Gear 4 Music (Holdings) Limited

Directors' report and financial statements

Registered number 07786708

75 week period ended

28 February 2013

Contents

Officers and professional advisors

The board of directors

D Murray (appointed 19 March 2012)
AP Wass (appointed 19 March 2012)
M Buttler (appointed 23 January 2012)
GJ Bevan (appointed 1 January 2013)
CD Scott (appointed 1 January 2013)

Company secretary

CD Scott

Registered office

Great North Way
York Business Park
York
North Yorkshire
YO26 6RB

Auditor

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW

Bankers (from 1 March 2013)

HSBC Bank Plc
13 Parliament Street
York
YO1 8XS

Directors' report

The directors have pleasure in presenting their report and financial statements of the company for the period ended 28 February 2013

Principal activities

The principal activity of the Group during the year under review was that of retailer of musical instruments and equipment

Business review

The Company was incorporated on 26 September 2011 and commenced activities on 19 March 2012 On 19 March 2012 the company acquired Red Submarine Limited Further details are provided in note 9

The results for the 75 week period show a loss before taxation of £225,349 generated from a turnover of £12,265,651

Principal risks and uncertainties

The group is impacted by the state of the retail market and competitive pressure The group manages these risks by providing high quality branded products across a comprehensive range, at competitive prices, supported by excellent customer service

As with most UK businesses at this time, there is financial risk relating to the availability of sufficient and appropriate funds to meet the business needs On 19 March 2012 a Private Equity investor, Key Capital Partners, invested in the group On 1 March 2013 the group re-banked to HSBC Bank plc, and secured increased trade finance and term loan facilities

The group's finance team manages exposure to foreign exchange, interest rate and other financial risks

Proposed dividend

The directors do not recommend the payment of a final dividend

Directors

The directors who held office during the year were as follows

D Murray (appointed 19 March 2012)
AP Wass (appointed 19 March 2012)
M Buttler (appointed 23 January 2012)
GJ Bevan (appointed 1 January 2013)
CD Scott (appointed 1 January 2013)

Certain directors benefit from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

Directors' report *(continued)*

Auditor

KPMG LLP was appointed as the company's first auditor in the period Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the board

C D Scott
Secretary

Great North Way
York Business Park
York
North Yorkshire
YO26 6RB

11 June 2013

Statement of directors' responsibilities in respect of the Directors' Report and 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 they have elected to prepare the group and parent company financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 group and parent company and of their profit or loss for that period In preparing each of the group and parent company financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable 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 group and the parent company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006 They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities

KPMG

KPMG LLP
1 The Embankment
Neville Street
Leeds
LS1 4DW
United Kingdom

Independent auditor's report to the members of Gear 4 Music (Holdings) Limited

We have audited the financial statements of Gear 4 Music (Holdings) Limited for the period from 26 September 2011 (date of incorporation) to 28 February 2013, set out on pages 7 to 21 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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, and express an opinion on, 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 Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 28 February 2013 and of the group's loss for the period then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Independent auditor's report to the members of Gear 4 Music (Holdings) Limited *(continued)*

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent 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

Johnathan Pass (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
1 The Embankment
Neville Street
Leeds
LS1 4DW

11 June 2013

Consolidated profit and loss account

for the 75 week period ended 28 February 2013

	Note	75 week period ended 28 February 2013 £
Turnover		**12,265,651**
Cost of sales		**(8,890,110)**
Gross profit		**3,375,541**
Administration expenses		**(3,247,290)**
Operating profit	*2*	**128,251**
Interest payable and similar charges		**(353,600)**
Loss on ordinary activities before taxation	*2-4*	**(225,349)**
Tax on loss on ordinary activities	*5*	**27,907**
Loss for the financial year		**(197,442)**

The results shown above represent the 75 week period from incorporation on 26 September 2011 to 28 February 2013 The Company commenced trading activities on 19 March 2012 when it completed an acquisition

All activities relate to an acquisition in the period – refer note 9 for further details of the acquisition

The company has no recognised gains or losses other than as shown above and therefore no separate statement of total recognised gains and losses has been prepared

There is no difference between the profit on ordinary activities before taxation and the profit sustained for the financial period stated above, and their historical cost activities

The notes on pages 11-21 form part of these financial statements

Consolidated balance sheet
as at 28 February 2013

	Notes	28 February 2013 £	£
Fixed assets			
Intangible assets - goodwill	*6*		1,642,742
Tangible assets	*7*		863,579
			2,506,321
Current assets			
Stocks	*10*	3,611,089	
Debtors	*11*	228,949	
Cash at bank and in hand		656,179	
		4,496,217	
Creditors amounts falling due within one year	*12*	(2,057,635)	
Net current assets			2,438,582
Total assets less current liabilities			4,944,903
Creditors: amounts falling due after more than one year	*13*		(3,876,442)
Provision for liabilities	*14*		(278)
Net assets			1,068,183
Capital and reserves			
Called up share capital	*15*		1,265,625
Profit and loss account	*16*		(197,442)
Shareholders' funds			1,068,183

These financial statements were approved by the board of directors on 11 June 2013 and were signed on its behalf by

AP Wass
Director

CD Scott
Director

Company balance sheet
as at 28 February 2013

	Notes	28 February 2013 £	£
Fixed assets			
Investments	8		2,739,877
Current assets			
Debtors (including £1 716 913 due after more than one year)	11	1,761,305	
		1,761,305	
Creditors amounts falling due within one year	12	(7,908)	
Net current assets			1,753,397
Total assets less current liabilities			4,493,274
Creditors amounts falling due after more than one year	13		(3,528,590)
Net assets			964,684
Capital and reserves			
Called up share capital	15		1,265,625
Profit and loss account	16		(300,941)
Shareholders' funds			964,684

These financial statements were approved by the board of directors on 11 June 2013 and were signed on its behalf by

AP Wass
Director

CD Scott
Director

Consolidated Cash Flow Statement

for the 75 week period ended 28 February 2013

	Note	28 February 2013 £	£
Net cash outflow from operating activities	*18*		**(669,441)**
Returns on investments and servicing of finance			
Interest paid		(60,682)	
Net cash outflow from returns on investments and servicing of finance			**(60,682)**
Taxation			
UK corporation tax paid		(64,775)	
Net cash outflow from taxation			**(64,775)**
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(492,976)	
Proceeds from sale of fixed assets		1,258	
Acquisition of subsidiaries	*9*	(2,739,877)	
Cash acquired with subsidiary		358,328	
Net cash outflow from capital expenditure and financial investment			**(2,873,267)**
Net cash outflow before financing			**(3,668,165)**
Financing			
Repayment of borrowings	*19*	(128,740)	
New borrowings – loan notes issued	*19*	3,235,577	
Capital element of hire purchase contracts	*19*	(48,118)	
Proceeds from issue of ordinary shares	*15*	1,265,625	
			4,324,344
Increase in cash in the period	*19*		**656,179**

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiary undertakings made up to 28 February 2013 The acquisition method of accounting has been adopted Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal

Under section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account

Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will be able to continue to trade for the foreseeable future The directors believe that the company is well placed to manage its business risks successfully despite the current uncertain economic outlook The directors are not aware of any reason why their sources of funding might be withdrawn As a result they have adopted the going concern basis of accounting

Turnover

Turnover comprises the value of sales (including freight charges and duty where applicable, but excluding VAT and trade discounts) of goods and services provided in the normal course of business

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over fair value of the separable net assets acquired) arising on consolidation in respect of acquisition is capitalised Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life

The estimated useful life of the group's goodwill is 15 years

Tangible fixed assets and depreciation

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Plant and machinery	20-25% on reducing balance
Fixtures and fittings	20-25% on reducing balance
Motor vehicles	25% on reducing balance
Website and IT infrastructure	20% straight line
Computer equipment	20-33% on a straight line basis

Investments

In the Company's financial statements, investments in subsidiary undertakings, associates and joint ventures are stated at cost (less amounts written off)

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items Goods in transit are included when all significant risks and rewards have been transferred to the company

Notes *(continued)*

1 Accounting policies *(continued)*

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes Deferred taxation is calculated at the rates of tax that are expected to apply in the periods when the timing differences will reverse and has not been discounted

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet Those held under hire purchase contracts are depreciated over their estimated useful lives Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter

The interest element of these obligations is charged to the profit and loss account over the relevant period The capital element of the future payments is treated as a liability

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

Pension costs

The company operates a defined contribution pension scheme Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate

2 Notes to the profit and loss account

Operating profit is stated after charging/(crediting)

	75 week period ended 28 February 2013 £
Depreciation – owned assets	**216,491**
Depreciation – assets on hire purchase contracts	**34,741**
Amortisation of goodwill	**117,339**
Profit on disposal of fixed assets	**(151)**
Hire of plant and machinery - operating leases	**10,689**
Hire of other assets - operating leases	**228,827**
Foreign exchange loss	**14,570**
Audit of these financial statements	**12,715**
Amounts receivable by auditors and their associates in respect of services relating to taxation	**2,500**

Notes *(continued)*

3 Remuneration of directors

	75 week period ended 28 February 2013 £
Directors emoluments	238,566
Company contribution to money purchase pension schemes	5,448

The aggregate of emoluments of the highest paid director was £146,749, and Company pension contributions of £1,680 were made to a money purchase scheme on his behalf

	Number of directors
Retirement benefits are accruing to the following number of directors under	
Money purchase schemes	2

4 Staff numbers and costs

The average number of persons employed by the Group (excluding executive directors) during the period, analysed by category, was as follows

	75 week period ended 28 February 2013 Number
Administrative staff	47
Retail staff	4
	51

The aggregate payroll costs of these persons were as follows

	75 week period ended 28 February 2013 £
Wages and salaries	878,374
Social security costs	70,004
Pension costs	232
	948,610

Notes *(continued)*

5 Taxation

The tax charge on the loss on ordinary activities for the period was as follows

	75 week period ended 28 February 2013 £
Current tax	
UK corporation tax	21,336
Adjustment in respect of prior year	1,023
	22,359
Deferred tax	(50,266)
Tax on loss on ordinary activities	(27,907)

Factors affecting the tax credit for the current period

The current tax credit for the period is lower than the standard rate of corporation tax in the UK (20%) The differences are explained below

	75 week period ended 28 February 2013 £
Current tax reconciliation	
Loss on ordinary activities before tax	(225,349)
Current tax at 20%	(45,070)
Effects of	
Expenses not deductable for tax purposes	76
Amortisation of goodwill on consolidation	23,467
Timing differences – capital allowances	4,260
Interest not taxable	38,603
Adjustment relating to prior year	1,023
Total current tax	22,359

Notes *(continued)*

6 Intangible fixed assets

	Goodwill £
Group	
Cost	
At beginning of period	-
On acquisition (note 9)	1 760 081
	1 760 081
Amortisation	
At beginning of period	-
Charge for the period	(117 339)
At end of period	(117,339)
Net book value	
At 28 February 2013	**1,642,742**

7 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Website and IT infrastructure £	Total £
Group					
Cost					
On incorporation	-	-	-	-	-
Acquisition of subsidiary (note 9)	60,950	548,287	12,050	1,040,537	1,661 824
Additions	895	87 521	-	404 560	492,976
Disposals	-	-	(3,600)	-	(3,600)
At 28 February 2013	61,845	635 808	8,450	1,445,097	2,151,200
Depreciation					
On incorporation	-	-	-	-	-
Acquisition of subsidiary (note 9)	37,902	325,136	7,823	668,021	1 038,882
Charge for the year	13,336	56,892	780	180,224	251,232
Eliminated on disposal	-	-	(2,493)	-	(2,493)
At 28 February 2013	51,238	382,028	6,110	848,245	1 287,621
Net book value					
At 28 February 2013	**10,607**	**253,780**	**2,340**	**596,852**	**863,579**

Notes *(continued)*

7 Tangible fixed assets *(Continued)*

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Website and IT infrastructure £	Total £
Group					
Cost					
On incorporation	-	-	-	-	-
Acquisition of subsidiary (note 9)	50,032	142 706	-	20,270	213 008
Transfer to ownership	-	(1 001)	-	(12,100)	(13 101)
At 28 February 2013	50,032	141,705	-	8,170	199,907
Depreciation					
On incorporation	-	-	-	-	-
Acquisition of subsidiary (note 9)	34 397	61 455	-	10 362	106 214
Charge for the year	12,508	17,166	-	5 067	34,741
Transfer to ownership	-	-	-	(11 344)	(11,344)
At 28 February 2013	46 905	78,621	-	4,085	129,611
Net book value					
At 28 February 2013	**3,127**	**63,084**	-	**4,085**	**70,296**

8 Fixed asset investments

	Shares in group undertakings £
Company	
Cost	
At beginning of period on acquisition (note 9)	2 739 877
Net book value	
At 28 February 2013	**2,739,877**

The company's investments at the balance sheet date in the share capital of companies include the following

Company name	Nature of business	Class of share	Aggregate capital and reserves	%
Red Submarine Limited	Retail	Ordinary	1 200,634	100 0

Notes *(continued)*

9 Business combination

On 19 March 2012 the company purchased the entire issued share capital of Red Submarine Limited Book and fair values have been calculated at £979,796, the directors consider there is no material difference from the values at 28 February 2013 The resulting goodwill of £1,760,081 was capitalised and will be written off over 15 years The directors consider 15 years as their best estimate of the period that will benefit from the acquisition

	Book value £
Net assets acquired	
Tangible fixed assets	622 942
Investments	1,101
Net current assets	863,850
Creditors amounts falling due after more than one year	(457,553)
Provisions for liabilities – deferred tax	(50,544)
Net assets acquired	979,796
Goodwill	**1,760,081**
	2,739,877
Satisfied by	
Cash	**2,344,000**
Acquisition costs	**395,877**
	2,739,877

10 Stocks

	Group 2013 £	Company 2013 £
Finished goods and goods for resale	**3,611,089**	-

11 Debtors

	Group 2013 £	Company 2013 £
Trade debtors	**30,740**	-
Prepayments and sundry debtors	**198,209**	-
Deferred taxation asset	-	**44,392**
Amounts owed by subsidiary undertaking	-	**1,716,913**
	228,949	**1,761,305**

The amount owed by subsidiary undertaking is considered long term funding and is scheduled for repayment after more than one year The balance does not accrue interest

Notes *(continued)*

12 Creditors: amounts falling due within one year

	Group 2013 £	Company 2013 £
Bank loans and overdrafts	616,891	-
Hire purchase contracts	34,841	-
Trade creditors	1,195,512	27
Corporation tax	21,333	-
Other taxes and social security	100,625	5,218
Company credit card	11,391	-
Accrued income and expenses	77,042	2,663
	2,057,635	7,908

13 Creditors: amounts falling due after more than one year

	Group 2013 £	Company 2013 £
Bank loans and overdraft	339,310	-
Loan notes and interest	3,528,590	3,528,590
Hire purchase contracts	8,542	-
	3,876,442	3,528,590

The following secured debts are included within creditors

	Group 2013 £	Company 2013 £
Bank loan	956,201	-

The bank borrowings are secured against all of the assets of the group
The loan notes from Key Capital Partners are secured as a second ranking debenture against all of the assets of the group

Terms and loan notes repayment schedule

	Currency	Nominal interest rate	Year of maturity	Carrying amount including accrued interest 2013 £
AP Wass	£	6%	2018	225,000
Key Capital Partners	£	10%	2018	3,303,590
				3,528,590

Key Capital Partners loan notes have a capital repayment schedule of £501,763 every 6 months commencing March 2016 with a final payment due in September 2018 Interest is payable from May 2015 or earlier at the discretion of management as cash-flow permits

AP Wass's loan notes have a set final repayment due by September 2018 Interest is cash settled at the discretion of management as cash-flow permits

Notes *(continued)*

14 Provision for liabilities

	Group 2013 £	Company 2013 £
Deferred tax	278	-

The elements of deferred taxation are as follows

	Group 2013 £	Company 2013 £
Difference between accumulated depreciation and amortisation and capital allowances	44,670	-
Other timing differences	(44,392)	(44,392)
Deferred tax liability/(asset)	**278**	**(44,392)**

The movement in deferred tax provisions in the year are as follows

	Group 2013 £	Company 2013 £
On incorporation	-	-
On acquisition (note 9)	50,544	-
Credit to the profit and loss account	(50,266)	(44,392)
At end of year	**278**	**(44,392)**

15 Called up share capital

	2013 Number	2013 £
Allotted, called up and fully paid		
1,265 625 Ordinary shares of £1 each	1,265,625	1,265,625

On 26 September 2011, 1,265 625 ordinary shares of £1 each were issued at par

Notes *(continued)*

16 Profit and loss account

	£
Group	
On incorporation	-
Loss for the period	(197 442)
At 28 February 2013	**(197,442)**

	£
Company	
On incorporation	-
Loss for the period	(300 941)
At 28 February 2013	**(300,941)**

17 Commitments

Group	**2013 £**
Capital commitments at the end of the financial year, for which no provision has been made, are as follows	
Contracted	**151,170**

Annual commitments under non-cancellable operating leases are as follows

	2013 Land and buildings £	**2013 Other £**
Operating leases which expire		
Within one year	-	**4,290**
In the second to fifth years inclusive	**157,793**	**5,665**
	157,793	**9,955**

18 Reconciliation of operating profit to operating cash flows

	75 week period ended 28 February 2013 £
Operating profit	**128,251**
Depreciation and amortisation	**368,571**
Decrease in debtors	**65,175**
Increase in creditors	**435,981**
Increase in stock	**(1,667,268)**
Profit on sale of fixed assets	**(151)**
Net cash outflow from operating activities	**(669,441)**

Notes *(continued)*

19 Analysis of net debt

	On incorporation	Cash	Acquisition (excluding cash)	Non cash movement	28 February 2013
	£	£	£	£	£
Cash at bank and in hand	-	656,179	-	-	**656,179**
	-	656,179	-	-	**656,179**
Debt due after one year	-	(3 160 719)	(414,168)	(293,013)	**(3,867,900)**
Debt due within one year	-	53,882	(670,773)	-	**(616,891)**
Finance leases	-	48,118	(91,501)	-	**(43,383)**
Total	-	(2,402,540)	(1,176,442)	(293,013)	**(3,871,995)**

20 Related party transactions

Transactions with key management personnel

At 28 February 2013, an amount of £225,000 (being the principal loan excluding interest) was owed by Gear 4 Music (Holdings) Limited to Mr A Wass, a director and principal shareholder of Gear 4 Music (Holdings) Limited Interest is charged on the loan at a rate of 6% Interest charged on the loan during the year amounted to £12,871 and £nil remained unpaid at the period end and is included within loan notes and interest The Company is scheduled to continue to make interest payments as they fall due and repay the capital in full by the maturity date

At 28 February 2013, an amount of £3,010,577 (being the principal loan excluding interest) was owed by Gear 4 Music (Holdings) Limited to Key Capital Partners, a shareholder and who control directors on the board of Gear 4 Music (Holdings) Limited Interest is charged on the loan at a rate of 10% Interest charged on the loan during the year amounted to £293,013 and £293,013 remained unpaid at the period end and is included within loan notes and interest Key Capital Partners loan notes have a capital repayment schedule of £501,763 every 6 months commencing March 2016 with final payment due September 2018 Interest is payable from May 2015 or earlier at the discretion of management as cash-flow permits

During the year, Key Capital Partners charged Gear 4 Music (Holdings) Limited £34,000 in respect of on-going investment monitoring and management charges At the balance sheet date Gear 4 Music (Holdings) Limited owed Key Capital Partners £nil

21 Ultimate controlling party

Mr A Wass owns 843,750 'B' ordinary shares, which is 65 % of the issued share capital, giving him ultimate control