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Registration number: 07875443 (England and Wales)

TELEGRAM STUDIOS LIMITED
DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013



TELEGRAM



TELEGRAM STUDIOS LIMITED

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TELEGRAM STUDIOS LIMITED
COMPANY INFORMATION

Directors H Wagenius (resigned 14 May 2013)

D P Näsholm

K Lundin

Company secretary Goodwille Limited

Registered office St James House
13 Kensington Square
London
W8 5HD

Auditors Harmer Slater Limited
Statutory Auditor
Salatin House
19 Cedar Road
Sutton
Surrey
SM2 5DA

TELEGRAM STUDIOS LIMITED
DIRECTOR'S REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

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

Principal activity

The principal activity of the company is that of a holding company.

Directors of the company

The directors who held office during the year and up to the date of signing these financial statements were as follows:

H Wagenius (resigned 14 May 2013)

D P Näsholm

K Lunding

Disclosure of information to the auditors

The directors have taken steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information (as defined by section 418 of the Companies Act 2006) and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and which they know the auditors are unaware.

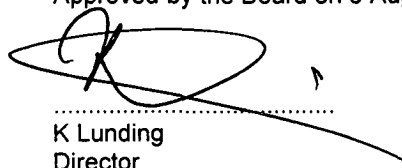
Reappointment of auditors

The auditors Harmer Slater Limited are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Small company provisions

The Director's Report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the Board on 6 August 2014 and signed on its behalf by:



.....
K Lunding
Director

TELEGRAM STUDIOS LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Director's 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 apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF TELEGRAM STUDIOS LIMITED

We have audited the financial statements of Telegram Studios Limited for the year ended 31 December 2013, set out on pages 6 to 15. 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 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 auditors

As explained more fully in the Statement of Directors' Responsibilities (set out on page 3), 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 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. In addition, we read all the financial and non-financial information in the Director's Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 31 December 2013 and of its loss 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 Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

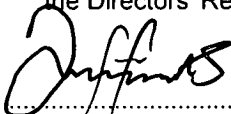
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF
TELEGRAM STUDIOS LIMITED**

(CONTINUED)

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; or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report.



.....
Ransford Agyei-Boamah (Senior Statutory Auditor)
For and on behalf of Harmer Slater Limited
Statutory Auditors

Salatin House
19 Cedar Road
Sutton
SM2 5DA

Date: 6th August 2014

TELEGRAM STUDIOS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Year ended 31 Dec 13 £	8 Dec 11 to 31 Dec 12 £
Turnover		23,235	-
Administrative expenses		<u>(25,192)</u>	<u>(77,469)</u>
Operating loss	2	(1,957)	(77,469)
Other exceptional items	4	<u>-</u>	<u>(14,127)</u>
Loss on ordinary activities before taxation		<u>(1,957)</u>	<u>(91,596)</u>
Loss for the financial year		<u><u>(1,957)</u></u>	<u><u>(91,596)</u></u>

Continuing operations

Operating loss derive wholly from continuing operations.

Total recognised gains and losses

The company has no recognised gains or losses for the year other than the results above and in consequence no separate statement of total recognised gains and losses has been prepared.

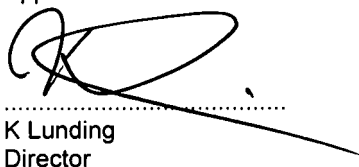
The notes on pages 8 to 15 form an integral part of these financial statements.

TELEGRAM STUDIOS LIMITED
(REGISTRATION NUMBER: 07875443)
BALANCE SHEET AT 31 DECEMBER 2013

	Note	31 Dec 13 £	31 Dec 12 £
Fixed assets			
Intangible fixed assets	7	85,500	95,000
Investments	8	<u>2,321,919</u>	<u>2,321,919</u>
		<u>2,407,419</u>	<u>2,416,919</u>
Current assets			
Debtors	9	61,808	2,433
Cash at bank and in hand		<u>15,142</u>	<u>79,491</u>
		76,950	81,924
Creditors: Amounts falling due within one year	10	<u>(100,903)</u>	<u>(133,420)</u>
Net current liabilities		<u>(23,953)</u>	<u>(51,496)</u>
Net assets		<u>2,383,466</u>	<u>2,365,423</u>
Capital and reserves			
Called up share capital	11	122,946	122,946
Share premium account	12	2,334,073	2,334,073
Capital contribution	12	20,000	-
Profit and loss account	12	<u>(93,553)</u>	<u>(91,596)</u>
Shareholders' funds	13	<u>2,383,466</u>	<u>2,365,423</u>

The financial statements have been prepared in accordance with the special provisions in Part 15 of the Companies Act 2006 relating to small companies.

Approved and authorised for issue by the Board on 6 August 2014 and signed on its behalf by:


.....
K Lunding
Director

TELEGRAM STUDIOS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1 ACCOUNTING POLICIES

Going concern

No material uncertainties that may cast significant doubt about the ability of the company to continue as a going concern have been identified by the directors.

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards.

A summary of the significant accounting policies which have been consistently applied in the current and the preceding period is set out below.

Cash flow statement

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement under Financial Reporting Standard No 1 "Cash Flow Statement".

Exemption from preparing group accounts

The financial statements contain information about Telegram Studios Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company qualifies as a parent company of a small group and has taken advantage of the exemption provided by Section 398 of the Companies Act 2006 and has not prepared consolidated financial statements.

Turnover

Turnover represents fees receivable from subsidiary undertakings in respect of management services provided and e-book publishing licenses granted, net of value added tax. Management fees is recognised as services are rendered and license fees is recognised when the company becomes entitled to the fees in accordance with the underlying license agreement.

Intangible fixed assets

Intangible fixed assets represent publishing rights for E-books. Amortisation is provided on intangible fixed assets so as to write off the cost, less any estimated residual value, over their expected useful economic life as follows:

Asset class	Amortisation method and rate
E-books Rights	Straight line over 10 years

Fixed asset investments

Fixed asset investments are stated at historical cost less provision for any diminution in value. The carrying values of investments are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

TELEGRAM STUDIOS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)

1 ACCOUNTING POLICIES - (CONTINUED)

Taxation

Current tax represents the expected tax payable (or recoverable) on the taxable profits for the year using tax rates enacted or substantively enacted at the balance sheet date and taking into account any adjustments arising from prior years.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes, which have arisen but not reversed by the balance sheet date, except as required by Financial Reporting Standard No 19 "Deferred tax".

Deferred tax is measured at the rates that are expected to apply in the periods when the timing differences are expected to reverse, based on the tax rates and law enacted or substantially enacted at the balance sheet date.

Foreign currency

Transactions in foreign currencies are recorded at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the closing rates at the balance sheet date. All exchange differences are included in the profit and loss account.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Where shares are issued, any component that creates a financial liability of the company is presented as a liability in the balance sheet. The corresponding dividends relating to the liability component are charged as interest expense in the profit and loss account.

2 OPERATING LOSS

Operating loss is stated after charging:

	Year ended 31 Dec 13 £	8 Dec 11 to 31 Dec 12 £
Foreign currency (gains)/losses	3,719	1,740
Amortisation of e-books rights	9,500	-
Auditor's remuneration	4,100	3,900
	<u>17,319</u>	<u>5,640</u>

TELEGRAM STUDIOS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)

3 AUDITOR'S REMUNERATION

	Year ended 31 Dec 13 £	8 Dec 11 to 31 Dec 12 £
Audit of the financial statements	1,650	1,500
Other fees to auditors		
Other services	2,450	2,400
	<u>4,100</u>	<u>3,900</u>

4 EXCEPTIONAL ITEMS

	Year ended 31 Dec 13 £	8 Dec 11 to 31 Dec 12 £
Cost of admission to the GXG Markets First Quote	-	14,127

5 DIRECTORS' REMUNERATION

No remuneration was paid to the directors during the year (2012: £nil).

TELEGRAM STUDIOS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)

6 TAXATION

Tax on loss on ordinary activities

	Year ended 31 Dec 13 £	8 Dec 11 to 31 Dec 12 £
Current tax		
UK Corporation tax	<u>-</u>	<u>-</u>

Factors affecting current tax charge for the year

The effective rate of tax on loss on ordinary activities for the year is higher than (2012 - higher than) the standard rate of corporation tax in the UK of 20% (2012 - 20%).

The differences are reconciled below:

	Year ended 31 Dec 13 £	8 Dec 11 to 31 Dec 12 £
Loss on ordinary activities before taxation	<u>(1,957)</u>	<u>(91,596)</u>
Corporation tax at standard rate	<u>(391)</u>	<u>(18,319)</u>
Expenses not deductible for tax purposes	75	-
Unrelieved tax losses carried forward	<u>316</u>	<u>18,319</u>
Total current tax	<u>-</u>	<u>-</u>

TELEGRAM STUDIOS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)

7 INTANGIBLE FIXED ASSETS

	E-books Rights £
Cost	
At 1 January 2013	<u>95,000</u>
At 31 December 2013	<u>95,000</u>
Amortisation	
Charge for the year	<u>9,500</u>
At 31 December 2013	<u>9,500</u>
Net book value	
At 31 December 2013	<u><u>85,500</u></u>
At 31 December 2012	<u><u>95,000</u></u>

8 INVESTMENTS HELD AS FIXED ASSETS

	31 Dec 13 £	31 Dec 12 £
Shares in group undertakings	2,121,919	2,121,919
Loans to group undertaking	<u>200,000</u>	<u>200,000</u>
	<u><u>2,321,919</u></u>	<u><u>2,321,919</u></u>

Shares in group undertakings

	Subsidiary undertakings £
Cost	
At 1 January 2013	<u>2,121,919</u>
At 31 December 2013	<u>2,121,919</u>
Net book value	
At 31 December 2013	<u><u>2,121,919</u></u>
At 31 December 2012	<u><u>2,121,919</u></u>

TELEGRAM STUDIOS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)

9 INVESTMENTS HELD AS FIXED ASSETS - (CONTINUED)

Details of undertakings

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Holding	% Held	Principal activity
Telegram Studios AB	Ordinary	100%	Consultancy services
Telegram Bokforlag AB	Ordinary	100%	Publishing company
Telegram Music AB	Ordinary	100%	Music publishing and production
Telegram Digital Studio AB	Ordinary	100%	
Teelgram Musikforlag AB		67%	Music research

The loss for the financial period of Telegram Studios AB was £47,796 and the aggregate amount of capital and reserves at the end of the period was £84,251.

The profit for the financial period of Telegram Bokforlag AB was £83,897 and the aggregate amount of capital and reserves at the end of the period was £118,740.

The loss for the financial period of Telegram Music AB was £1,333 and the aggregate amount of capital and reserves at the end of the period was £31,589.

The loss for the financial period of Telegram Digital Studio AB was £2,153 and the aggregate amount of capital and reserves at the end of the period was £2,522.

The profit for the financial period of Teelgram Musikforlag AB was £19,790 and the aggregate amount of capital and reserves at the end of the period was £26,072.

The company's investment in Telegram Bokforlag AB, Samie & Lunding AB and Telegram Digital Studio AB is held through its investment in Telegram Studios AB. All entities above are registered in Sweden.

TELEGRAM STUDIOS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)

9 DEBTORS

	31 Dec 13 £	31 Dec 12 £
Amount owed by subsidiary undertaking	60,345	-
Other debtors	270	1,563
Prepayments and accrued income	1,193	870
	<u>61,808</u>	<u>2,433</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 Dec 2013 £	31 Dec 12 £
Trade creditors	505	6,770
Amounts owed to subsidiary undertakings	96,398	122,750
Accrued expenses	4,000	3,900
	<u>100,903</u>	<u>133,420</u>

11 SHARE CAPITAL

Allotted, called up and fully paid shares

	31 Dec 13 No.	£	31 Dec 12 No.	£
Ordinary shares of £0.01 each	<u>12,294,594</u>	<u>122,946</u>	<u>12,294,594</u>	<u>122,946</u>

TELEGRAM STUDIOS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013
(CONTINUED)

12 RESERVES

	Share premium account £	Capital contribution £	Profit and loss reserve £	Total £
At 1 January 2013	2,334,073	-	(91,596)	2,242,477
Loss for the year	-	-	(1,957)	(1,957)
Capital contribution	-	20,000	-	20,000
At 31 December 2013	<u>2,334,073</u>	<u>20,000</u>	<u>(93,553)</u>	<u>2,260,520</u>

During the year the shareholders made an unconditional capital contribution amounting to £20,000 to the company.

The capital contribution forms part of the company's distributable reserves as the company has no obligation to repay this to its shareholders.

13 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	Year ended 31 Dec 13 £	8 Dec 11 to 31 Dec 12 £
Loss attributable to the members of the company	(1,957)	(91,596)
New share capital allotted	-	2,457,019
Shareholder capital contributions	20,000	-
Net addition to shareholders' funds	18,043	2,365,423
Shareholders' funds at start of period	2,365,423	-
Shareholders' funds at end of period	<u>2,383,466</u>	<u>2,365,423</u>

14 RELATED PARTY TRANSACTIONS

The company's subsidiary undertakings, Telegram Studios AB (TSAB) and Telegram Bokforlag AB (TBAB) charged the company for management services amounting to £nil (2012: SEK 94,438) and £nil (2012: SEK 359,416) respectively. In addition the company received SEK 130,000 from TBAB and lent SEK 450,000 to TSAB. It further charged TSAB management fee of SEK 248,400 (2012: nil) and paid expenses of SEK 39,375 on its behalf. Also the company has granted TBAB a license to use e-books publishing rights for a quarterly fee of SEK 30,000. At 31 December 2013, The company owed TBAB £96,398 (SEK 1,029,416) (2012: £110,145 (SEK 1,159,416)) and TSAB owed the company £60,345 (SEK 643,337) (2012: £22,705 (SEK 239,000) owed by company). In addition, TBAB owed the company (long term debt) of £200,000 at 31 December 2013 (2012: £200,000). The indebtedness is interest free, unsecured and repayable on demand.