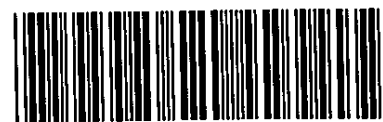


**Global Underground Limited**  
**REPORT AND FINANCIAL STATEMENTS**  
For the year ended 31 December 2009

FRIDAY



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10/09/2010  
COMPANIES HOUSE

Company Number 4654041

**Global Underground Limited**  
**DIRECTORS, OFFICERS AND ADVISORS**

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**DIRECTORS**

A Horsfield  
L Presencer

**SECRETARY**

V C Davies

**REGISTERED OFFICE**

103 Gaunt Street  
London  
SE1 6DP

**REGISTERED NUMBER**

4654041

**BANKERS**

Bank of Scotland  
41/51 Grey Street  
Newcastle Upon Tyne  
NE1 6EE

**AUDITOR**

Baker Tilly UK Audit LLP  
Registered Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

Global Underground Limited  
DIRECTORS' REPORT  
for the year ended 31 December 2009

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The directors present their report and the financial statements of the company for the year ended 31 December 2009

PRINCIPAL ACTIVITY

The principal activity of the company is reproduction of sound recording

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The 30% reduction in sales reflects the continuing move from physical CDs to downloads. Both the company's main markets – the United Kingdom and the United States – were affected by this transition. On the positive side, downloads improve gross margins, which rose from 21.6% to 24.8%.

The directors anticipate that difficult trading conditions will persist in 2010 but consider that the company should show a net profit for the year.

PRINCIPAL RISKS AND UNCERTAINTIES

The board and senior management continually monitor the principal risks to the business, which are considered to be reduced sales, due to competition or insufficiently attractive content, or excessive expenditure on talent or marketing.

KEY PERFORMANCE INDICATORS (KPIs)

Given the straightforward nature of the business the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

DIRECTORS

The director who served during the period were

A Horsfield  
L Presencer

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The company maintains liability insurance for directors and officers of the company.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the directors has confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

AUDITOR

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

By order of the board



V C Davies  
Company secretary

28/7/10

**Global Underground Limited**  
**DIRECTORS' REPORT**  
for the year ended 31 December 2009

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**DIRECTORS' RESPONSIBILITIES IN PREPARATION OF THE FINANCIAL STATEMENTS**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- d prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF GLOBAL UNDERGROUND LIMITED

We have audited the financial statements on pages 5 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As more fully explained in the Directors' Responsibilities Statement set out on page 2, 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 us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### SCOPE OF THE AUDIT

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### OPINION ON THE FINANCIAL STATEMENTS

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

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



DAVID FENTON (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor  
Chartered Accountants  
2 Bloomsbury Street  
London WC1B 3ST

28 July 2010

**Global Underground Limited**  
**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2009

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	<i>Notes</i>	2009 £	2008 £
TURNOVER	2	693,200	993,963
Cost of sales		(521,013)	(779,018)
GROSS PROFIT		<u>172,187</u>	<u>214,945</u>
Administration expenses		(183,052)	(217,053)
OPERATING LOSS	3	<u>(10,865)</u>	<u>(2,108)</u>
Interest receivable and similar income		-	66
Interest payable and similar charges		(12,625)	-
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(23,490)</u>	<u>(2,042)</u>
Taxation on loss on ordinary activities	5	(1,092)	1,092
LOSS FOR THE YEAR AFTER TAXATION	11	<u>(24,582)</u>	<u>(950)</u>

The operating loss for the year arises from the company's continuing operations

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

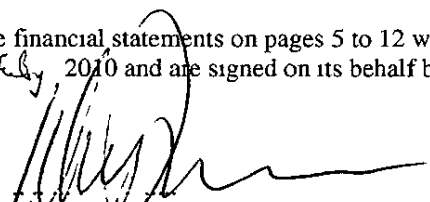
The notes on pages 7 to 11 form part of these financial statements

Global Underground Limited  
BALANCE SHEET  
at 31 December 2009

Company Number 4654041

	<i>Notes</i>	2009 £	2008 £
<b>FIXED ASSETS</b>			
Intangible assets	6	16,958	22,458
		<u>16,958</u>	<u>22,458</u>
<b>CURRENT ASSETS</b>			
Stocks		20,554	158,748
Debtors	7	907,531	704,891
Cash at bank and in hand		40,667	97,020
		<u>968,752</u>	<u>960,659</u>
Creditors amounts falling due within one year	8	(954,105)	(926,930)
<b>NET CURRENT ASSETS</b>		<u>14,647</u>	<u>33,729</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>31,605</u>	<u>56,187</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	100	100
Profit and loss account	10	31,505	56,087
<b>SHAREHOLDERS' FUNDS</b>		<u>31,605</u>	<u>56,187</u>

The financial statements on pages 5 to 12 were approved by the board of directors and authorised for issue on 28 July, 2010 and are signed on its behalf by

  
L Prensener - Director

# Global Underground Limited

## NOTES TO THE FINANCIAL STATEMENTS

for year ended 31 December 2009

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### 1 ACCOUNTING POLICIES

#### BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and on the going concern basis as a fellow group undertaking of the company has confirmed that it will continue to provide the company with sufficient financial support to enable it to pay its debts as they fall due

#### TURNOVER

Turnover represents the amount receivable, net of Value Added Tax, of goods sold and services provided to customers

#### GOODWILL

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life of ten years. The goodwill arose on the purchase of the assets and image rights of "Global Underground" the trading name of Club Parasite Limited in 2003. Ten years has been chosen as this is the opinion of the directors over which the goodwill is effective.

#### STOCKS

Stock is valued at the lower of cost and estimated net realisable value. Net realisable value is based upon estimated selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

#### DEFERRED TAXATION

Deferred taxation is accounted for in respect of all material timing differences that have originated but not reversed at the balance sheet date. Timing differences arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is calculated at the rate at which it is anticipated the timing differences will reverse and is measured on a non-discounted basis. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

#### FOREIGN CURRENCY TRANSLATION

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 to the profit and loss account for the year.



**Global Underground Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for year ended 31 December 2009**

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**2 TURNOVER**

The company's turnover and loss on ordinary activities before taxation were all derived from its principal activity. The geographical analysis of turnover is as follows:

	2009 £	2008 £
United Kingdom	248,548	393,993
Europe	223,674	211,366
USA	202,485	372,791
Australasia	10,775	4,953
Other	7,718	10,860
	<u>693,200</u>	<u>993,963</u>

**3 OPERATING LOSS**

This is stated after charging:

	2009 £	2008 £
Amortisation of goodwill	5,500	5,500
Auditor's remuneration	5,000	5,000
	<u>10,500</u>	<u>10,500</u>

**4 EMPLOYEES AND DIRECTORS**

All staff are employed by the immediate parent company.

The directors are executives of the immediate parent company, Ministry of Sound Group Ltd (formerly MSHK Limited), and are also directors of individual group companies. The total emoluments received by the directors from Ministry of Sound Group Limited during the year are disclosed in that company's financial statements.

**Global Underground Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for year ended 31 December 2009**

**5 TAX ON PROFIT ON ORDINARY ACTIVITIES**

	2009	2008
	£	£
<b>TAXATION</b>		
Based on the result for the year		
UK corporation tax at 28% (2008 28.5%)	-	-
	<u>-</u>	<u>-</u>
Current tax charge for the period	-	-
	<u>-</u>	<u>-</u>
Deferred taxation		
Origination and reversal of timing differences	1,092	(1,092)
	<u>1,092</u>	<u>(1,092)</u>
Total deferred tax	1,092	(1,092)
	<u>1,092</u>	<u>(1,092)</u>
Tax on profit on ordinary activities	1,092	(1,092)
	<u>1,092</u>	<u>(1,092)</u>
Factors affecting tax charge for the year		
Loss on ordinary activities before tax	(23,490)	(2,042)
	<u>(23,490)</u>	<u>(2,042)</u>
Loss on ordinary activities multiplied by standard rate of UK corporation tax 28% (2008 28.5%)	(6,577)	(582)
	<u>(6,577)</u>	<u>(582)</u>
Effects of		
Expenses not deductible for tax purposes	-	305
Capital allowances in excess of depreciation	-	(621)
Utilisation of tax losses and other deductions	6,577	898
	<u>6,577</u>	<u>898</u>
Current tax charge for period	-	-
	<u>-</u>	<u>-</u>

**6 INTANGIBLE FIXED ASSETS**

	Goodwill
	£
<b>COST</b>	
At 1 January 2009 and at 31 December 2009	55,000
	<u>55,000</u>
<b>AMORTISATION</b>	
At 1 January 2009	32,542
Provision for the period	5,500
	<u>38,042</u>
At 31 December 2009	38,042
	<u>38,042</u>
<b>NET BOOK VALUE</b>	
At 31 December 2009	16,958
	<u>16,958</u>
At 1 January 2009	22,458
	<u>22,458</u>

**Global Underground Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for year ended 31 December 2009

**7 DEBTORS**

	2009 £	2008 £
Trade debtors	14,260	12,157
Amounts owed by related companies	781,626	468,751
Other debtors	60,088	96,686
Prepayments and Accrued Income	51,557	126,205
Deferred tax	-	1,092
	<u>907,531</u>	<u>704,891</u>

The deferred tax asset has been written off in the year due to uncertainty over the future profitability of the company

	Tax losses £
1 January	1,092
Charged to profit and loss	(1,092)
31 December 2009	<u>-</u>

**8 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2009 £	2008 £
Trade creditors	16,264	122,940
Other creditors	79,257	100,869
Corporation tax	4,502	4,502
Accruals	24,691	-
Other tax and social security	-	3,698
Intercompany balances	829,391	694,921
	<u>954,105</u>	<u>926,930</u>

**9 CALLED-UP SHARE CAPITAL**

	2009 £	2008 £
Authorised Equity shares 10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid Equity shares 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

**Global Underground Limited**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for year ended 31 December 2009**

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**10 RESERVES**

	Profit and loss account £
At 1 January 2009	56,087
Loss for the year	(24,582)
At 31 December 2009	<u>31,505</u>

**11 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2009 £	2008 £
Balance 1 January 2009	56,187	57,137
Loss for the year	(24,582)	(950)
Closing shareholders' funds	<u>31,605</u>	<u>56,187</u>

**12 RELATED PARTIES**

Included within debtors at the period end was a balance of £13,370 (31 December 2008 £10,438) owed from GU Music Limited, a company with a common director and shareholder

As at 31 December 2009 £Nil (31 December 2008 £47,000) was included within trade creditors as owing to Boxed Entertainment Inc. This company has a common director. Management charges of £81,312 (31 December 2008 £69,711) were payable to A Horsfield, a director, in the year

All the above transactions were on an arms length basis at normal commercial terms

As at 31 December 2009 A Horsfield, a director, owed £5,553 (31 December 2008 £5,553), to Global Underground Limited. The maximum outstanding balance owed to the company during the period was £5,553 (31 December 2008 £5,553). There are no fixed terms as to interest and this balance will be fully repaid within nine months of the period end

The company has taken advantage of the exemption under FRS8 in not disclosing balances and transactions with group companies which 100% of the voting rights are controlled within the group

**13 CONTROLLING PARTY**

Ministry of Sound Group Limited (formerly MSHK Ltd), a company registered in Great Britain, is deemed to be the immediate controlling party by virtue of their beneficial interest in the ordinary share capital of the company

A copy of the group accounts can be obtained from 103 Gaunt Street, London, England, SE1 6DP

The ultimate parent undertaking is Nimbus Holdings Limited, a company registered in Jersey and represents the largest group for which consolidated accounts are drawn up

**14 ULTIMATE CONTROLLING PARTY**

The Michael Wigram Settlement, a trust registered in Jersey, is deemed to be the ultimate controlling party

# Global Underground Limited

Management information

for the year ended 31 December 2009

**Global Underground Limited**  
**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2009**

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	2009 £	2008 £
SALES	693,200	993,963
COST OF SALES		
Opening stock	158,748	233,687
Manufacturing	209,384	193,349
Photography and design	28,525	19,562
Royalties	91,992	195,531
MCPS	45,635	76,466
Marketing	78,623	175,382
Carriage and packing	44,344	43,789
Tours COS	22,510	-
	<u>679,761</u>	<u>937,766</u>
Closing stock	(158,748)	(158,748)
	<u>521,013</u>	<u>779,018</u>
GROSS PROFIT	<u>172,187</u>	<u>214,945</u>
DEDUCT EXPENSES		
Administration	177,415	206,914
Financial	12,762	4,639
Depreciation and amortisation	5,500	5,500
	<u>195,677</u>	<u>217,053</u>
	<u>(23,490)</u>	<u>(2,108)</u>
OTHER INCOME		
Interest receivable	-	66
NET LOSS BEFORE TAXATION	<u>(23,490)</u>	<u>(2,042)</u>

Global Underground Limited  
 PROFIT AND LOSS ACCOUNT  
 for the year ended 31 December 2009

	2009 £	2008 £
<b>ADMINISTRATION</b>		
Office salaries	56,863	80,656
Employer's NI contributions	4,258	6,939
Telephone	734	4,228
Management charges	81,312	69,711
Rent and rates	710	3,204
Printing, postage and stationery	676	13,506
Travel and subsistence	8,264	19,031
Sundry expenses	7,366	-
Entertaining	963	1,071
Legal and professional fees	11,269	8,568
Audit fees	5,000	-
	<u>177,415</u>	<u>206,914</u>
<b>FINANCIAL</b>		
Bank and other interest	-	6,997
Bank charges	137	-
(Profit)/loss on foreign exchange	12,625	(2,293)
	<u>12,762</u>	<u>4,704</u>
<b>DEPRECIATION AND AMORTISATION</b>		
Amortisation of intangible fixed assets	5,500	5,500
	<u>5,500</u>	<u>5,500</u>