one media publishing

One Media Publishing Group Plc - Annual Report & Accounts for year ending 31st October 2010

One Media Publishing Group PLC

Company Information

Directors	Michael Anthony Infante JP Nigel Smethers Scott Cohen Roman Poplawski	
Secretary	Nigel Smethers	
Registered Office	West Props Building Goldfinger Avenue Pinewood Studios Pinewood Road Iver Heath Buckinghamshire SL0 0NH	
Corporate Advisors	Hybridan Warnford Court 29 Throgmorton Street London EC2N 2AT	
Solicitors	Reed Smith LLP The Broadgate Tower 20 Primrose Street London EC2A 2RS	Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH
Bankers	Barclays Bank Plc Media centre 27 Soho Square London W1D 3QR	
Registrars	Share Registrars Ltd 9 Lion and Lamb Yard Farnham Surrey GU9 7LL	
Auditors	James Cowper LLP 3 Wesley Gate Queen's Road Reading, Berkshire RG1 4AP	

One Media Publishing Group PLC

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One Media Publishing Group PLC
Executive Chairman's Statement
For the year ended 31 October 2010

Financial Overview

This has been a very hectic year for the Group with a very positive list of achievements core to its business activities. During the year we acquired seven new music catalogues, extended our digital distribution deal for a consideration of USD$750,000.00 and gained EIS and VCT eligibility. Core to our achievements for the last 12 months was the share buy-back of 52% of the Company's shares for £219,000 and the appointment of a new non-executive director.

We achieved all of this whilst increasing turnover to £1,217,901. This is a year on year increase of 53% on the equivalent figure of £794,728.00 for the 2009 year. Pre-tax profits reported at £249,732 are up by 279% compared to the £65,841 reported for 2009.

Review of Activities

In November 2009 OMP acquired a further 3000 film, TV and karaoke music tracks that perform well in the digital arena. During March 2010 tracks from the late 1990s through to the early 2000s featuring artists such as Snoop Doggy Dog, Boyz II Men, 2 Pac, Liberty X, Ashanti, Toni Braxton and Roachford were added to OMP's increasing catalogue of music assets. The new acquisition complements our back catalogue of live concerts and re-records from the 1960s through to the late 1980s.

In April 2010 over 2100 Soul tracks featuring Johnny Bristol, Martha Reeves and the Vandellas, Frankie Gaye, Freda Payne, Mary Wells, The Mavellettes, The Supremes, Evelyn Thomas, The Contours, Kim Weston, Marv Jonson (the very first artist of Motown) were acquired on a royalty sharing basis. Then in late April 2010 we acquired a further catalogue featuring tracks from Artist such as Aaliyah, Ashanti and Sir Mix-A-Lot , Alexander O'Neal, Chic, Cyssero, Jimmy Cliff, Tank, Timberland & Magoo and Usher to enhance further our listings from the turn of the century.

In August, we acquired over 6000 musical tracks made up of Blues, Soul, Mid-American and Country music which featured classics from the Atlanta Rhythm Section, George Benson, Vic Damone, Bo Diddley, Herbie Hancock, Waylon Jennings, Carl Perkins, Rufas Thomas and Ben E King . Later in August 2010 we purchased a further contemporary collection of music with featured Artists including Colonel Abrahams, Singapore, Perversity, Khia, Nate, dogg , Mandrakes, Amjad Ali Khan, Killah Priest, Mica Paris, Jaramar, Bizzy Bone and Blink 182.

Finally, in September 2010 we acquired the live hit recordings and new studio album collection from the Punk band Sham 69 which sits well with our existing offerings from the Sex Pistols purchased the previous year.

At a corporate level in October 2010 the Company became a qualifying company for the Enterprise Investment Scheme ("EIS") and the Venture Capital Trust ("VCT") regime. These schemes are generally considered to be highly tax efficient investment schemes with a series of "tax reliefs" designed to encourage investment in small companies carrying on a qualifying trade in the United Kingdom.

In June 2010, following an extensive review of our shareholder base, the directors became aware that 52.7% of the Company's shares in issue were in the hands of and controlled by the Liquidator of the collapsed broking house Square Mile Securities. The directors reached an agreement with the liquidator which allowed the Company to purchase its own shares. The transaction was concluded in December 2010 for a consideration of £219,000 plus expenses. The repurchased shares have now been cancelled.

On 1st November 2010 Roman Poplawski joined the Board as a Non-Executive Director. Roman has been has been working with the Group on business and legal matters for a number of years and, in addition to being a Barrister based in London, brings with him a wealth of both corporate governance and copyright experience.

Outlook

We continue to be a purely B2B music supplier to over 200 digital music stores throughout the world with iTunes, Amazon and Spotify being the leading retailers in their sectors. We continue to experience strong growth in our core business of digital sales. Despite the reported slowdown in the high street for compact discs, the digital download market for music remains a growth sector. The Group continues its ‘founder principles’ of not having its own digital store in favour of supplying its copyrights to the many hundreds of established international download stores. Our staff head count remains small at seven personnel (excluding directors) all of who work from our new location still within Pinewood Studios but in a larger office suite to accommodate forecasted growth.

The directors continue to be satisfied with the performance of the Group’s business to date we are confident that as we acquire more music catalogues there will be continued growth in our downloading business. Our intention is to continue our successful policy of acquiring further digital rights within the mainstream of easy listening and/or nostalgia music which has been your Groups main stock in trade. We continue to be a corporate member of the BPI (“British Phonographic Industry”). During the year I was co-opted to the main board to work as a representative from the independent music sector alongside the "Major" record companies.

It is my intention to introduce an ‘Employee Share Option Scheme’ during 2011 to incentivise all members of staff and management. In addition, following the half-year results due at the end of July 2011, the board will consider carefully, the appropriateness of announcing a maiden dividend. It has always been the Board’s intention to make the shares a dividend stock.

Our slightly enlarged team, both here and in the USA, has worked diligently with enthusiasm for the business and are to be praised for their expanding roles within the Group. My sincere thanks go to them all and for the valuable contributions they have made. In addition, I wish to thank all the professionals that we have worked with throughout the year including the Solicitors firms, Accountants and other Advisers who have all contributed to our success. Lastly, I would like to warmly thank my fellow directors for their tireless support for One Media.

Michael A Infante
Chairman
25 February 2011

One Media Publishing Group PLC
Report of the Directors
For the year ended 31 October 2010

The directors present their annual report together with the audited consolidated statements of the Group for the year ended 31 October 2010.

Principal activities

The principal activities of the Group throughout the year were the acquisition and licensing of audio-visual intellectual copyrights and publishing for distribution through the new emerging digital downloading medium and through traditional media outlets. The Group is a B2B content supplier to the major downloading music retailers, a traditional music licensor to the record industry and a supplier of music to the film and TV industries. The Group continues to believe that the creation of it's own dedicated consumer website is not yet of interest as that is the primary activity of its major customers. The Group outsources the supply of its digital content to the downloading market through The Orchard its strategic partner for downloading services.

Business review and future developments

A detailed review of the business in the year and future developments is given in the Chairman's statement on pages 1 and 2.

Whilst the Group focus primarily on downloading traditional routes to market are not being ignored. Changes in the retail sector are accelerating and there remains both national and global economic problems. The directors consider there is still substantial potential whilst recognising that risks exist.

The Group has continued to enter into representative deals with independent record labels and content owners to market their rights in the digital arena and to invest in copyrights and intellectual property that are considered to attract a suitable and sustainable rate of return.

The results of the Group are shown within the financial statements. The directors feel it is inappropriate to recommend the payment of a dividend.

The key performance indicators the directors use to monitor the performance of the Group is as follows:

Aims and objectives

Costs catalogue acquisition and number of tracks "ingested".

Management are continually searching to acquire new music catalogues to exploit through the digital downloading medium and other traditional routes to market. The cost of catalogue acquisition "ingestion" are constantly monitored to ensure that a safe and adequate return on investment is made.

Rate of commercialisation of licences and intellectual property

Measured by the growth in value and volume of digital downloads, sales contracts and licence deals signed. Progress assessment includes regular updates on key partners and market segments.

Overhead growth

Management closely monitors the growth in overheads, carefully balancing the need to reward people properly based on both performance and external market factors. Where a step change in overheads is predicted this must be justified in both financial and strategic terms.

Share price movements and changes in shareholders are constantly monitored as a major contributor to long term planning.

The board constantly review share price movements both for the impact of Regulated News Service announcements and trading in shares on the PLUS market. This indicator is a major contributor to medium and long term decisions.

Financial reporting

Financial reporting is monitored monthly against budgets and forecasts by both the main board and the board of the principal operating subsidiary. Profit and Loss and Cash Flow projections are updated as significant changes to performance and operating conditions occur.

One Media Publishing Group PLC
Report of the Directors
For the year ended 31 October 2010

Business risks

Piracy

The risk of piracy and abuse to copyright are ever present in the music industry. Piracy of music is more prevalent in the pop/chart sectors but with the Groups music aimed primarily at a different buying market the risks are less.

Valuations of catalogue acquisitions

With significant changes in the market for trading music catalogues valuations have become difficult and increasingly more subjective.

Bad Debts

The traditional risk associated with customer insolvency, and inability or unwillingness to pay debts continues to be a threat which the Group constantly monitors. This has not however prevented the results for the year being adversely affected by bad debts as reported elsewhere.

Digital route to market

The digital market place has its own challenges with a reliance on consumers becoming internet literate and all homes achieving a decent broadband connection. One Media is a Business to Business supplier. We have no downloading site of our own but supply all of the 450 plus legitimate digital stores worldwide through our key business partner. We are not dependent on any one store's marketing strengths as we supply our content to all.

Reliance on one route to market for downloading services

The Group outsources the supply of its digital content to the downloading market through The Orchard its strategic partner for downloading services.

Protection of licences and intellectual property

The Group seeks to protect it's licences by a well structured and controlled process of drafting, reviewing and approving . However The Group faces the risk that others may seek to infringe certain aspects of our intellectual property. Defence of claims may prove unsuccessful and expensive. In addition the Group might face challenges to the use of intellectual property that others might claim belongs to them. The consequences of this would be either a complete withdrawal, a "take down", of the offending property and/or serious and costly delays in proving rights to exploit the disputed intellectual property.

Dependence on a small team of senior employees and staff

As a small technology driven company we are dependant on the skills and loyalty of a small number of highly skilled employees. To protect this position we constantly monitor the competitive nature of our salary and rewards package, look to share warrant packages and regularly involve them through management meetings to add "buy in" to our corporate objectives.

Financial risk management objectives and policies

The Group's principal financial instruments comprise cash and cash equivalents. The Group has various other financial instruments such as trade receivables and trade payables, which arise from its operations.

The Group is exposed to a variety of financial risks which result from its operating activities. The directors are responsible for co-ordinating the Group's risk management and focus on actively securing the Group's short and medium term cash flows. Long term financial investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below:

Credit risk

The Group's credit risk is primarily attributable to its trade receivables and other debtors. The amounts presented in the Consolidated Statement of Financial Position are net of any allowances for doubtful receivables. The Group has a significant concentration of credit risk associated with its distributor of "digital downloads".

Liquidity risk

The Group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash and assets safely and profitably. Short term flexibility is achieved by the use of money markets to deposit excess cash which is not required in the short term. The directors prepare cash flow forecasts on a regular basis to identify at an early stage any short term funding difficulties.

Currency risk

The Group is exposed to foreign exchange risk in connection with its digital downloading business where the revenue is largely transacted largely in USD $ and the settlement of royalty and other liabilities arising from this revenue is largely denominated in USD $.

One Media Publishing Group PLC
Report of the Directors
For the year ended 31 October 2010

Directors

The following directors held office during the year :

Michael Anthony Infante JP

Scott Cohen

Nigel Smethers

R Poplawski (appointed 1 November 2010)

Directors and their interests

The directors' interests (including family interests) in the shares of the Company were as follows :

	Ordinary share of 0.5p each	
	At 31 October 2010	**At 31 October 2009**
	Nos	**Nos**
Michael Anthony Infante JP	18,044,737	17,966,737
Nigel Smethers	385,000	265,000
Scott Cohen	-	-
R Poplawski	276,727	-

	Warrants in Ordinary shares of 0.5p each	
	31 October 2010	**31 October 2009**
	at 2p each	**at 2p each**
	Nos	**Nos**
Michael Anthony Infante JP	4,000,000	4,000,000
Nigel Smethers	500,000	500,000
Scott Cohen	500,000	500,000
R Poplawski	-	-
	at 1p each	**at 1p each**
	Nos	**Nos**
Michael Anthony Infante JP	8,000,000	8,000,000

The warrants expire on 18 September 2012.

Employee involvement

The Group has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Group. This is achieved through regular formal and informal updates and open access between all employees of the Group.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their aptitudes and abilities. In the event of an employee becoming disabled, every effort will be made to retain them in order that their employment within the Group may continue. It is the policy of the Group that training, career development and promotion opportunities are available to all employees.

Technology

The Group takes a progressive view on the impact of technological developments. Changes to technology and related systems are openly embraced with the aim of giving the Group the most up to date platforms to work on and exploit its assets.

Payment to suppliers

The Group's policy is to agree the terms of payment with each supplier when agreeing purchasing terms and to settle each transaction in accordance with those terms. Group trade payables at the year end amounted to 46 days purchases (2009:47 days)

One Media Publishing Group PLC
Report of the Directors
For the year ended 31 October 2010

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 Group financial statements in accordance with International Financial Reporting Standards (IFRs) as adopted for use in the European Union. 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 the Group and of the Profit or Loss of the Group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently ;
- make judgements and estimates that are reasonable and prudent ;
- state whether IFRs as adopted by the European Union and applicable UK 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 and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor

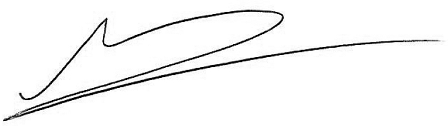
Each director of the company has confirmed that, in fulfilling their duties as a director, they have:

- taken all necessary steps in order to make themselves aware of any information relevant to the audit and to establish that the auditors are aware of that information: and
- so far as they are aware there is no relevant audit information of which the auditors have not been made aware.

Auditors

James Cowper LLP have expressed their willingness to continue in office. A resolution to re-appoint James Cowper LLP in accordance with section 485 of the Companies Act 2006 will be proposed at the Annual General Meeting.

On behalf of the board



Michael Infante
Director
25 February 2011

One Media Publishing Group PLC
Corporate Governance
For the year ended 31 October 2010

Corporate Governance

Directors

The Group supports the concept of an effective board leading and controlling the Group, supported by a Management Team responsible for the operating subsidiaries. The board is responsible for approving Group policy and strategy. It meets formally, at least quarterly, with regular face to face weekly contact maintained between most members as well as the dissemination of information using the most up to date electronic communication methods. All directors have access to independent professional advice at the Group's expense.

Relation with shareholders

The Group values the views of its shareholders and recognises their interest in the Group's performance and strategy. Regular updates on performance and significant events are provided through the PLUS market platform using the medium of the Regulated News Service .

The Annual General Meeting is used to communicate with private investors and they are encouraged to participate. The directors are available to answer questions. Separate resolutions will be proposed on each issue so that they can be given proper consideration and there will be a resolution to approve the annual report and accounts.

Internal control

The board is responsible for maintaining a strong system of internal control of safeguarding shareholders' investment and the Group's assets and for reviewing effectiveness. The system of internal financial control is designed to provide reasonable but not absolute statement against material misstatement or loss.

In addition to the traditional financial internal controls the Group seeks to protect our licences by a well structured and controlled process of drafting, reviewing and approving. This process applies to both the purchase of our music rights and the distribution of our products to mall our customers.

Due to the relatively small size of the Group no independent Audit Committee has been appointed. This situation is constantly monitored by the independent directors who will advice when they consider the Group has reached a size when an Audit Committee is necessary.

Report on Remuneration

Directors' remuneration

The board recognises that Directors' remuneration is of legitimate concern to shareholders. The Group operates within a competitive environment where performance depends on the individual contributions of the directors and employees and the Group believes in rewarding vision and innovation.

Policy on Executive Directors' remuneration

A separate remuneration committee has been established comprising the Finance Director, N Smethers, and the Non-Executive Director S Cohen. The newly appointed Non-Executive Director R Poplawski has joined this committee effective 1 November 2010. There are no specific performance conditions with any bonus or additional payments made at the discretion of the board following the recommendation of the remuneration committee.

Remuneration of the directors for the year ended 31 October 2010 is as follows :

	Fees and Emoluments Year ended 31 October 2010 £	Fees and Emoluments Year ended 31 October 2009 £
Michael Anthony Infante JP	68,391	46,366
Scott Cohen	3,467	3,998
Nigel Smethers	18,000	15,780
Paul John Evans	-	2,500
	89,858	68,644

Bonuses and Performance Conditions

Included in the Fees and Emoluments for Michael Anthony Infante JP is £10,000 bonus (2009 : £nil) and Health Insurance of £3,391 (2009: £2,206). Directors contracts include no specific performance criteria.

Notice periods

The directors have contracts which are terminable on twelve months notice on either side for Michael Infante and three months on either side for all the other directors.

Independent Auditors' Report
to the Shareholders of One Media Publishing Group PLC

We have audited the Group and parent Company financial statements of One Media Publishing Group PLC for the year ended 31 October 2010 set out on pages 3 to 27. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted for use in the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

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

Scope of the audit of the financial statements

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 Group and parent company 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.

Unqualified opinion on financial statements

In our opinion the Group and Company financial statements :

- give a true and fair view of the state of the Group and the Company's affairs as at 31 October 2010 and of the Group's profit and cash flows for the year then ended ;
- have been properly prepared in accordance with IFRS adopted for use in the European Union ; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the Group and Company financial statements are prepared is consistent with the Group and Company 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 by the Group , or returns adequate for our audit have not been received from branches not visited by us ; or
- the Group and Company 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

25 February 2011

Mr Alexander Peal (Senior Statutory Auditor)

for and on behalf of
James Cowper LLP

Chartered Accountants and Statutory Auditor
3 Wesley Gate
Queen's Road
Reading, Berkshire
RG1 4AP

One Media Publishing Group PLC
Consolidated Statement of Comprehensive Income
For the year ended 31 October 2010

	Note	Year ended 31 October 2010 £	Year ended 31 October 2009 £
Revenue	1	1,217,901	794,728
Cost of sales		(457,197)	(325,370)
Gross profit		760,704	469,358
Administration expenses		(514,908)	(404,887)
Operating profit	2	245,796	64,471
Finance cost	3	(596)	(1,109)
Finance income	3	4,532	2,479
Profit on ordinary activities before taxation		249,732	65,841
Taxation	4	**(66,653)**	-
Profit for period attributable to equity shareholders		**183,079**	**65,841**
Basic and fully diluted profit per share	7	**0.20p**	**0.07p**

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

The accompanying principal accounting policies and notes form part of these financial statements.

One Media Publishing Group PLC
Consolidated Statement of Changes in Equity
For the year ended 31 October 2010

	Share capital	Share premium	Retained earnings	Total equity
	£	£	£	£
At 1 November 2008	456,857	663,000	(145,704)	974,153
Transactions with owners	-	-	-	-
Profit for the year	-	-	65,841	65,841
At 1 November 2009	456,857	663,000	(79,863)	1,039,994
Transactions with owners	-	-	-	-
Profit for the year	-	-	183,079	183,079
At 31 October 2010	**456,857**	**663,000**	**103,216**	**1,223,073**

The accompanying principal accounting policies and notes form part of these financial statements.

One Media Publishing Group PLC
Registered Number : 5799897 (England and Wales)
Consolidated Statement of Financial Position at 31 October 2010

	Notes	2010 £	2009 £
Assets			
Non-current assets			
Intangible assets	**8**	786,604	727,764
Property, plant and equipment	**9**	25,903	29,953
		812,507	757,717
Current assets			
Trade and other receivables	**11**	459,337	311,887
Cash and cash equivalents	**12**	629,382	210,177
Total current assets		1,088,719	522,064
Total assets		**1,901,226**	**1,279,781**
Liabilities			
Current liabilities			
Trade and other payables	**13**	678,153	238,112
Total current liabilities		678,153	238,112
Non-current liabilities	**13**	-	1,675
Total Liabilities		678,153	239,787
Equity			
Called up share capital	**14**	456,857	456,857
Share premium account		663,000	663,000
Retained earnings		103,216	(79,863)
Total equity		**1,223,073**	**1,039,994**
Total equity and liabilities		**1,901,226**	**1,279,781**

The notes on pages 14 to 27 form part of these financial statements.

The consolidated financial statements were approved by the board of directors on 25 February 2011 and signed on their behalf by:

M Infante
Director

The accompanying principal accounting policies and notes form part of these financial statements.

One Media Publishing Group PLC
Registered Number : 5799897 (England and Wales)
Company Statement of Financial Position at 31 October 2010

	Notes	2010	2009
Assets		**£**	**£**
Non-current assets			
Investments	**10**	493,817	493,817
Current assets			
Trade and other receivables	**11**	267,220	259,410
Cash and cash equivalents	**12**	610,853	189,203
Total current assets		878,073	448,613
Total assets		**1,371,890**	**942,430**
Liabilities			
Current liabilities			
Trade and other payables	**13**	19,583	13,877
Total current liabilities		19,583	13,877
Total Liabilities		19,583	13,877
Equity			
Called up share capital	**14**	456,857	456,857
Share premium account	**15**	663,000	663,000
Retained earnings	**15**	232,450	(191,304)
Total equity		**1,352,307**	**928,553**
Total equity and liabilities		**1,371,890**	**942,430**

The notes on pages 14 to 27 form part of these financial statements.

These financial statements were approved by the board of directors on 25 February 2011 and signed on their behalf by:

M Infante
Director

The accompanying principal accounting policies and notes form part of these financial statements.

One Media Publishing Group PLC
Consolidated Cash Flow Statement
For the year ended 31 October 2010

	Year ended 31 October 2010 £	Year ended 31 October 2009 £
Cash flows from operating activities		
Profit before taxation	249,732	65,841
Amortisation	79,749	66,520
Depreciation	18,166	14,092
Finance cost	596	1,109
Finance income	(4,532)	(2,479)
(Increase) in debtors	(147,450)	(32,966)
Increase in creditors	373,389	44,253
Net cash inflow from operating activities	569,650	156,370
Cash flows from investing activities		
Investments in copyrights	(138,589)	(102,198)
Investment in fixed assets	(14,116)	(16,921)
Finance cost	(596)	(1,109)
Finance income	4,532	2,479
Lease & HP payments	(1,676)	(3,017)
Net cash used in investing activities	(150,445)	(120,766)
Net change in cash and cash equivalents	419,205	35,604
Cash at the beginning of the year	210,177	174,573
Cash at the end of the year	**629,382**	**210,177**

One Media Publishing Group PLC
Principal Accounting Policies
For the year ended 31 October 2010

Basis of preparation

The Company is a limited company incorporated and domiciled in England under the Companies Act 2006. The board has adopted and complied with International Financial Reporting Standards (IFRS's) as adopted by the European Union. The Company's shares are listed on the PLUS market.

There was no restatement of Profit and Loss required following the adoption of International Financial Reporting Standards.

On the adoption of International Financial Reporting Standards (IFRS'S) the Directors considered the constituent elements of Goodwill previously shown under Intangible assets. In their view ,had the acquisition of the related subsidiaries , been transacted under IFRS the amount arising would have been attributed to Licences and other Intangible assets. This change has been reflected as a reclassification following the adoption of International Financial Reporting Standards.

Basis of consolidation

The Group financial statements consolidate those of the Company and all its subsidiary undertakings drawn up to the balance sheet date. Subsidiaries are entities over which the Group has the power to control the financial and operating policies so as to obtain benefits from their activities. The Group obtains and exercises control through voting rights.

Unrealised gains or losses on transactions between the Group and its subsidiaries are eliminated. Amounts reported in the financial statements of subsidiaries are adjusted where necessary to ensure consistency with the accounting policies adopted by the Group.

Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition of fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated balance sheet at fair values, which are also used as the basis for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets. Goodwill represents the excess of acquisition cost over fair value of the Group's share of the identifiable net assets of the acquired subsidiary at the date of acquisition.

Revenue

The Group follows the principles of IAS18 "Revenue" in determining the appropriate revenue recognition policies. In principle therefore, revenue is recognised to the extent that the Group has obtained the right to consideration through its performance.

Revenue, excluding VAT, represents the value of digital income, licences and goods delivered or title passed. In the case of digital income revenue is recognised when reported to the company and where reasonable estimates can be made of down load stores income still to be reported at any point of time.

Goodwill

Goodwill representing the excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired, is capitalised and reviewed annually for impairment. Goodwill is carried at cost less accumulated impairment losses. Any excess in the net fair value of an acquiree's identifiable net assets over the cost of acquisition is recognised immediately after acquisition in the income statement.

Taxation

Current income tax assets and/or liabilities comprise those obligations to, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the balance sheet date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable result for the year. All changes to current tax assets or liabilities are recognised as a component of tax expense in the income statement.

Deferred income taxes are calculated using the liability method of temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in they consolidated financial statements with their respective tax bases. However deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Group and it is probable the reversal will not occurring the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are always provided in full. Deferred tax assets are recognised to the extent that it is probable that they will be able to be offset against taxable income. Deferred tax assets and liabilities are calculated without discounting at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Intangible assets

Licences and other intangible assets

Licences and other intangible assets, including labour capitalised under IAS38 Intangible Assets, are valued at cost less accumulated amortisation. Capitalised labour represents costs incurred in "ingesting" product and the compilation of existing content into new and revised albums. Amortisation is calculated to write off the cost in equal amounts over the life of the licences and other intangible assets (between 26 months and 20 years).

Assets acquired as part of a business combination

In accordance with IFRS 3 "Business Combinations", an intangible asset acquired in a business combination is deemed to have a cost to the Group of its fair value at the acquisition date. The fair value of the intangible asset reflects market expectations about the probability that the future economic benefits embodied in the asset will flow to the Group. The fair value is then amortised over the economic life of the assets. Where an intangible asset might be separable, but only together with a related tangible or intangible asset, the Group of assets is recognised as a single asset separable from goodwill where the individual fair values of the assets in the Group are not reliably measurable. Where the individual fair value of the complimentary assets are reliably measurable, the Group recognises them as a single asset provided the individual assets have similar useful lives.

Impairment, testing of goodwill, other intangible assets, property, plant and equipment

For the purposes of assessing impairment , assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating level. Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors the related cash flows.

Goodwill, other individual assets or cash-generating units that include goodwill, other intangible assets with an identifiable useful life, and those intangible assets not yet available for use are tested for impairment at least annually. All other individual assets or cash-generating units are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised in the income statement for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of fair value, reflecting market conditions less costs to sell, and value in use based on an internal discounted cash flow evaluation. Impairment losses recognised for cash-generating units, to which goodwill has been allocated are credited initially to the carrying amount of goodwill. Any remaining impairment loss is charged pro rata to the other assets in the cash generating unit. With the exception of goodwill, all assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the assets recoverable amount and only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined net of amortisation, if no impairment had been recognised.

Financial assets

The Group's financial assets include cash shares and other receivables.

All financial assets are recognised when the Group becomes party to the contractual provisions of the investment. All financial assets are initially recognised at fair value, plus transaction costs.

Non-compounding interest and other cash flows resulting from holding financial assets are recognised in the income statement when received, regardless of how the related carrying amount of financial assets is measured.

Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in other categories of financial assets. Available for sale assets are measured subsequently at fair value with changes in value recognised in equity through the statement of changes inequity. Where fair value cannot be measured reliably such financial assets are held at cost. Gain or losses arising from investments classified as available for sale are recognised in the income statement when they are sold or when the investment is impaired.

Trade and other receivables are subsequently measured at amortised cost. Trade and other receivables are provided against when objective evidence is received that the Group will not be able to collect all amounts due to it in accordance with the original terms of the receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated cash flows.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, bank deposits, together with short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value with original maturities of three months or less from the date of acquisition.

Equity

The share capital is determined using the nominal value of shares that have been issued.

The share premium account represents premiums received on the initial issuing of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Retained earnings include all current and prior period results as disclosed in the income statement.

Financial liabilities

The Group's financial liabilities include trade and other payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value, net of direct issue costs, and are subsequently recorded at amortised cost using the effective interest method with interest charges recognised as an expense in the income statement.

Dividend distributions to shareholders are included in "other short term financial liabilities" when dividends are approved by the shareholders' before the year end.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when present obligations will probably lead to an outflow of economic resources from the Group and they can be estimated reasonably. Timing or the amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events. For example, legal disputes or onerous contracts.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the balance sheet date, including the risks and uncertainties associated with the present obligation. Any reimbursement expected to be received in the course of the settlement of the present obligation is recognised, if virtually certain as a separate asset, not exceeding the amount of the related provision. Where there a number of similar obligation, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. In addition, long term provisions are discounted to present values, where the time value of money is material. All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resource as a result of the present obligation is considered improbable or remote, or the amount to be provided cannot be measured reliably, no liability is recognised in the balance sheet. Probable inflows of economic benefits to the Group that do not yet meet the recognition criteria are considered contingent assets.

Property, plant and equipment

Measurement basis

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an asset comprises its purchase price and any directly attributable costs of bringing the asset to the working condition and location for its intended use. In the case of new internally generated software creation and improvements this includes capitalised labour. Subsequent expenditure relating to property, plant and equipment is added to the carrying amount of the assets only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs, such as repairs and maintenance are charged to the income statement during the period in which they are incurred.

When assets are sold any gain or loss resulting from their disposal, being the difference between the net disposal proceeds and the carrying amount of the assets, is included in the income statement.

Depreciation

Depreciation is calculated so as to write off the cost of property, plant and equipment, less its estimated residual value, which is revised annually, over its useful economic life as follows :

Furniture and fixtures	33.33% straight line
Office equipment	33.33% straight line

Leased assets

In accordance with IAS17 Leases, the economic ownership of a leased asset is transferred to the lessee if the lessee bears substantially all the risks and rewards related to the ownership of the asset. The related asset is then recognised at the inception of the lease at the fair value of the leased asset or, if lower, the present value of the lease payments plus incidental payments, if any. A corresponding amount is recognised as a finance leasing liability, irrespective of whether some of these lease payments are payable up-front at the inception of the lease.

Depreciation methods and useful lives for assets held under finance lease agreements correspond to those applied to comparable assets which are legally owned by the Group. The corresponding finance leasing liability is reduced by lease payments less finance charges, which are expensed as part of finance costs.

The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to profit and loss over the period of the lease. All other leases are treated as operating leases. Payments on operating lease agreements are recognised as an expense on a a straight-line basis over the lease term. Associated costs, such as maintenance and insurance, are expensed as incurred.

Investment in subsidiary

Investment in subsidiary undertakings is shown at cost, less any provision for impairment.

Foreign currency

The consolidated financial statements are presented in UK Sterling which is also the functional currency of the parent company. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the profit and loss account.

Non-monetary items measured at historical cost are translated using the exchange rates at the date of the transaction (not retranslated). Non-monetary items measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Segmental reporting

A segment is a distinguishable component of the Group that is engaged either in a particular business (business segment) or conducting business in a particular geographic are (geographic segment), which is subject to risks and rewards that are different from other segments.

The Group reporting structure does not distinguish any separate business or geographic business sections. As a consequence no additional segmental reporting is considered necessary to that shown on the Statement of Comprehensive Income and notes to these financial statements.

Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next accounting year are discussed below.

Business combinations

On initial recognition, the assets and liabilities of the acquired business are included in the consolidated statement of financial position at their fair values. In measuring fair value management use estimates about future cash flows and discount rates, however, the results may vary. Any measurement changes upon initial recognition would affect the measurement of goodwill.

Impairment of assets

The Group conducts impairment reviews of assets when events or changes in circumstances indicate that the carrying amounts may not be recoverable annually, or in accordance with the relevant accounting standards. An impairment loss is recognised when the carrying amount of an asset is higher than the greater of its net selling price or the value in use. In determining the value in use, management assesses the present value of the estimated future cash flows expected to arise from the continuing use of the asset and from its disposal at the end of its useful life. Estimates and judgements are made in respect of the potential impairment of goodwill, intellectual property, licences and other intangible assets.

Internally generated intangible assets and software systems

The Group capitalises labour in respect of intangible assets and internally generated software . Significant judgement is required in estimating the time and cost involved in these activities and distinguishing the research from the development phase. Development costs are recognised as an asset whereas research costs are expensed as incurred.

One Media Publishing Group PLC
Principal Accounting Policies
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Adoption of new or amended IFRS's

The following standards, amendments and interpretations have been issued by the International Accounting Standards Board (IASB) or by the International Financial Reporting Interpretations Committee (IFRIC). The Group's approach to these is as follows;

(a) Standards, amendments and interpretations effective in 2010

The following standards, amendments and interpretations to published standards are mandatory for accounting periods beginning on or after 1 November 2009 but are not relevant to the Group's operations, or have no significant impact.

- IAS 1, "Presentation of Financial Statements (revised 2007)"
- IAS 23, "Borrowing Costs (revised 2007)"
- IFRIC 16, "Hedges of Net Investment in Foreign Operations"
- IFRS 1 (revised), "First-time Adoption of International Financial Reporting Standards"
- IAS 27 (revised), "Consolidated and separate Financial Statements"
- IFRS 7 "Amendments to disclosures – Improving Disclosures about Financial Instruments"
- IFRIC 18, "Transfer of Assets from Customers"
- IFRS 3 (revised 2008), "Business Combinations"
- IFRIC 17 Distributions of Non-cash Assets to Owners

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 November 2009 and have not been adopted early:

- IFRS 2 Share-based Payment – Group Cash settled Share-based Payment Transactions
- IAS 32 "Amendments to presentation – Classification of Rights Issues"
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments
- IFRS 1 "Amendments to First-time adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters"
- IAS 24 Related Party Disclosures (revised 2009)
- IFRS 9 Financial Instruments

1. Revenue

Revenue is the amount attributable to the Group's principal activity undertaken in the United Kingdom. The geographic split of Group revenue is as follows :

	Year ended 31 October 2010 £	Year ended 31 October 2009 £
United Kingdom	101,640	133,334
North America and Canada	1,057,691	502,851
Europe	49,814	114,257
Other	8,756	44,286
	1,217,901	794,728

2. Profit before taxation

	Year ended 31 October 2010 £	Year ended 31 October 2009 £
Operating profit is stated after charging :		
Directors' remuneration	89,858	68,644
Amortisation of goodwill	0	24,504
Amortisation of copyrights	79,749	42,016
Depreciation of fixed assets	18,166	14,092
Operating lease - office rent	24,075	20,098
Auditors' remuneration - audit fees	7,850	7,100
Auditors' remuneration - taxation	1,900	1,900
Auditors' remuneration - other	3,525	-
Bad debts	12,553	16,950
Difference on foreign exchange	10,792	6,067

Included with the amounts above for auditors remuneration is £3,250 (2009: £2,500) in relation to the audit of the Parent Company and £500 (2009; £500) for taxation.

3. Interest receivable and payable

	Year ended 31 October 2010 £	Year ended 31 October 2009 £
Finance cost	596	1,109
Finance income	4,532	2,479

4. Taxation

	Year ended 31 October 2010 £	Year ended 31 October 2009 £
Analysis of charge for the year		
Current tax		
UK corporation tax at 29.75% (2009: 28%)	66,653	-

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 28% (2008: 28%). The actual tax charge for the current year is less than the standard rate for the reasons set out in the following reconciliation :

Reconciliation of current tax charge	Year ended 31 October 2010 £	Year ended 31 October 2009 £
Profit/(loss) on ordinary activities before tax	249,732	65,841
Tax on Profit/(loss) on ordinary activities at 29.75% (2008: 28%)	74,295	18,436
Effects of :		
Non deductable expenses	5,676	3,455
Depreciation add back	29,130	10,806
Capital allowances	(28,223)	(3,627)
Group losses	(14,225)	(29,070)
Current tax charge	66,653	-

The group has estimated losses of £43,400 (2009: £70,500) available for carry forward against future trading profits.

No deferred taxation asset has been provided in respect of the losses carried forward as their future recoverability is not certain. Were deferred taxation on losses to be recognised the amount would be £12,900 (2009: £22,900.)

5. Employee information

Staff costs, including directors' remuneration, were as follows :	Year ended 31 October 2010 £	Year ended 31 October 2009 £
Directors' emoluments	86,391	62,442
Fees paid to directors	3,467	6,498
Wages and salaries	234,179	159,338
Social security costs	31,593	20,962
	355,630	249,240

The average monthly number of Group employees (including executive and non-executive directors) during the year was as follows:

	Year ended 31 October 2010	Year ended 31 October 2009
Office and management	9	8

One Media Publishing Group PLC
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

6. Parent company profit and loss account

The profit for the year to 31 October 2010 dealt within in the financial statements of the parent company was £423,754 (2009: £71,395). As permitted by section 408 of the Companies Act 2006, no separate profit and loss account is prepared for the parent company.

7. Profit per share

The calculation of the profit per share is based on the profit for the financial period of £183,079 (2009 : £65,841) divided by the weighted average number of shares in issue 91,371,339 (2009 : 91,371,339). The diluted profit per share is identical to that used for the basic profit per share as the exercise of options would have the effect of increasing the profit per share and therefore is not dilutive.

8. Intangible assets - Group

	Licences and other intangible assets	Total
	£	£
Cost		
At 1 November 2008	787,047	787,047
Additions	102,198	102,198
At 31 October 2009	889,245	889,245
Additions	138,589	138,589
At 31 October 2010	1,027,834	1,027,834
Amortisation		
At 1 November 2008	94,961	94,961
Charge for the year	66,520	66,520
At 31 October 2009	161,481	161,481
Charge for the year	79,749	79,749
At 31 October 2010	241,230	241,230
Net book value		
At 31 October 2010	786,604	786,604
At 31 October 2009	727,764	727,764

On the adoption of International Financial Reporting Standards (IFRS'S) the Directors considered the constituent elements of Goodwill previously shown under Intangible assets. In their view ,had the acquisition of the related subsidiaries , been transacted under IFRS the amount arising would have been attributed to Licences and other Intangible assets. This change has been reflected as a reclassification following the adoption of International Financial Reporting Standards.

9. Property, plant and equipment

	Office equipment £	Furniture and fittings £	Total £
Cost			
At 1 November 2008	32,806	5,234	38,040
Additions	16,921	-	16,921
At 31 October 2009	49,727	5,234	54,961
Additions	4,877	9,239	14,116
At 31 October 2010	54,604	14,473	69,077
Depreciation			
At 1 November 2008	8,008	2,908	10,916
Charge for the year	12,347	1,745	14,092
At 31 October 2009	20,355	4,653	25,008
Charge for the year	16,557	1,609	18,166
At 31 October 2010	36,912	6,262	43,174
Net book value			
At 31 October 2010	17,692	8,211	25,903
At 31 October 2009	29,372	581	29,953

All depreciation is included in administrative expenses in the Consolidated Statement of Comprehensive Income.

Leased assets

Included within the net book value of £25,903 is £1,936 (2009: £5,526) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £3,320 (2009: £3,320).

10. Investment in subsidiary

	Total £
Cost	
At 1 November 2009 and 31 October 2010	493,817

Company	Company	Country of registration or incorporation	Nature of business	Class	Shares held %
One Media Publishing Limited		England and Wales	Audio-visual content management	Ordinary	100%
Collecting Records LLP		England and Wales	Audio-visual content management		99%

The Company's investment at the balance sheet date is 100% of the share capital of the unlisted Company One Media Publishing Limited and 99% of the Limited Liability Partnership Collecting Records LLP. The other 1% of The Limited Liability Partnership Collecting Records LLP is held by One Media Publishing Limited.

All the above activities are included in the consolidated financial statements.

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Notes to the Consolidated Financial Statements
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11. Debtors

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Amounts owed by group undertakings	-	-	238,185	242,264
Trade receivables	187,585	186,962	-	-
Other debtors	260,763	116,403	29,035	17,146
Prepayments	10,989	8,522	-	-
	459,337	311,887	267,220	259,410

Trade and other receivables are usually due within 30 to 60 days and do not bear any effective interest. A provision of £67,398 was made for doubtful debts at 31 October 2010 (2009 : £55,363) has been made accordingly. The movement in the provision for impairment during the year is as follows :

	£
At 1 November 2008	49,277
Increase in the provision for impairment	6,086
At 31 October 2009	55,363
Increase in the provision for impairment	12,035
At 31 October 2010	67,398

12. Cash and cash equivalents

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
GBP £	616,288	203,254	-	-
USD $	5,016	790	-	-
Euro	8,078	6,134	-	-
	629,382	210,177	-	-

13. Trade and other payables

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Current				
Trade payables	41,889	41,924	4,583	2,411
Social security and other taxes	8,717	6,699	-	-
Corporation tax	66,653	-	-	-
Accruals & deferred Income	379,880	75,829	15,000	11,466
Other creditors	178,769	109,633	-	-
Lease and hire purchase	2,245	4,027	-	-
	678,153	238,112	19,583	13,877

All of the above are due within one year.

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Non-current				
Lease and hire purchase	-	1,675	-	-
	-	1,675	-	-

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

One Media Publishing Group PLC
Notes to the Consolidated Financial Statements
For the year ended 31 October 2010

13. Trade and other payables - continued

Lease and hire purchase agreements

Future commitments under hire purchase agreements are as follows :

	Group 2010 £	Group 2009 £	Company 2010 £	Company 2009 £
Amounts payable within 1 year	2,245	4,027	-	-
Amounts payable between 1 and 2 years	-	1,675	-	-
Amounts payable between 2 and 5 years	-	-	-	-
	2,245	5,702	-	-

14. Share capital

Group and company	2010 £	2009 £
Authorised :		
200,000,000 ordinary shares of 0.5p each	1,000,000	1,000,000
Issued :		
91,371,399 (2009 : 91,371,339) ordinary shares of 0.5p each	456,857	456,857

At 31 October 2010 the following warrants were outstanding :

Year of grant	Nos of shares	Period of subscription	Price per share
2009	10,000,000	3 years	1p
2009	2,000,000	3 years	1.5p
2009	6,000,000	3 years	2p
	18,000,000		

No warrants were exercised during the period.

15. Company reserves

	Share premium account £	Profit and loss account £	Total £
Balance at 1 November 2008	663,000	(262,699)	400,301
Retained profit for the year ended 31 October 2009	-	71,395	71,395
Balance at 31 October 2009	663,000	(191,304)	471,696
Retained profit for the year ended 31 October 2010	-	423,754	423,754
Balance at 31 October 2010	663,000	232,450	895,450

16. Contingent liabilities

There were no contingent liabilities at 31 October 2010 or 31 October 2009.

17. Capital commitments

There were no capital commitments at 31 October 2010 or 31 October 2009.

18. Operating lease commitments

	Within one year	1 to 5 years	
Group	**£**	**£**	**£**
Rent	23,119	23,119	46,238
	23,119	23,119	46,238

19. Financial instruments

The Group uses financial instruments comprising cash and cash equivalents, other loans and various other short-term instruments such as Trade receivables and trade payables which arise from its operations. The main purpose of these financial instruments is to fund the Group's business strategy and the short-term working capital requirements of the business.

Financial assets by category

The IAS 39 categories of financial asset included in the Consolidated Statement of Financial Position are as follows :

	Loans and receivables	Non financial assets	2010 Total	Loans and receivables	Non financial assets	2009 Total
	£	£	£	£	£	£
Licences and other intangible assets	-	786,604	786,604		727,764	727,764
Property, plant and equipment	-	25,903	25,903		29,953	29,953
Trade receivables	187,585	-	187,585	186,962		186,962
Other debtors	260,763	-	260,763	116,403		116,403
Prepayments	10,989	-	10,989	8,522		8,522
Cash and cash equivalents	629,382	-	629,382	210,177		210,177
Total	1,088,719	812,507	1,901,226	522,064	757,717	1,279,781

19. Financial instruments - continued

Financial liabilities by category

The IAS 39 categories of financial asset included in the Consolidated Statement of Financial Position are as follows :

	Other financial liabilities at amortised cost	Liabilities not within the scope of IAS 39	2010 Total	Other financial liabilities at amortised cost	Liabilities not within the scope of IAS 39	2009 Total
	£	£	£	£	£	£
Trade payables	41,889	-	41,889	41,924	-	41,924
Social security and other taxes	8,717	-	8,717	6,699	-	6,699
Corporation tax	66,653	-	66,653	-	-	-
Accruals & deferred Income	-	379,880	379,880	-	75,829	75,829
Other creditors	178,769	-	178,769	109,633	-	109,633
Lease and hire purchase	-	2,245	2,245	-	5,652	5,652
	296,028	382,125	678,153	158,256	81,481	239,737

The Group is exposed to a variety of financial risks which result from its operating activities. The board is responsible for co-ordinating the Group's risk management and focuses on actively securing the Group's short to medium term cash flows. Long term investments are managed to generate lasting returns.

The Group does not actively engage in the trading of financial assets and has no financial derivatives. The most significant risks to which the Group is exposed are described below :

Credit risk

The Group's credit risk is primarily attributable to its trade receivables, other debtors and cash and cash equivalents. The amounts presented in the Consolidated Statement of Financial Position are net of any allowances for doubtful receivables. The Group has a significant concentration of credit risk associated with its distributor of "digital downloads" The Orchard. The maximum credit £ to which the Group is exposed is £1,092,103. Cash at bank is all held with highly rated banks or deposit takers the suitability of which is constantly reviewed.

Liquidity risk

The Group seeks to manage risks to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash and assets safely and profitably. Short term flexibility is achieved by the use of money markets to deposit excess cash which is not required in the short term. The directors prepare cash flow forecasts on a regular basis to identify at an early stage any short term funding difficulties.

All the financial liabilities noted above expected to result in cash outflow within six months of the year end. At 31 October 2010 £229,375 of the financial liabilities were expected to result in cash outflow within six months of the year end.

Currency risk

The Group is exposed to foreign exchange risk in connection with its digital downloading business where the revenue is largely transacted largely in USD $ and the settlement of royalty and other liabilities arising from this revenue is largely denominated in USD $.

20. Related party transactions

There were no related party transactions in the year under review or in the year ended 31 October 2009.

21. Post year end events

Pursuant to a General Meeting held on 17 December 2010 the company Bought back 47,909,291 Ordinary Shares of 0.5p each, amounting to 52.43% of the total issued share capital of the company for £219,500. This amount less the nominal value of the Ordinary Shares Bough back of £239,546 will be set against the Profit and loss account. The costs associated with this transaction, amounting to £22,000 will be set off against the Share premium account.

Restated Pro forma Statements of Financial Position as if the Share Buyback had been concluded on or before 31 October 2010

	Consolidated	Company
Assets		
Non-current assets		
Investments	-	493,817
Intangible assets	786,604	-
Property, plant and equipment	25,902	-
	812,506	493,817
Current assets		
Trade and other receivables	459,337	267,220
Cash and cash equivalents	387,883	369,353
Total current assets	847,220	636,573
Total assets	**1,659,726**	**1,130,390**
Liabilities		
Current liabilities		
Trade and other payables	678,153	19,583
Total current liabilities	678,153	19,583
Non-current liabilities	-	-
Total Liabilities	678,153	19,583
Equity		
Called up share capital	217,311	217,311
Share premium account	641,000	641,000
Retained earnings	123,262	252,496
Total equity	**981,573**	**1,110,807**
Total equity and liabilities	**1,659,726**	**1,130,390**

Restated Basic and fully diluted Earnings per share as if the Share Buyback had been concluded on or before 31 October 2010

Basic and fully diluted Earnings per share based on 43,462,811 Ordinary shares	0.42p

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