

Company Registration No. 06058541 (England and Wales)

**IMPERIAL MUSIC AND MEDIA PLC**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 31 JANUARY 2012**

# IMPERIAL MUSIC AND MEDIA PLC

## COMPANY INFORMATION

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<b>Directors</b>	Mr G Collier Mr N Graves
<b>Company number</b>	06058541
<b>Registered office</b>	1 Bacon Lane Hayling Island Hants PO11 ODN
<b>Auditors</b>	Welbeck Associates Chartered Accountants and Statutory Auditors 31 Harley Street London W1G 9QS
<b>Business address</b>	1 Bacon Lane Hayling Island Hants PO11 ODN

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# IMPERIAL MUSIC AND MEDIA PLC

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# IMPERIAL MUSIC AND MEDIA PLC

## CHAIRMANS STATEMENT

### FOR THE PERIOD ENDED 31st JANUARY 2012

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#### Introduction

The Board is pleased to present the final audited results for Imperial Music & Media Plc ("the Company") for the year ended 31st January 2012. Imperial Music & Media Plc is an investment vehicle seeking investment and acquisition opportunities in the music talent, music and media markets. The Directors believe that there are a number of potentially attractive investment opportunities in developing musical talent from discovery, through artist development, to album production and market release and developing the media and music revenue streams that derive from that talent.

#### Results

The Company reported a loss for the year up to 31st January 2012 of £167,995

Loss per ordinary share amounted to 0.05p in the period.

#### Review

During this period, the Company successfully launched Patricia Hammond's debut album, 'Our Lovely Day' described by Sir Michael Parkinson as "a music box of vintage treasures beautifully performed by a remarkable woman". A successful PR campaign resulted in press coverage including an article in the Sunday Times Magazine. Patricia performed on Remembrance Day at the Richmond Poppy Factory and also at the Star & Garter Home for disabled servicemen and women. In addition, Patricia performed regularly at nursing homes around the Country and in the evenings at various West End nightclubs. On the 10th January 2012, the Company announced that D J Films (a company owned by BAFTA award winning producer Damien Jones) had signed an option for the film rights to portray Patricia's life story.

On the 10th August 2011, we announced that the band Skinny Lister had signed a 360 degree deal (multiple rights deal including recording, publishing, live and merchandise) with the Company for one album with an option to licence a second album. In September 2011, the band released their debut single 'Rollin' Over,' which was used by Jack Wills, the UK fashion brand for their summer campaign in the UK and US online and in-store commercial promotion. Skinny Lister performed at various festivals including Glastonbury and Bestival and played at over 30 festivals last summer. PRS (Performing Rights Society) named the band as the most prolific performers on the festival sets in the UK for 2011.

The board acknowledges that our acts will not generate meaningful income flow in the short term due to the delayed receipt of music revenues, therefore it is likely that the Company will require further capital in the near future. There is potential for licensing deals to be signed for upfront fees and the Company is continually looking at other opportunities. The board report that there are no ongoing contractual obligations outside the associated costs of maintaining a PLUS quoted status. Furthermore the Company considers that both acts have exceeded expectations and we are confident that the investment will prove successful.

#### Post Balance Sheet Events

Patricia Hammond was invited back to Canada following a successful visit earlier this year. On the 22nd June 2012, Patricia appeared live on Canadian TV and later performed at the largest nursing home in Toronto at an event attended by many of the major Canadian/US record labels.

On the 14th February 2012, the Company announced it had signed an exclusive licence agreement with Sunday Best Recordings Ltd. for a joint venture on the recording rights for Skinny Lister. Sunday Best is the British music company founded and run by BBC Radio 1 DJ Rob da Bank. Its primary business is as a record label but it also stages regular club nights and is the flagship organisation behind the UK music festival Bestival, which takes place on the Isle of Wight each September. The partnership provides valuable support to Skinny Lister's debut album 'Forge & Flagon,' which was launched on 11th June 2012. The band is receiving press coverage, both in the papers and online.

# IMPERIAL MUSIC AND MEDIA PLC

## CHAIRMANS STATEMENT

### FOR THE PERIOD ENDED 31st JANUARY 2012

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In March 2012, Skinny Lister performed as invitees to the coveted 'South by South West (SxSW) Music Festival' at Austin, Texas. The event was a major coup for the band and it culminated in them supporting a local band (Rusted Root) on a small tour. As a result of its reviews, Skinny Lister left for a 39 date tour of USA sponsored by a major US record label. The tour started on the 20th June 2012 and finishes on the 5th August. The band will be back in the UK by 26th August, to attend Festibelly on the Isle of Wight.

The Company are buoyed by the progress of both signed acts and optimistic that over the next year the investment will be successful.

We continue to pursue other opportunities and hope to make a further announcement in the near future.

**Nathan Graves**

Chairman

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# IMPERIAL MUSIC AND MEDIA PLC

## DIRECTORS' REPORT

### FOR THE PERIOD ENDED 31 JANUARY 2012

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The directors present their report and financial statements for the period ended 31 January 2012.

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

Imperial Music & Media plc is a company established by the directors as an investment vehicle to seek investment and acquisition opportunities in the music talent, music and media markets. A review of the business is included in the Chairman's statement.

#### **Key Performance Indicators**

The following key performance indicators were identified by the directors during the year as being the most significant to the assessment of the company's performance and financial position.

##### 1. Profitability

The company is ultimately expected to generate significant profits for its shareholders. However the directors recognise that as the company is still in the early stages of development, this key performance indicator will not be met until the company has established a pool of artistic talent that is able to generate the revenues required to provide a sustainable level of profits in the future.

##### 2. Artist promotion and development

The company is committed to actively marketing and promoting its artists to enable them to maximise their potential and intends to allocate sufficient funds out of the company's revenues for that purpose. At the present time the company is dependent on the shareholders to provide the funding for its costs and is therefore unable to meet this key performance indicator.

##### 3. Shareholder support

The company is committed to financing its activities from within its own resources, without having to rely on shareholder support. The directors are confident that this key performance indicator will be met in the future.

#### **Principal risks and uncertainties**

The principal risk is that the directors' may not be able to conclude contracts for business of sufficient value to be able to fund the company's on-going activities.

The company's strategy in managing this risk is to maintain tight control over the company's expenditure and to budget for all anticipated revenue and expenditure. If for any reason revenues are not expected to match anticipated forthcoming costs, then the directors will seek shareholder funding to finance the shortfall.

#### **Results and dividends**

The results for the period are set out on page 8.

#### **Directors**

The following directors have held office since 1 February 2011:

Mr G Collier

Mr N Graves

# IMPERIAL MUSIC AND MEDIA PLC

## DIRECTORS' REPORT (CONTINUED)

**FOR THE PERIOD ENDED 31 JANUARY 2012**

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### Substantial shareholdings

	Ordinary shares of £0.001 each Number	Percentage of capital %
Barclayshare Nominees Limited	247,906,710	64
Redmayne (Nominees) Limited	77,227,461	20
Brewin Nominees Limited	28,874,760	7

### Auditors

Welbeck Associates were appointed auditors to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

### Creditor payment policy

The company abides by its policy to pay suppliers within their credit terms. The trade creditors outstanding at the balance sheet date were all paid subsequently within their credit terms. Trade creditor days at the end of year were 46 days (2011 : 17 days).

### Statement of directors' responsibilities

The directors are responsible for preparing 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). 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 those 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 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.

# IMPERIAL MUSIC AND MEDIA PLC

## DIRECTORS' REPORT (CONTINUED)

*FOR THE PERIOD ENDED 31 JANUARY 2012*

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### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board

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Mr N Graves

**Director**

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# IMPERIAL MUSIC AND MEDIA PLC

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF IMPERIAL MUSIC AND MEDIA PLC

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We have audited the financial statements of Imperial Music and Media Plc for the period ended 31 January 2012 set out on pages 8 to 18. 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 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**

As explained more fully in the Directors' Responsibilities Statement, 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 use 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 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 January 2012 and of its loss for the period then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice ;
- have been prepared in accordance with the requirements of the Companies Act 2006.

#### **Emphasis of matter**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures in note 2 to the financial statements concerning the company's ability to continue as a going concern. Whilst at the balance sheet date the company has positive net assets, the cash flow forecasts for the next twelve months indicate that the directors may need to secure further funding to enable the company to continue as a going concern. This condition indicates the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the company was unable to continue as a going concern.

#### **Opinion on other matter prescribed by the Companies Act 2006**

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

# IMPERIAL MUSIC AND MEDIA PLC

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### TO THE MEMBERS OF IMPERIAL MUSIC AND MEDIA PLC

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#### **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.

**Jonathan Bradley-Hoare (Senior Statutory Auditor)**

**for and behalf of Welbeck Associates**

**Chartered Accountants and Registered Auditor**

**31 Harley Street**

**London**

**W1G 9QS**

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# IMPERIAL MUSIC AND MEDIA PLC

## PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 JANUARY 2012

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	Notes	2012 £	2011 £
<b>Turnover</b>		21,133	-
Cost of sales		(72,642)	(11,100)
<b>Gross loss</b>		(51,509)	(11,100)
Administrative expenses		(116,486)	(114,956)
<b>Loss on ordinary activities before taxation</b>	<b>3</b>	(167,995)	(126,056)
Tax on loss on ordinary activities		-	-
<b>Loss for the period</b>	<b>10</b>	(167,995)	(126,056)
		<u>2012</u>	<u>2011</u>
Earnings per share expressed in pence per share:			
Basic and fully diluted profit/(loss) per share	<b>17</b>	(0.05p)	(0.06p)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# IMPERIAL MUSIC AND MEDIA PLC

## BALANCE SHEET

AS AT 31 JANUARY 2012

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	Notes	2012 £	£	2011 £	£
<b>Fixed assets</b>					
Investments	5		1		-
<b>Current assets</b>					
Stocks	6	1,500		-	
Debtors	7	127,009		171,523	
Cash at bank and in hand		2,882		5,921	
		<u>131,391</u>		<u>177,444</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>(37,585)</u>		<u>(15,643)</u>	
<b>Net current assets</b>			93,806		161,801
<b>Total assets less current liabilities</b>			<u>93,807</u>		<u>161,801</u>
<b>Capital and reserves</b>					
Called up share capital	9		389,474		289,474
Profit and loss account	10		(295,667)		(127,673)
<b>Shareholders' funds</b>	11		<u>93,807</u>		<u>161,801</u>

Approved by the Board and authorised for issue on .....

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Mr N Graves  
Director

Company Registration No. 06058541

# IMPERIAL MUSIC AND MEDIA PLC

## CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 JANUARY 2012

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	£	2012 £	£	2011 £
<b>Net cash outflow from operating activities</b>		(103,039)		(234,447)
		<hr/>		<hr/>
<b>Net cash outflow before management of liquid resources and financing</b>		(103,039)		(234,447)
<b>Financing</b>				
Issue of ordinary share capital	100,000		239,474	
<b>Net cash inflow from financing</b>		<hr/> 100,000		<hr/> 239,474
<b>(Decrease)/increase in cash in the period</b>		<hr/> <hr/> (3,039)		<hr/> <hr/> 5,028

# IMPERIAL MUSIC AND MEDIA PLC

## NOTES TO THE CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 JANUARY 2012

<b>1</b>	<b>Reconciliation of operating loss to net cash outflow from operating activities</b>		<b>2012</b>	<b>2011</b>	
			<b>£</b>	<b>£</b>	
	Operating loss		(167,995)	(126,056)	
	(Increase)/decrease in stocks		(1,500)	-	
	Decrease/(increase) in debtors		44,514	(123,659)	
	Increase in creditors within one year		21,942	15,268	
	<b>Net cash outflow from operating activities</b>		<b>(103,039)</b>	<b>(234,447)</b>	
<b>2</b>	<b>Analysis of net funds</b>	<b>1 February 2011</b>	<b>Cash flow</b>	<b>Other non-cash changes</b>	<b>31 January 2012</b>
		<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
	Net cash:				
	Cash at bank and in hand	5,921	(3,039)	-	2,882
	Bank deposits	-	-	-	-
	<b>Net funds</b>	<b>5,921</b>	<b>(3,039)</b>	<b>-</b>	<b>2,882</b>
<b>3</b>	<b>Reconciliation of net cash flow to movement in net funds</b>		<b>2012</b>	<b>2011</b>	
			<b>£</b>	<b>£</b>	
	(Decrease)/increase in cash in the period		(3,039)	5,028	
	<b>Movement in net funds in the period</b>		<b>(3,039)</b>	<b>5,028</b>	
	Opening net funds		5,921	893	
	<b>Closing net funds</b>		<b>2,882</b>	<b>5,921</b>	

# IMPERIAL MUSIC AND MEDIA PLC

## NOTES TO THE FINANCIAL STATEMENTS

*FOR THE PERIOD ENDED 31 JANUARY 2012*

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### **1 General Information**

Imperial Music and Media Plc is a limited company incorporated and domiciled in United Kingdom. The company's registered office is disclosed on the contents page.

### **2 Accounting policies**

#### **2.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **2.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **2.3 Going Concern**

The directors have prepared cash flow forecasts through to 30 June 2013 which assume no significant investment activity is undertaken unless sufficient funding is in place to undertake the investment activity. Although the cash flow forecasts show a small shortfall in funds over the period, the directors believe that, if required, the company will raise additional funds from existing or new shareholders to enable it to meet its liabilities as they fall due. In addition, an associate of a major investor in the company has given an undertaking to underwrite the necessary expenses incurred by the company for a period of at least twelve months from the date of these accounts.

#### **2.4 Turnover**

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Turnover represents music consultancy services, commission from artists' shows and digital income. Income is recognised to the extent that the company has obtained the right to consideration through its performance or, with regards to digital income, it is recognised when reported to the company.

#### **2.5 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

#### **2.6 Stock**

Stock is valued at the lower of cost and net realisable value.

#### **2.7 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company has taken advantage of the exemptions provided by section 405 of the Companies Act 2006 not to prepare group accounts on the basis that its only subsidiary is dormant and not material.

#### **2.8 Financial instruments**

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either 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.

# IMPERIAL MUSIC AND MEDIA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2012

(continued)

### 2.9 Taxation

#### Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### Taxation

The charge for taxation is based on the results for the year adjusted for items which are exempt or are not tax deductible. Tax is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

<b>3 Operating loss</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Operating loss is stated after charging:		
Fees payable to the company's auditor for the audit of the company's annual accounts	9,000	7,500
	<u>9,000</u>	<u>7,500</u>
<b>4 Taxation</b>	<b>2012</b>	<b>2011</b>
<b>Total current tax</b>	<b>-</b>	<b>-</b>
	<u>-</u>	<u>-</u>
<b>Factors affecting the tax charge for the period</b>		
Loss on ordinary activities before taxation	(167,995)	(126,056)
	<u>(167,995)</u>	<u>(126,056)</u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2011 - 21.00%)	(33,599)	(26,472)
	<u>(33,599)</u>	<u>(26,472)</u>
Effects of: Unutilised tax losses	33,599	26,472
	<u>33,599</u>	<u>26,472</u>
<b>Current tax charge for the period</b>	<b>-</b>	<b>-</b>
	<u>-</u>	<u>-</u>

The company has trading losses of £295,669 that are to be carried forward.

The company has not recognised a deferred tax asset in respect of these losses as there is insufficient evidence of future trading profits. The potential deferred tax on losses is £60,071 (2011 : £26.812).

# IMPERIAL MUSIC AND MEDIA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2012

### 5 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 February 2011	-
Additions	1
	<hr/>
At 31 January 2012	1
	<hr/>
<b>Net book value</b>	
At 31 January 2012	1
	<hr/> <hr/>

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
<b>Subsidiary undertakings</b>			
Imperial Music Talent Limited	UK	Ordinary	100.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Principal activity	Capital and reserves 2012 £	Profit/(loss) for the year 2012 £
Imperial Music Talent Limited	Dormant	1	-
		<hr/> <hr/>	<hr/> <hr/>

### 6 Stocks

	2012 £	2011 £
Finished goods and goods for resale	1,500	-
	<hr/> <hr/>	<hr/> <hr/>

# IMPERIAL MUSIC AND MEDIA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2012

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<b>7 Debtors</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Other debtors	117,563	166,094
Prepayments and accrued income	9,446	5,429
	<u>127,009</u>	<u>171,523</u>
	<u><u>127,009</u></u>	<u><u>171,523</u></u>

The Escrow account included in the previous year's financial statements as cash at bank and in hand had been reclassified as debtors. The restatement is in accordance with the definition of cash under FRS1.

  

<b>8 Creditors: amounts falling due within one year</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Trade creditors	25,287	5,870
Other creditors	2,501	-
Accruals and deferred income	9,797	9,773
	<u>37,585</u>	<u>15,643</u>
	<u><u>37,585</u></u>	<u><u>15,643</u></u>

  

<b>9 Share capital</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
1,000,000,000 Ordinary shares of £0.001 each	<u>1,000,000</u>	<u>1,000,000</u>
	<u><u>1,000,000</u></u>	<u><u>1,000,000</u></u>
<b>Allotted and fully paid at par value</b>		
389,474,000 Ordinary shares of £0.001 each	<u>389,474</u>	<u>289,474</u>
	<u><u>389,474</u></u>	<u><u>289,474</u></u>

On 10th August 2011, 100,000,000 £0.001 ordinary shares were allotted and fully paid a par value

# IMPERIAL MUSIC AND MEDIA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 JANUARY 2012

### 10 Statement of movements on profit and loss account

	<b>Profit and loss account £</b>
Balance at 1 February 2011	(127,672)
Loss for the period	(167,995)
Balance at 31 January 2012	<u>(295,667)</u>

### 11 Reconciliation of movements in shareholders' funds

	<b>2012 £</b>	<b>2011 £</b>
Loss for the financial period	(167,995)	(126,056)
Proceeds from issue of shares	100,000	239,474
Net (depletion in)/addition to shareholders' funds	(67,995)	113,418
Opening shareholders' funds	161,801	48,383
Closing shareholders' funds	<u>93,807</u>	<u>161,801</u>

### 12 Directors' remuneration

	<b>2012 £</b>	<b>2011 £</b>
Remuneration for qualifying services	<u>24,000</u>	<u>16,000</u>

### 13 Employees

#### Number of employees

The average monthly number of employees (including directors) during the period was:

	<b>2012 Number</b>	<b>2011 Number</b>
Administrative staff	<u>2</u>	<u>2</u>

#### Employment costs

	<b>2012 £</b>	<b>2011 £</b>
Wages and salaries	<u>24,000</u>	<u>16,000</u>

# IMPERIAL MUSIC AND MEDIA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

*FOR THE PERIOD ENDED 31 JANUARY 2012*

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### 14 Control

To the best of the directors' knowledge, there is no ultimate controlling party.

### 15 Related party transactions

Mr N Graves, a director of the company is also a director of Innate Music Limited which has invoiced the company £12,000 in respect of his services, which is included in directors remuneration, and £11,452 for expenses incurred on behalf of the company.

### 16 Risk management objectives and policies

The company is exposed to a variety of financial risks which result from its operating activities. The company's risk management is coordinated by the board of directors and focuses on minimising potential adverse effects on the financial performance of the company.

#### 'Capital' risk management

The company is currently financed through equity and manages its capital to ensure that it has sufficient financial resources to implement its planned operations while maximising the return to stakeholders. Details of additional equity raised in the year are set out in note 9.

#### Interest rate risk

As the company is equity financed the only interest rate risk arises on cash balances. No sensitivity analysis has been presented as the effect of reasonably possible movements are not material.

#### Credit risk

The company's financial instruments that are subject to credit risk are considered to be cash and cash equivalents and its exposure to credit risk is not material. The credit risk for cash and cash equivalents is considered negligible since the counter parties are reputable banks.

#### Liquidity risk

Liquidity risk is managed through and assessment of short, medium and long term cash flow forecasts to ensure the adequacy of working capital. Short term liquidity is managed through short term deposits. Trade and other payables are all payable within six months and the company's policy is to ensure that it always has sufficient cash to allow it to meet its liabilities when they become due.

# IMPERIAL MUSIC AND MEDIA PLC

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE PERIOD ENDED 31 JANUARY 2012

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#### 17 Earnings per share

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

Diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

Reconciliations are set out below.

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Loss for the purpose of basic and diluted loss per ordinary share	(167,995)	(126,056)
Weighted average number of ordinary shares in issue during the year	337,144,917	289,473,684
Basic and fully diluted loss per ordinary share	(0.05p)	(0.06p)