

Company Registration No. 06058541 (England and Wales)

IMPERIAL MUSIC AND MEDIA PLC
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 2013

IMPERIAL MUSIC AND MEDIA PLC

COMPANY INFORMATION

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

IMPERIAL MUSIC AND MEDIA PLC

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IMPERIAL MUSIC AND MEDIA PLC

CHAIRMANS STATEMENT

FOR THE PERIOD ENDED 31st JANUARY 2013

Introduction

The Board is pleased to present the final audited results for Imperial Music & Media Plc ("the Company") for the year ended 31st January 2013. 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 2013 of £176,911.

Loss per ordinary share amounted to 0.04p in the period.

Review

During this period, the company signed an exclusive licence agreement with Sunday Best Recordings Limited, for a joint venture on the recording rights for Skinny Lister. Sunday Best Recordings Limited 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 a 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.

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 performed on a 39 date tour sponsored by a major US record label. The 'Warped Tour' started on the 20th June 2012 and finished on the 5th August 2012. After opening the tour on the main-stage in Las Vegas, the band attracted a lot of positive press attention and appeared on many TV/Radio shows in the USA and continued to build their following. They then returned to the UK and performed on the main stage at Bestival on the Isle of Wight, followed by dates in the UK (including an appearance on ITV 'Alan Titchmarsh Show') and Germany. Momentum from the USA tours created a lot of interest and we were pleased to announce an exclusive partnership with a major US record label, Side One Dummy for the rights to 'Forge & Flagon' in the USA. Skinny Lister were invited to support a US band 'Flogging Molly' and returned to the USA for that tour in January this year.

Last year the Company announced that DJ Films (a company owned by BAFTA award winning producer Damien Jones) had signed an option for the film rights to portray Patricia Hammond's life story. On 2nd January 2013, we were pleased to announce that DJ Films signed an extension on the option for a further 18 months. We are hoping the option will be exercised, thereby generating interest in Patricia and her music. Patricia was invited back to Canada, where she performed at the largest nursing home in Toronto, an event attended by many of the major Canadian/US record labels. She also appeared live on Canadian TV.

We are confident that this year we will start to recoup investment from Skinny Lister but due to delayed receipt of music revenues, cash generation is still slow. To assist our cashflow we raised £100,000 during the year by the issue of a convertible loan note. There is potential for licensing deals to be signed for upfront fees and the Company is hopeful that in the coming year Skinny Lister will be able to headline their own tour. The board report that there remain no ongoing contractual obligations outside the associated costs of maintaining ISDX quoted status.

IMPERIAL MUSIC AND MEDIA PLC

CHAIRMANS STATEMENT

FOR THE PERIOD ENDED 31st JANUARY 2013

Post Balance Sheet Events

Skinny Lister continue to expand their fan base and this year were invited back to perform at South by South West (SxSW) Festival (March 2013) and Coachella Festival at Palm Springs, Los Angeles. The band has recently returned from a tour of Germany known as 'German Escape Tour'.

Patricia continues to pursue her career, just returning to the UK after a three month tour of Canada and on the 25th June 2013, will be performing at the Star & Garter Richmond Hill Home for the disabled servicemen/women at one of the last recitals before its imminent closure.

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 further announcements in the near future.

Greg Collier

Chairman

26th June 2013

IMPERIAL MUSIC AND MEDIA PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JANUARY 2013

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

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 year are set out on page 8.

Directors

The following directors have held office since 1 February 2012:

Mr G Collier

Mr N Graves

IMPERIAL MUSIC AND MEDIA PLC

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

Substantial shareholdings

	Ordinary shares of £0.001 each Number	Percentage of capital %
Barclayshare Nominees Limited	250,419,233	51
Redmayne (Nominees) Limited	74,627,461	15
Brewin Nominees Limited	30,624,760	6
Lawshare Nominees Limited	61,086,425	12
WB Nominees Limited	41,060,000	8

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 19 days (2012 : 46 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 YEAR ENDED 31 JANUARY 2013

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

Mr G Collier
Director

26 June 2013

IMPERIAL MUSIC AND MEDIA PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF IMPERIAL MUSIC AND MEDIA PLC

We have audited the financial statements of Imperial Music and Media Plc for the year ended 31 January 2013 set out on pages 8 to 19. 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 2013 and of its loss for the year 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 will need to receive the outstanding subscription due and 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

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 YEAR ENDED 31 JANUARY 2013

	Notes	2013 £	2012 £
Turnover		11,330	21,133
Cost of sales		(42,829)	(72,642)
Gross loss		(31,499)	(51,509)
Administrative expenses		(145,412)	(116,486)
Loss on ordinary activities before taxation	3	(176,911)	(167,995)
Tax on loss on ordinary activities	4	-	-
Loss for the year	10	(176,911)	(167,995)
		2013	2012
Earnings per share expressed in pence per share:			
Basic and fully diluted profit/(loss) per share	21	(0.04p)	(0.05p)

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 2013

	Notes	2013 £	£	2012 £	£
Fixed assets					
Investments	5		1		1
Current assets					
Stocks	6	-		1,500	
Debtors	7	107,808		127,009	
Cash at bank and in hand		913		2,882	
		<u>108,721</u>		<u>131,391</u>	
Creditors: amounts falling due within one year	8	<u>(22,608)</u>		<u>(37,585)</u>	
Net current assets			<u>86,113</u>		<u>93,806</u>
Total assets less current liabilities			<u><u>86,114</u></u>		<u><u>93,807</u></u>
Capital and reserves					
Called up share capital	9	489,474		389,474	
Profit and loss account	10	(403,360)		(295,667)	
Shareholders' funds	11	<u>86,114</u>		<u>93,807</u>	

Approved by the Board and authorised for issue on 26 June 2013

Mr G Collier
Director

Company Registration No. 06058541

IMPERIAL MUSIC AND MEDIA PLC

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 JANUARY 2013

	Notes	£	2013 £	£	2012 £
Net cash outflow from operating activities	18		(21,969)		(103,039)
			<hr/>		<hr/>
Net cash outflow before management of liquid resources and financing			(21,969)		(103,039)
Financing					
Issue of ordinary share capital		20,000		100,000	
Net cash inflow from financing			20,000		100,000
			<hr/>		<hr/>
Decrease in cash in the year	19 & 20		(1,969)		5,028
			<hr/> <hr/>		<hr/> <hr/>

IMPERIAL MUSIC AND MEDIA PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 2013

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 2014 which assume no significant investment activity is undertaken unless sufficient funding is in place to undertake the investment activity, and that the outstanding subscription monies due from shares issued in the year will be received by the end of June 2013. 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 through the exercise of warrants or share options granted in the year or from existing or new shareholders to enable it to meet its liabilities as they fall due.

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

Work in progress 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 YEAR ENDED 31 JANUARY 2013

(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.

3 Operating loss	2013	2012
	£	£
Operating loss is stated after charging:		
Fees payable to the company's auditor for the audit of the company's annual accounts	8,500	9,000
	<u> </u>	<u> </u>
4 Taxation	2013	2012
Total current tax	-	-
	<u> </u>	<u> </u>
Factors affecting the tax charge for the year		
Loss on ordinary activities before taxation	(176,911)	(167,995)
	<u> </u>	<u> </u>
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2012 - 20.00%)	(35,382)	(33,599)
Non-deductable expenses	13,844	-
Effects of: Unutilised tax losses	21,538	33,599
	<u> </u>	<u> </u>
Current tax charge for the year	-	-
	<u> </u>	<u> </u>

The company has trading losses of £403,362 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 £80,672 (2012 : £60,071).

IMPERIAL MUSIC AND MEDIA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

5 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 February 2012 & at 31 January 2013	1
Net book value	
At 31 January 2013	1
At 31 January 2012	1

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	%
Subsidiary undertakings			
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:

		Capital and reserves 2013 £	Profit/(loss) for the year 2013 £
	Principal activity		
Imperial Music Talent Limited	Dormant	1	-

6 Stocks

	2013 £	2012 £
Finished goods and goods for resale	-	1,500

IMPERIAL MUSIC AND MEDIA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

7 Debtors	2013	2012
	£	£
Trade debtors	931	-
Called up share capital not paid	80,000	-
Other debtors	25,933	117,563
Prepayments and accrued income	944	9,446
	<hr/>	<hr/>
	107,808	127,009
	<hr/> <hr/>	<hr/> <hr/>

8 Creditors: amounts falling due within one year	2013	2012
	£	£
Trade creditors	10,474	25,287
Other creditors	2,501	2,501
Accruals and deferred income	9,633	9,797
	<hr/>	<hr/>
	22,608	37,585
	<hr/> <hr/>	<hr/> <hr/>

IMPERIAL MUSIC AND MEDIA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

9 Share capital	2013	2012
	£	£
Authorised		
1,000,000,000 Ordinary shares of £0.001 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
Allotted and fully paid at par value		
489,473,684 Ordinary shares of £0.001 each	489,474	389,474
	<u> </u>	<u> </u>

On 31st October 2012, 100,000,000 £0.001 ordinary shares were allotted of which £20,000 was paid as at 31st January 2013. An additional £20,000 was paid post year end, with the balance of £60,000 due to be received by the end of June 2013.

On 1st October 2012, 250,000,000 warrants were issued to subscribe for shares exercisable at 0.1p per share at any time for three years from the date of issue. The fair value of the warrants was calculated using the Black-Scholes model and £50,840 was credited to the profit and loss reserve in recognition of their fair value. The inputs to the Black-Scholes model were as follows :-

Share price	0.100p
Exercise share prices	0.100p
Risk-free rate	2.5%
Expected volatility	25%

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 February 2012	(295,667)
Loss for the year	(176,911)
Share based payment transactions	69,218
	<u> </u>
Balance at 31 January 2013	(403,360)
	<u> </u>

IMPERIAL MUSIC AND MEDIA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

11 Reconciliation of movements in shareholders' funds	2013	2012
	£	£
Loss for the financial year	(176,911)	(167,995)
Proceeds from issue of shares	100,000	100,000
Share based payment transactions	69,218	-
	<hr/>	<hr/>
Net depletion in shareholders' funds	(7,693)	(67,995)
Opening shareholders' funds	93,807	161,802
	<hr/>	<hr/>
Closing shareholders' funds	<u>86,114</u>	<u>93,807</u>

12 Directors' remuneration	2013	2012
	£	£
Remuneration for qualifying services	<u>25,000</u>	<u>24,000</u>

13 Employees

Number of employees

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

	2013	2012
	Number	Number
Administrative staff	<u>2</u>	<u>2</u>

Employment costs

	2013	2012
	£	£
Wages and salaries	<u>25,000</u>	<u>24,000</u>

14 Control

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

IMPERIAL MUSIC AND MEDIA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

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 (2012 : £12,000) in respect of his services, which is included in directors remuneration and £16,412 (2012 : £11,452) for expenses incurred on behalf of the company.

16 Share-based payment transactions - Directors

On 2nd November 2012, the two directors of the company were granted options of 27,192,982 each to subscribe for share exercisable at 0125p per share at any time for five years from the date of grant. The weighted average fair value of the options granted during the year was determined using the Black-Scholes option pricing model. The significant inputs to the model were as follows :-

Share price	0.125p
Exercise share price	0.125p
Risk-free rate	2.5%
Expected volatility	25%

The total share-based payment expense recognised in the profit and loss account for the year in respect of the share options granted was £18,378.

17 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 YEAR ENDED 31 JANUARY 2013

18 Reconciliation of operating loss to net cash outflow from operating activities	2013	2012
	£	£
Operating loss	(176,911)	(167,995)
Unpaid share capital	80,000	
Cost of share based payments	69,218	-
Decrease/(increase) in stocks	1,500	(1,500)
Decrease in debtors	19,201	44,514
(Decrease)/Increase in creditors within one year	(14,977)	21,942
Net cash outflow from operating activities	(21,969)	(103,039)

19 Analysis of net funds	1 February 2012	Cash flow	Other non- cash changes	31 January 2013
	£	£	£	£
Net cash:				
Cash at bank and in hand	2,882	(1,969)	-	913
Net funds	2,882	(1,969)	-	913

20 Reconciliation of net cash flow to movement in net funds	2013	2012
	£	£
Decrease in cash in the year	(1,969)	(3,039)
Movement in net funds in the year	(1,969)	(3,039)
Opening net funds	2,882	5,921
Closing net funds	913	2,882

IMPERIAL MUSIC AND MEDIA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JANUARY 2013

21 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.

	2013	2012
	£	£
Loss for the purpose of basic and diluted loss per ordinary share	(176,911)	(167,995)
Weighted average number of ordinary shares in issue during the year	414,473,684	337,144,917
Basic and fully diluted loss per ordinary share	(0.04p)	(0.05p)

The diluted loss per share is the same as the basic loss per share as the loss for the year has an anti-diluted effect.

IMPERIAL MUSIC AND MEDIA PLC
MANAGEMENT INFORMATION
FOR THE YEAR ENDED 31 JANUARY 2013

IMPERIAL MUSIC AND MEDIA PLC

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 JANUARY 2013

		2013		2012
	£	£	£	£
Turnover				
Sales		11,330		21,133
Cost of sales				
Opening stock of finished goods	1,500		-	
Production and distribution costs	21,996		39,941	
Musician and studio costs	19,333		34,201	
	<u>42,829</u>		<u>74,142</u>	
Closing stock of finished goods	-		(1,500)	
		<u>(42,829)</u>		<u>(72,642)</u>
Gross loss		(31,499)		(51,509)
Administrative expenses		<u>(145,412)</u>		<u>(116,486)</u>
Operating loss		<u><u>(176,911)</u></u>		<u><u>(167,995)</u></u>

IMPERIAL MUSIC AND MEDIA PLC

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 JANUARY 2013

	2013	2012
	£	£
Administrative expenses		
Directors' remuneration	25,000	24,000
Printing, postage and stationery	223	615
Telephone	1,440	1,630
Computer running costs	96	4,754
Publicity services	15,461	27,903
Travel and subsistence costs	4,334	7,861
Share registration fees	3,133	2,542
Accountancy fees	2,175	3,855
Listing fees	13,831	15,160
Legal and professional fees	1,685	18,239
Warrants and share option costs	69,218	-
Audit fees	8,500	9,000
Bank charges	316	129
Sundry expenses	-	(2)
Subscriptions	-	800
	<hr/>	<hr/>
	145,412	116,486
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