

**REGISTERED NUMBER: 06712061 (England and Wales)**

**FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2016  
FOR  
PLEDGEMUSIC.COM LTD**

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for the Year Ended 31 December 2016**

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**COMPANY INFORMATION**  
**for the Year Ended 31 December 2016**

**DIRECTORS:** B Rogers  
R Rieger  
J Sason  
N Ledbetter

**REGISTERED OFFICE:** 22 Endell Street  
London  
WC2H 9AD

**REGISTERED NUMBER:** 06712061 (England and Wales)

**AUDITORS:** Oury Clark Chartered Accountants  
Statutory Auditors  
Herschel House  
58 Herschel Street  
Slough  
Berkshire  
SL1 1PG

**BALANCE SHEET**  
**31 December 2016**

	Notes	31.12.16 £	£	31.12.15 £	£
<b>FIXED ASSETS</b>					
Intangible assets	4		37,770		42,060
Tangible assets	5		604,370		335,088
Investments	6		20,900		20,900
			<u>663,040</u>		<u>398,048</u>
<b>CURRENT ASSETS</b>					
Debtors	7	241,811		203,238	
Cash at bank		<u>202,450</u>		<u>1,232,329</u>	
		444,261		1,435,567	
<b>CREDITORS</b>					
Amounts falling due within one year	8	<u>6,352,341</u>		<u>5,712,051</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(5,908,080)</u>		<u>(4,276,484)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			(5,245,040)		(3,878,436)
<b>CREDITORS</b>					
Amounts falling due after more than one year	9		<u>405,000</u>		<u>-</u>
<b>NET LIABILITIES</b>			<u>(5,650,040)</u>		<u>(3,878,436)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		15,007		5,605
Share premium			10,343,930		8,446,765
Retained earnings			<u>(16,008,977)</u>		<u>(12,330,806)</u>
<b>SHAREHOLDERS' FUNDS</b>			<u>(5,650,040)</u>		<u>(3,878,436)</u>

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

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 16 November 2017 and were signed on its behalf by:

R Rieger - Director

NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 2016

1. **STATUTORY INFORMATION**

Pledgemusic.com Ltd is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. **ACCOUNTING POLICIES**

**Basis of preparing the financial statements**

The financial statements have been prepared on the going concern basis despite the losses incurred in the company so far. The company has a signed agreement that allows it to draw upon an additional £1 million of lending for working capital purposes. The directors believe that this additional financing, in conjunction with several cost cutting measures that are being implemented in the company and increased revenues will be sufficient for the company to continue as a going concern for a period of at least 12 months and 1 day from the approval of these financial statements.

**Preparation of consolidated financial statements**

The financial statements contain information about Pledgemusic.com Ltd as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

**Related party exemption**

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

**Revenue recognition**

Turnover represents commission net of value added tax due to the company once pledges are fully funded according to the terms and conditions of the business.

**Intangible assets**

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Computer software is being amortised evenly over its estimated useful life of three years.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off the cost less estimated residual value of each asset over its estimated useful life.

Plant and machinery etc - Between 5 and 20 years

**Investments in subsidiaries**

Investments in subsidiary undertakings are recognised at cost.

**Taxation**

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016

2. ACCOUNTING POLICIES - continued

**Deferred tax**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

**Research and development**

Expenditure on research and development is written off against the profits in the year in which it is incurred.

**Foreign currencies**

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 transaction. Exchange differences are taken into account in arriving at the operating result.

**Hire purchase and leasing commitments**

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

**Financial instruments**

Basic Financial Instruments as covered by Section 11 of FRS102 are measured at amortised cost. The company does not have any Other Financial Instruments as covered by Section 12 of FRS102.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 13 .

4. INTANGIBLE FIXED ASSETS

	Other intangible assets £
<b>COST</b>	
At 1 January 2016	48,925
Additions	<u>1,305</u>
At 31 December 2016	<u>50,230</u>
<b>AMORTISATION</b>	
At 1 January 2016	6,865
Charge for year	<u>5,595</u>
At 31 December 2016	<u>12,460</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>37,770</u>
At 31 December 2015	<u>42,060</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016

5. TANGIBLE FIXED ASSETS

	Plant and machinery etc £
<b>COST</b>	
At 1 January 2016	431,253
Additions	<u>497,915</u>
At 31 December 2016	<u>929,168</u>
<b>DEPRECIATION</b>	
At 1 January 2016	96,165
Charge for year	<u>228,633</u>
At 31 December 2016	<u>324,798</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>604,370</u>
At 31 December 2015	<u>335,088</u>

6. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 January 2016 and 31 December 2016	<u>20,900</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>20,900</u>
At 31 December 2015	<u>20,900</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

**Pledgemusic Publishing Ltd**

Registered office: 22 Endell Street, London, WC2H 9AD

Nature of business: Publishing company

Class of shares:	%		
Ordinary	holding		
	90.00	31.12.16	31.12.15
		£	£
Aggregate capital and reserves		(1,870)	(3,692)
Profit for the year		<u>1,823</u>	<u>57,244</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016

6. FIXED ASSET INVESTMENTS - continued

**Pledgemusic Retail Ltd**

Registered office: 22 Endell Street, London, WC2H 9AD  
Nature of business: Retail company

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.16	31.12.15
		£	£
Aggregate capital and reserves		(2,272)	254
(Loss)/profit for the year		<u>(2,526)</u>	<u>4,108</u>

**Pledgemusic Recordings Ltd**

Registered office: 22 Endell Street, London, WC2H 9AD  
Nature of business: Recording company

	%		
Class of shares:	holding		
Ordinary	95.00		
		31.12.16	31.12.15
		£	£
Aggregate capital and reserves		5,453	7,592
(Loss)/profit for the year		<u>(2,139)</u>	<u>51,999</u>

**Pledgemusic.com USA, Inc.**

Registered office: 265 Canal street, New York, USA  
Nature of business: Music company

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.16	31.12.15
		£	£
Aggregate capital and reserves		356,573	186,592
Profit for the year		<u>169,981</u>	<u>90,955</u>

**Pledgemusic.com GmbH**

Registered office: Grünberger Str. 1 10243, Berlin, Germany  
Nature of business: Music company

	%		
Class of shares:	holding		
Ordinary	100.00		
		31.12.16	31.12.15
		£	£
Aggregate capital and reserves		106,032	104,574
Profit for the year		<u>1,457</u>	<u>3,263</u>

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

		31.12.16	31.12.15
		£	£
Amounts owed by group undertakings		5,236	-
Other debtors		<u>236,575</u>	<u>203,238</u>
		<u>241,811</u>	<u>203,238</u>

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016

8.	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	31.12.16	31.12.15
		£	£
	Trade creditors	305,717	59,951
	Amounts owed to group undertakings	286,900	332,710
	Taxation and social security	28,098	16,039
	Other creditors & accruals	<u>5,731,626</u>	<u>5,303,351</u>
		<u>6,352,341</u>	<u>5,712,051</u>

9.	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	31.12.16	31.12.15
		£	£
	Other creditors	<u>405,000</u>	<u>-</u>

10.	<b>LEASING AGREEMENTS</b>		
	Minimum lease payments under non-cancellable operating leases fall due as follows:		
		31.12.16	31.12.15
		£	£
	Within one year	<u>31,500</u>	<u>31,500</u>

11.	<b>CALLED UP SHARE CAPITAL</b>				
	Allotted, issued and fully paid:				
	Number:	Class:	Nominal value:	31.12.16	31.12.15
				£	£
	1,500,677	Ordinary A1, A2 and B1	£0.01	<u>15,007</u>	<u>5,605</u>

940,106 Ordinary A1, A2 and B1 shares of £0.01 each were allotted as fully paid during the year.

The company issued 283,736 £0.01 B1 shares at a premium of £5.26.

12. **DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

**Emphasis of Matter**

Without qualifying our opinion, we draw attention to Note 16 of the financial statements. This note describes that the financial statements have been prepared on the going concern basis as, despite continuing losses, the company has put in place cost cutting measures and has access to additional funding if needed.

However, the current balance sheet position indicates the existence of material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

Emma Crowley (Senior Statutory Auditor)  
for and on behalf of Oury Clark Chartered Accountants

NOTES TO THE FINANCIAL STATEMENTS - continued  
for the Year Ended 31 December 2016

12. **DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006 - continued**

We would like to draw your attention to the following statement contained within our audit report as included within the full financial statements:-

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

13. **DIRECTORS' ADVANCES, CREDITS AND GUARANTEES**

The following advances and credits to a director subsisted during the years ended 31 December 2016 and 31 December 2015:

	31.12.16 £	31.12.15 £
<b>B Rogers</b>		
Balance outstanding at start of year	5,301	5,301
Amounts repaid	-	-
Amounts written off	-	-
Amounts waived	-	-
Balance outstanding at end of year	<u>5,301</u>	<u>5,301</u>

14. **RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemptions available not to disclose transactions with wholly owned subsidiaries. Other related party transactions with non-wholly owned subsidiaries are as follows:

Pledgemusic Publishing Ltd (a 90% subsidiary of the company) - During the year, Pledgemusic.com Ltd incurred expenses on behalf of Pledgemusic Publishing Ltd to the value of £1,963 (2015: £Nil). There was a debtor balance of £1,963 outstanding as at 31 December 2016 (2015: £Nil).

Pledgemusic Recordings Ltd (a 95% subsidiary of the company) - During the year, Pledgemusic.com Ltd incurred expenses on behalf of Pledgemusic Recordings Ltd to the value of £1,450 (2015: £Nil). There was a debtor balance of £1,450 outstanding as at 31 December 2016 (2015: £Nil).

15. **ULTIMATE CONTROLLING PARTY**

In the opinion of the directors, there is no ultimate controlling party.

16. **UNCERTAINTY OVER GOING CONCERN AND POST BALANCE SHEET EVENTS**

The directors recognise that the company has continued to make losses in the current financial year and also since the balance sheet date. However, the company has a signed agreement that allows it to draw upon an additional £1 million of lending for working capital purposes. The directors believe that this additional financing, in conjunction with several cost cutting measures that are being implemented within the company and increased revenues, will be sufficient for the company to continue as a going concern for a period of at least 12 months and 1 day from the approval of these financial statements.

17. **FIRST YEAR ADOPTION**

The company adopted FRS102 for the accounting year ended 31 December 2016. There were no adjustments arising at the transition date or at the end of the comparative period, therefore there is no difference between equity under the previous financial reporting framework and equity under FRS102.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.