LIMITED (Registered number 06278494)

CASH FLOW STATEMENT
for the year ended 31 July 2010

	Notes	2010 £	2009 £
Net cash (outflow)/inflow from operating activities	1	(37,210)	175,869
Returns on investments and servicing of finance	2	-	2,022
Capital expenditure	2	(3,697)	(1,093)
Equity dividends paid		-	(91,344)
(Decrease)/Increase in cash in the period		<u>(40,907)</u>	<u>85,454</u>

Reconciliation of net cash flow to movement in net funds

	3		
(Decrease)/Increase in cash in the period		<u>(40,907)</u>	<u>85,454</u>
Change in net funds resulting from cash flows		<u>(40,907)</u>	<u>85,454</u>
Movement in net funds in the period		<u>(40,907)</u>	<u>85,454</u>
Net funds at 1 August		<u>231,311</u>	<u>145,857</u>
Net funds at 31 July		<u>190,404</u>	<u>231,311</u>

The notes form part of these financial statements

MUSIC & MEDIA SOLUTIONS LIMITED (Registered number 06278494)

NOTES TO THE CASH FLOW STATEMENT
for the year ended 31 July 2010

1 RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	2010 £	2009 £
Operating profit	62,154	137,872
Depreciation charges	2,316	837
Decrease/(Increase) in debtors	48,847	(416,042)
(Decrease)/Increase in creditors	<u>(150,527)</u>	<u>453,202</u>
Net cash (outflow)/inflow from operating activities	<u>(37,210)</u>	<u>175,869</u>

2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2010 £	2009 £
Returns on investments and servicing of finance		
Interest received	-	<u>2,022</u>
Net cash inflow for returns on investments and servicing of finance	-	<u>2,022</u>
Capital expenditure		
Purchase of intangible fixed assets	(2,500)	-
Purchase of tangible fixed assets	(5,680)	(1,093)
Sale of intangible fixed assets	2,304	-
Sale of tangible fixed assets	<u>2,179</u>	-
Net cash outflow for capital expenditure	<u>(3,697)</u>	<u>(1,093)</u>

3 ANALYSIS OF CHANGES IN NET FUNDS

	At 1 8 09 £	Cash flow £	At 31 7 10 £
Net cash			
Cash at bank	<u>231,311</u>	<u>(40,907)</u>	<u>190,404</u>
	<u>231,311</u>	<u>(40,907)</u>	<u>190,404</u>
Total	<u>231,311</u>	<u>(40,907)</u>	<u>190,404</u>

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 July 2010

1 ACCOUNTING POLICIES

Basis of preparing the financial statements

The directors believe there will be adequate resources for the company to continue in operational existence for the foreseeable future based on its current circumstances and future trading plans. MAMA Group Plc has indicated that it will continue to provide financial support to the company and therefore these accounts are prepared on a going concern basis.

Accounting convention

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

Turnover

Turnover represents amounts receivable, stated net of value added tax, commission from sponsorship deals, which is recognised over the duration of the contract.

Intangible assets

Intangible fixed assets are initially recorded at cost. Amortisation is provided to write off each asset over its useful economic life at the following rates:

Computer software - 33% on cost

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Computer equipment - 33% on cost

Deferred tax

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 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.

Dividends

Final equity dividends are recognised when approved by shareholders at an annual general meeting.

2 STAFF COSTS

	2010	2009
	£	£
Wages and salaries	222,500	201,272
Social security costs	<u>25,920</u>	<u>23,400</u>
	<u>248,420</u>	<u>224,672</u>

The average monthly number of employees during the year was as follows:

	2010	2009
Office and management	4	4
Directors	<u>1</u>	<u>-</u>
	<u>5</u>	<u>4</u>

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 July 2010

3 OPERATING PROFIT

The operating profit is stated after charging

	2010 £	2009 £
Depreciation - owned assets	1,966	714
Computer software amortisation	350	123
Auditors' remuneration	<u>4,000</u>	<u>5,000</u>
Directors' remuneration	<u>110,000</u>	<u>95,000</u>

4 TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 July 2010 nor for the year ended 31 July 2009

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2010 £	2009 £
Profit on ordinary activities before tax	<u>62,154</u>	<u>139,894</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28% (2009 - 28%)	17,403	39,170
Effects of		
Expenses not deductible for tax	6,376	4,539
Capital allowances in excess of depreciation	208	38
Group loss relief received	<u>(23,987)</u>	<u>(43,747)</u>
Current tax charge	<u>-</u>	<u>-</u>

5 DIVIDENDS

	2010 £	2009 £
Ordinary shares of £1 each		
Final	<u>-</u>	<u>91,344</u>

The proposed final dividend of £202,048 (2009 £91,344) has not been accrued for as the dividend was declared after the balance sheet date

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 July 2010

6 INTANGIBLE FIXED ASSETS

	Computer software £
COST	
At 1 August 2009	370
Additions	2,500
Disposals	(2,870)
At 31 July 2010	-
AMORTISATION	
At 1 August 2009	216
Amortisation for year	350
Eliminated on disposal	(566)
At 31 July 2010	-
NET BOOK VALUE	
At 31 July 2010	-
At 31 July 2009	154

7 TANGIBLE FIXED ASSETS

	Computer equipment £
COST	
At 1 August 2009	2,796
Additions	5,680
Disposals	(2,179)
At 31 July 2010	6,297
DEPRECIATION	
At 1 August 2009	1,014
Charge for year	1,966
At 31 July 2010	2,980
NET BOOK VALUE	
At 31 July 2010	3,317
At 31 July 2009	1,782

8 DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010 £	2009 £
Trade debtors	495,548	129,533
Amounts owed by group undertakings	158,808	529,341
Other debtors	671	-
Prepayments and accrued income	-	45,000
	<u>655,027</u>	<u>703,874</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand

MUSIC & MEDIA SOLUTIONS LIMITED (Registered number 06278494)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 July 2010

9 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	2010	2009
	£	£
Trade creditors	11,088	-
Amounts owed to group undertakings	147,863	664,713
Social security and other taxes	106,424	25,587
Other creditors	1,201	-
Accruals and deferred income	<u>380,024</u>	<u>106,827</u>
	<u>646,600</u>	<u>797,127</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand

10 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid		Nominal	2010	2009
Number	Class	value	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

11 RESERVES

	Profit and loss account £
At 1 August 2009	139,894
Profit for the year	<u>62,154</u>
At 31 July 2010	<u>202,048</u>

12 ULTIMATE PARENT COMPANY

The company's parent undertaking is Channelfly Plc. Its ultimate parent undertaking and controlling party is HMV Group Plc as it controls 78% of the voting rights. HMV Group Plc is the smallest and the largest group into which these accounts are incorporated. Copies of the group accounts which include the company may be requested from 59 - 65 Worship Street, London, EC2A 2DU.

MUSIC & MEDIA SOLUTIONS LIMITED (Registered number 06278494)

NOTES TO THE FINANCIAL STATEMENTS - continued
for the year ended 31 July 2010

13 RELATED PARTY DISCLOSURES

At the 31 July 2010 the company had the following inter company balances with other members of the group

	2010 £	2009 £
Music & Media Solutions Group Limited	158,421	529,341
PAPA Projects Limited	387	Nil
	<u>158,808</u>	<u>529,341</u>
Channelfly Plc	(147,863)	(410,500)
MAMA Group Plc	Nil	(128,898)
Barfly Holdings Limited	Nil	(116,315)
Stonestrow Media Limited	Nil	(9,000)
	<u>(147,863)</u>	<u>(664,713)</u>

The balance with Music & Media Solutions Group Limited and Barfly Holdings Limited relates to group sponsorship income

The balance with Channelfly PLC, MAMA Group Plc & Stonestrow Media Limited relates to group recharges for administrative, audit and salary expenses

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2010 £	2009 £
Profit for the financial year	62,154	139,894
Dividends	-	(91,344)
Share issue		
	<u>62,154</u>	<u>48,550</u>
Net addition to shareholders' funds	<u>139,994</u>	<u>91,444</u>
Opening shareholders' funds		
	<u>202,148</u>	<u>139,994</u>
Closing shareholders' funds		