



CARIBBEAN 2 WORLD

ANNUAL REPORT 2013



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"Music is a world within
itself, with a Language
we all understand"

- Stevie Wonder



NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2nd Annual General Meeting of **C2W Music Limited** will be held in the Windward Suite at The Knutsford Court Hotel, 11 Ruthven Road, Kingston 10 on Saturday, October 11, 2014 commencing at 10 a.m. to transact the following business:

1. AUDITED ACCOUNTS FOR YEAR ENDED DECEMBER 31, 2013

To receive the Audited Accounts for the year ended December 31, 2013 together with the reports of the Directors and Auditors thereon,

The Company is asked to consider, and if thought fit, pass the following resolution:

Resolution No. 1

“THAT the Audited Accounts for the year ended December 31, 2013, together with the reports of the Directors and Auditors thereon, be and are hereby adopted.”

2. ELECTION OF DIRECTORS

- (i) The Directors retiring by rotation in accordance with Regulation 97 of the Company’s Articles of Incorporation are Ms. Kristine Gibbon-Thompson and Mr. Ivan Berry, who being eligible for re-election, offer themselves for re-election.

To consider, and if thought fit, pass the following Resolutions:

Resolution No. 2

“THAT the Directors, retiring be re-elected by a Single Resolution.”

Resolution No. 3

“THAT Ms. Kristine Gibbon-Thompson and Mr. Ivan Berry, who are retiring by rotation in accordance with Regulation 97 of the Articles of Incorporation be and are hereby re-elected as Directors of the Company.”

- (ii) The Directors appointed since the last Annual General Meeting, shall retire in accordance with Regulation 103 of the Company’s Articles of Incorporation. These Directors are Messrs. Clyde McKenzie and Lowell ‘Sly’ Dunbar and being eligible offer themselves for re-election.

The Company is being asked to consider, and if thought fit, pass the following resolutions:

Resolution No. 4

“THAT Messrs. Clive McKenzie and Lowell ‘Sly’ Dunbar be and are hereby re-elected as Directors of the Company.”

3. REMUNERATION OF DIRECTORS

To fix the remuneration of the Directors:

Resolution No. 5

“THAT the amount shown in the Accounts of the Company for the year ended December 31, 2013, as remuneration of the Directors for their services as Directors be and is hereby approved.”

4. REMUNERATION OF AUDITORS

To fix the remuneration of the Auditors:

Resolution No. 6

“That Messrs. Ernst & Young appointed during the year to fill the casual vacancy caused by the resignation of Messrs. Deloitte Touche Tohmatsu Limited, be reappointed auditors of the company to act until the conclusion of the next general meeting of the company at which audited accounts are laid before the members.”

By Order of the Board



Denise A. Douglas
Company Secretary
September 5, 2014

Registered Office
1 Ardenne Road
Kingston 10

NOTE:

A member entitled to attend and vote at this meeting may appoint another person as his proxy to attend and vote instead of him and such proxy need not be a member of the company. An appropriate form of proxy is enclosed.

DIRECTORS' REPORT

The Directors are pleased to submit their Report and Audited Accounts for the year ended December 31, 2013

FINANCIAL RESULTS

	Year Ended December 31, 2013 US\$	Year Ended December 31, 2012 US\$
Fees and royalties	11,094	16,574
Interest income	2	5,643
Sponsorship Income	7,500	94,571
Song writing camps and development expenses	(82,844)	(273,576)
Administrative expenses	(553,216)	(444,117)
Finance costs	(2,589)	(2,852)
NET LOSS AND TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>(620,503)</u>	<u>(603,757)</u>

DIVIDENDS

Your Directors do not recommend payment of a dividend.

THE BOARD

Pursuant to Article 97 of the Articles of Incorporation of the Company, one third of the Directors must retire at the Annual General Meeting in every subsequent year and being eligible offer themselves for election. Pursuant to Article 103 of the Articles of Incorporation of the Company, Directors appointed since the last Annual General Meeting must retire and being eligible offer themselves for election.

The Directors of the Board as at **February 1, 2014** comprised:

Derek Wilkie
Ivan Berry

Kristine Gibbon-Thompson
Maxime Gousse

Clyde McKenzie
Lowell 'Sly' Dunbar

AUDITORS

Ernst & Young were appointed auditors of the company in replacement of retiring auditors, Deloitte & Touche, and has indicated their willingness to continue in office and their re-appointment will be proposed at the forthcoming Annual General Meeting.

The Directors wish to express their appreciation to the management and staff for the work they have done during the year.

By Order of the Board



Denise A. Douglas
Company Secretary
September 5, 2014

HIGHLIGHTS - 2013



CHAIRMAN'S STATEMENT



The Company's second year-end financials show again a disappointing performance on its asset base of copyrights. Given this turnout, downward adjustments to expenses and a careful review of the market and C2W's model were necessary to avoid further decline in its stock value. The Company's catalogue of Music grew at a lesser rate as a result of fewer Song Writing Camps compared to the previous year but the management still managed to accrue added copyrights through sponsored camps with substantial sponsorship income, and co-publishing with other regional publishers. The main reasons cited for slow growth is as a result of slower market penetration for use of the Catalogue than expected, longer turn around return periods for Copyrights that have been exploited and a technological systems change over of the Caribbean Performance Right Organizations management Information Systems. These systems used by the PRO's are critical in the matching process that provides the distribution statement "royalties" for its members like C2W. The Warner Chappell and BMG Chrysalis sub-published catalogue are expected to earn favorably as the PRO systems are now tested and operational and new cable transmissions are licensed in the region and will play a major role in added revenue collection.

It is recognized the C2W's expense to revenue ratio must be monitored in order to sustain the business model under review. Management are in discussion to look at other existing models with the intention of considering a strategic merger partner that would add value to the asset base and one that could provide the conduit for exploitation of our catalogue. A further relentless effort at the use by the TV and Film market has seen some use of the catalogue utilized, releases by major Artists of our copyrights and a continued relationship building with the regional PRO's continues to see good prospects for revenue generation in the near future.

The Board of Directors remains confident that 2014 will see a turn around in our revenue, more exploited works and added copyrights. As a matter of fact, C2W showed a profit for the 2nd quarter of 2014 with over USD\$30,000 publishing revenue of our "owned" catalogue. This profit is exciting news not only because of the revenue earned, but also because of a strategic partnership with one of our songwriters and one of the most successful and aggressive music publishers, Rebellion Corps/Notting Hill Music. We are already seeing turnaround in these areas and are confident that this will continue growing to substantiate our business model. We look to the future with confidence and making C2W a recognized player in the market of Music Publishing, and by so doing, secure the necessary revenues that will grow the value company's stock. We continue to believe in our model, we continue to tweak our daily operations and we remain confident that the end result will be successful.

I would like to take this opportunity to thank our CEO, in his relentless effort in keeping the Company operational and active in trying times. I would also like to welcome our two new directors Sly Dunbar and Clyde McKenzie, who we know will add major value and expertise on all levels. I also thank all other members of the Board, our mentor, and all other consultants, advisors and partners in C2W for their hard work, guidance and expertise.

Last, but certainly not least, we thank our shareholders for their patience and visionary efforts, and believing in an initiative as groundbreaking as this one.

Yours Truly,

A handwritten signature in blue ink, appearing to read "Derek Wilkie". The signature is written over a horizontal line.

Derek Wilkie

Acting Chairman Of The Board

President / Director of Operations

C2W Music Ltd.

CEO'S OVERVIEW

Introduction:

The Board of Directors of **C2W Music Limited** (the "Company") is pleased to announce the audited results for the year ended December 31st, 2013. To date, we have created and/or acquired over 900 copyrights. The Company is also the exclusive sub-publisher for two of the largest music publishers in the world, BMG Chrysalis and Warner Chappell Music. We have started to see royalty driven earnings, and confident that this will continue into 2014 with future royalty distribution cycles. The Company has drastically reduced expenses until future earnings are recognized.

Strategy & Outlook:

The Company continues to work closely with all Caribbean performing rights societies in creating proper integration of our systems to show an accurate collection of our royalties from the territory. We are hopeful that our collective efforts would be recognized by a constant stream of royalties from the ending of the 2nd quarter of 2014 and onwards.

We are proud to announce that during the 4th quarter of 2013, we started to see royalty driven earnings deriving out of Barbados. These earnings have come out of the exploitation of copyrights and more specifically have been earned through the "Performing Right" collections of radio broadcast. The amount received thus far totaled USD\$20,643.37. We are hopeful in seeing royalties from the other territories within the aforementioned time period.

Although our efforts are focused on the collection of royalties for our sub-publishing clients, we continue to exploit our owned assets and have accomplished placement of songs with recording artists in USA, Germany, Canada, Korea, Italy and also with major Caribbean artists to be announced in the near future. Already for 2014, we have begun to realize small royalty collections and some sponsorship income. We have confirmed additional songwriting camps in April that are fully financed by major corporations. This is critical as we grow our asset base with limited spend. We continue to speak with potential strategic investors that could impact the Company positively.

The company announced changes to its Board of Directors that resulted in more expertise in the entertainment field. The past Board members continue to be strong supporters of **C2W** and we thank them immensely for their advice and direction while serving as Directors. Effective February 1, 2014, one of Jamaica's musical icons Sly Dunbar (Sly & Robbie) and Jamaican entrepreneur Clyde McKenzie were appointed independent Directors of **C2W**. These gentlemen bring to the Board a vast amount of experience and expertise in the entertainment industry and will no doubt not only make it more dynamic but will also add a broadened perspective. Sly Dunbar and Clyde McKenzie join Derek Wilkie, Max Gousse, Kristine Gibbon-Thompson and Ivan Berry as Board members, while Chris Bovell remains as Mentor. It is now critical that the company focuses on revenue collection, asset exploitation and talent development, hence changes to reflect these areas of the business.

In Conclusion:

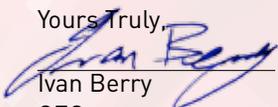
The Company, it's staff, contractors and Directors of the Board would like to thank all of our shareholders for their patience and visionary efforts, and believing in an initiative as groundbreaking as this one. The Company is now globally recognized and supported as the Caribbean's top music publisher.

We continue to work diligently to collect royalties due to us, both regionally and globally, for our sub-publishing clients and our owned copyrights.

Most importantly, we continue to grow our asset base with limited spend, run the Company in a professional and transparent manner, and be proactive in changing with the times to be as efficient and successful as possible for our shareholders and other stakeholders.

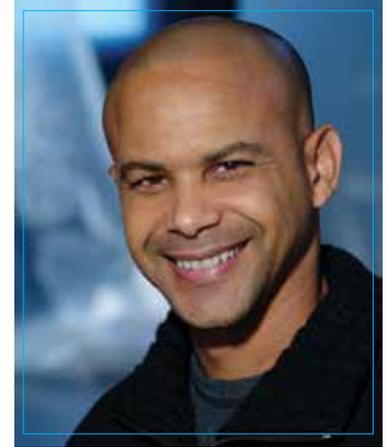
Thank you very much for your continued support.

Yours Truly,



Ivan Berry
CEO

C2W Music Ltd.

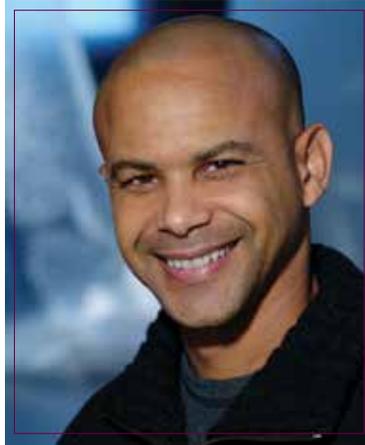


BOARD OF DIRECTORS



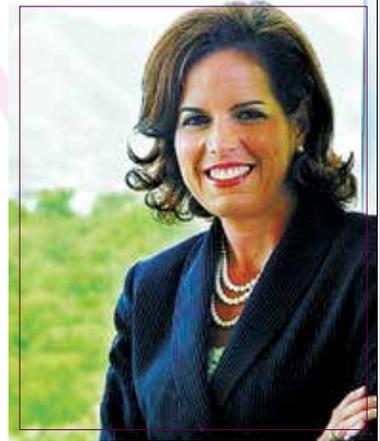
Mr. Derek Wilkie
DIRECTOR & PRESIDENT/
DIRECTOR OF OPERATIONS

Derek Wilkie worked as production manager and also held the position of head of A & R at West Indies Records Limited (WIRL). While at WIRL he enabled the signing of several acts to recording contracts and managed one of these acts and toured Canada and the Americas. After leaving WIRL, he established his own label, CRS Music Ltd. With the publishing arm Treasure Music Island Inc. As a result of his interest in copyright, Derek promoted the founding of the Copyright Society of Composers, Authors and Publishers Incorporated (COSCAP). As President and Director of Operations of C2W Music Limited, he both supports and reports to the CEO.



Mr. Ivan Berry
DIRECTOR & CHIEF EXECUTIVE
OFFICER (CEO)

Ivan Berry has had a 30 year career in the music industry, which has spanned a wide range of activities including entrepreneur, artist manager, record label owner, talent development executive and music publisher. As the CEO of the company, he is primarily responsible for its overall strategic direction and its business of identifying and nurturing creative talent, and revenue generation and royalty collection activities. He is a native of St. Kitts and is involved in the development of the music business infrastructure across the Caribbean.



**Ms. Kristine
Gibbon-Thompson**
NON-EXECUTIVE DIRECTOR

Kristine Gibbon-Thompson is the CEO of Canboulay Energy Capital. She serves in the capacity of Vice President, Strategic & Business Development at Carisal Unlimited and also serves as a director on a number of boards. Kristine holds a Bachelor of Commerce degree with Honors from Queen's University in Canada and an MBA from Harvard University Graduate School.



Mr. Maxime Gousse

NON-EXECUTIVE DIRECTOR

Music industry heavyweight Maxime Gousse, (born Brooklyn, NY) is a multiple Grammy Award-winning American record executive, producer, and A&R extraordinaire. He currently serves as the Senior Vice President/A&R of Island Def Jam Music Group. Maxime has been an A&R executive for nearly twenty years. Based in Los Angeles, Maxime works with artists in several genres, including Pop, R&B, and Hip-Hop.



Mr. Clyde McKenzie

NON-EXECUTIVE DIRECTOR

Clyde McKenzie is the founding General Manager of Jamaica's Reggae Radio IRIE FM. He is a cultural commentator and has written extensively about Jamaican music and entertainment. He is a sought after speaker and consultant on media and cultural matters across the Caribbean and Latin America. He has consulted with a number of regional bodies on the formulation of cultural policy. Clyde was the chairman of the Entertainment Advisory Board and has served on a number of other Government boards including the Creative Production and Training Centre, The Jamaica Cultural Development Commission and The Jamaica Intellectual Property Office.

He is a principal of Shocking Vibes, which has managed the careers of such notables as Beenie Man, Lady Saw and Tanto Metro & Devonte. He is a co-producer of the Grammy Award winning Art & Life Album by Beenie Man. He is a director of FiWi Choice, an audio-visual content producer and FiWi Business, which is a marketing consultancy.

Clyde McKenzie was a judge on the popular Jamaican talent search: Digicel Rising Stars.



Mr. Lowell 'Sly' Dunbar

NON-EXECUTIVE DIRECTOR

The foundations of Jamaica's drumming style were set by the innovative playing of Sly Dunbar. As one-half of Sly & Robbie, Dunbar joined with bassist Robbie Shakespeare to provide the rhythm section, songwriting or production for an enormous amount of global superstars. Sly & Robbie's own albums include Friends, which received a Grammy award as "Best Reggae Album" in 1999. Sly & Robbie are estimated to have played on, written and/or produced over 200,000 recordings.

On his own, Dunbar has recorded four solo albums, Simply Sly Man in 1976, Wicked And Slick in 1977, Sly Go Ville in 1982, and Reggae DrumSplash, an encyclopedic exploration of Jamaican rhythms that includes 843 sampled loops, in 1997.

His earliest inspiration for playing the drums was sparked while watching Lloyd Knibbs and The Skatalites on television. Dunbar, whose nickname was reportedly given to him for his passion for Sly & The Family Stone, launched his musical career at the age of 15. His recording debut came, in 1969, when he appeared on an album, Double Barrel, by Dave and Ansell Collins. He met Robbie Shakespeare in 1972 and they began a life-long friendship. They accompanied Peter Tosh from 1976 until 1979. Shortly after leaving Tosh's group, Dunbar and Shakespeare launched Taxi Productions and formed a studio band, They collaborated with Gregory Isaacs, Black Uhuru, Grace Jones, Beenie Man and Chevell Franklyn.

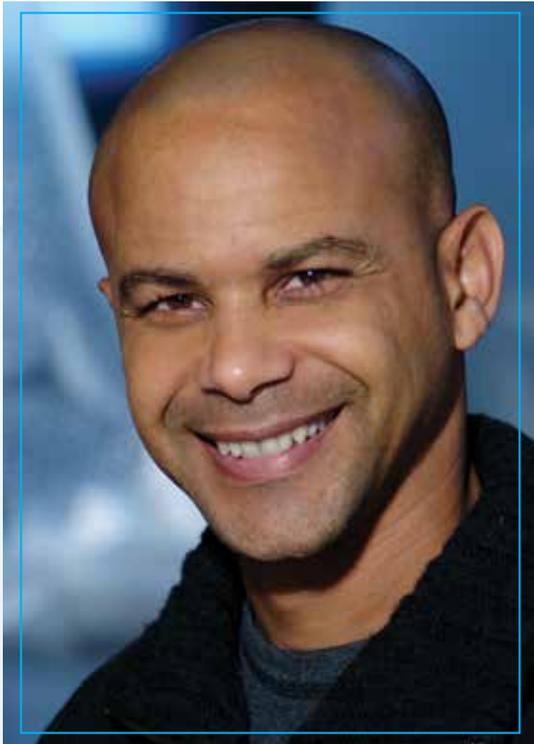
Sly Dunbar is a true living legend.



HIGHLIGHTS - 2013 - CONT'D



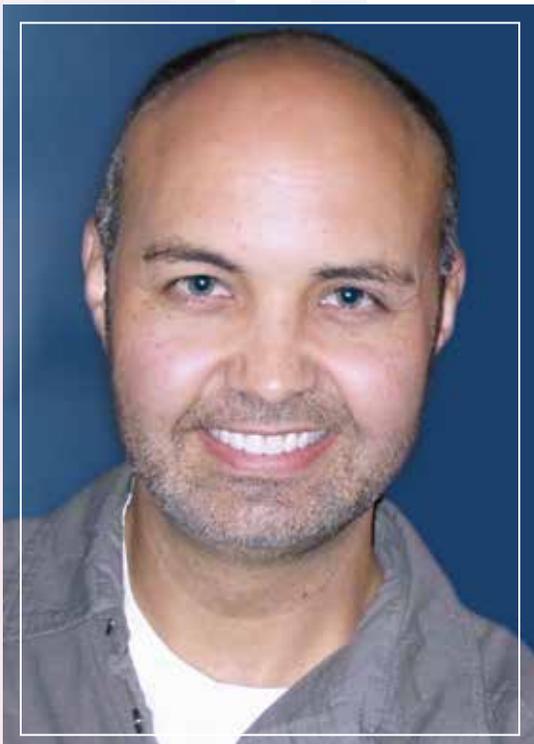
SENIOR MANAGEMENT TEAM



Ivan Berry
Chief Executive Officer – CEO



Derek Wilkie
President/Director of Operations



Sean Mulligan
Film, Television & Advertising



Jennifer Beavis
Publishing, Copyright & Royalty Administration

TEN LARGEST SHAREHOLDERS

NO. OF UNITS

1. IVAN BERRY	180,000,000
2. DEREK WILKIE	80,000,000
3. STOCKS AND SECURITIES LTD MANAGED A/C	59,455,503
4. STOCKS & SECURITIES (ST. LUCIA) LTD	52,030,431
5. KRIS ASTAPHAN	20,000,000
6. ANN-MARIE VAZ	1,000,000
7. PHILLIP FEANNY	1,000,000
8. GERALD DAVID MAIR	535,000
9. DAVID MCDANIEL	511,000
10. BRETT THWAITES	387,000

DIRECTORS

1. IVAN BERRY	180,000,000
2. DEREK WILKIE	80,000,000



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INDEPENDENT AUDITORS' REPORT

To the members of

C2W MUSIC LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of C2W Music Limited (the company), which comprise the statement of financial position as at December 31, 2013, the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended December 31, 2013, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act, 2004 and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

We were unable to obtain sufficient appropriate audit evidence about the completeness of royalty income due to the inability of the external monitoring agencies to properly document the company's repertoire of works with their current technological systems. Additionally due to difficulties with the systems of performing rights societies in the region and the reporting by them to the company, we were unable to determine completeness of sub-publishing revenues. Accordingly we were unable to determine whether any adjustments to the amounts recorded were necessary.

Report on the Financial Statements (Cont'd)

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph the financial statements give a true and fair view of the financial position of the company as at December 31, 2013, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.

Emphasis of matter

We draw attention to Note 22 in the financial statements which indicates that the company incurred a net loss of US\$620,053 for the year ended December 31, 2013 and as at that date, the Company's current liabilities exceeded its current assets by US\$180,880. From inception the company has not achieved the level of revenues projected and required to sustain its operations.

The ability of the Company to generate sustained profitable operations is sensitive to the successful implementation of the strategies and the key assumptions around revenue growth and cost reductions. Should these assumptions not materialise such that the Company is unable to service its obligations when due, this will pose a going concern risk to the Company.

The financial statements have been prepared on the going concern basis as, based on current plans and strategies being pursued by the Company, the expectation is that the Company will generate adequate cashflows and profitability to allow the Company to continue in operational existence in the foreseeable future. On this basis, the Directors have maintained the going concern assumption in the preparation of these financial statements.

This basis of preparation presumes that the Company will be able to realise their assets and discharge their liabilities in the ordinary course of business. These conditions, along with other matters as set forth in Note 22, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

Other matter

The financial statements of the company for the year ended December 31, 2012 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 20, 2013.

Report on additional requirements of the Jamaican Companies Act, 2004

Except for the matters described under Basis for Qualified Opinion above, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

In our opinion, except for the possible effects of the matters described under 'Basis for of Qualified Opinion' above, proper accounting records have been maintained and the financial statements are in agreement therewith and give the information required in the manner so required.



Chartered Accountants

Kingston, Jamaica
March 14, 2014

C2W MUSIC LIMITED

STATEMENT OF FINANCIAL POSITION AT DECEMBER 31, 2013

	<u>Notes</u>	<u>2013</u> US\$	<u>2012</u> US\$
<u>ASSETS</u>			
Non-current assets			
Property and equipment	5	11,419	15,271
Intangible asset	6	10,466	16,446
Advances to songwriters	7,21	<u>201,300</u>	<u>241,516</u>
Total non-current assets		<u>223,185</u>	<u>273,233</u>
Current assets			
Tax recoverable		1,411	1,411
Due from related parties	8	5,814	5,814
Receivables	9,21	20,972	54,445
Cash and bank deposits	10	<u>851</u>	<u>383,971</u>
Total current assets		<u>29,048</u>	<u>445,641</u>
Total assets		<u>252,233</u>	<u>718,874</u>
<u>EQUITY AND LIABILITIES</u>			
Shareholders' equity			
Share capital	11	1,286,619	1,286,619
Accumulated deficit	21	<u>(1,244,314)</u>	<u>(624,261)</u>
Total shareholders' equity		<u>42,305</u>	<u>662,358</u>
Current liabilities			
Loans payable	12	72,589	-
Due to related parties	8	4,769	-
Trade payables	13,21	<u>132,570</u>	<u>56,516</u>
Total current liabilities		<u>209,928</u>	<u>56,516</u>
Total equity and liabilities		<u>252,233</u>	<u>718,874</u>

The accompanying Notes form an integral part of the Financial Statements.

The Financial Statements were approved and authorised for issue by the Board of Directors on March 14, 2014 and are signed on its behalf by:


Director


Director

C2W MUSIC LIMITED

STATEMENT OF PROFIT AND LOSS AND COMPREHENSIVE INCOME

YEAR ENDED DECEMBER 31, 2013

	<u>Notes</u>	<u>2013</u> US\$	<u>2012</u> US\$
Fees and royalties	14,21	11,094	16,574
Interest income		2	5,643
Sponsorship income	15	7,500	94,571
Song writing camps and development expenses		(82,844)	(273,576)
Administrative expenses	21	(553,216)	(444,117)
Finance costs	16	(2,589)	(2,852)
NET LOSS BEING TOTAL COMPREHENSIVE LOSS FOR THE YEAR	17	<u>(620,053)</u>	<u>(603,757)</u>
Loss per share	18	(0.16) cents	(0.17) cents

The accompanying notes form an integral part of the Financial Statements.

C2W MUSIC LIMITED**STATEMENT OF CHANGES IN EQUITY****YEAR ENDED DECEMBER 31, 2013**

	<u>Notes</u>	<u>Share Capital US\$</u>	<u>Accumulated Deficit US\$</u>	<u>Total US\$</u>
Balance at January 1, 2012		5,814	(20,504)	(14,690)
Net loss being Total Comprehensive loss for the year, as restated	21	-	(603,757)	(603,757)
Issue of ordinary shares	11	1,471,704	-	1,471,704
Share issue costs	11	(190,899)	-	(190,899)
Balance at December 31, 2012, as restated	21	1,286,619	(624,261)	662,358
Net loss being Total Comprehensive loss for the year		-	(620,053)	(620,053)
Balance at December 31, 2013		<u>1,286,619</u>	<u>(1,244,314)</u>	<u>42,305</u>

The accompanying notes form an integral part of the Financial Statements.

C2W MUSIC LIMITED
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2013

	<u>Note</u>	<u>2013</u> US\$	<u>2012</u> US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss for the year		(620,053)	(603,757)
Adjustments for:			
Depreciation and amortisation		11,268	2,672
Finance costs		2,589	2,852
Interest income		(2)	(5,643)
Amortised cost adjustment on advances to songwriters		<u>114,828</u>	<u>-</u>
Operating cash flows before movements in working capital		(491,370)	(603,876)
Decrease (Increase) in receivables		33,473	(50,347)
Increase in trade payables		76,054	53,766
Decrease (Increase) in related party balance (net)		<u>4,769</u>	<u>(53,250)</u>
Cash used in operations		(377,074)	(653,707)
Interest paid		<u>-</u>	<u>(2,852)</u>
Net cash used in operating activities		<u>(377,074)</u>	<u>(656,559)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property and equipment		(1,436)	(16,449)
Payments for intangible assets		-	(17,940)
Interest received		2	5,643
Increase in advances to songwriters		<u>(74,612)</u>	<u>(216,516)</u>
Net cash used in investing activities		<u>(76,046)</u>	<u>(245,262)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		70,000	-
Issue of shares		-	1,471,704
Payment for share issue costs		<u>-</u>	<u>(190,899)</u>
Net cash provided by financing activities		<u>70,000</u>	<u>1,280,805</u>
NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS		(383,120)	378,984
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>383,971</u>	<u>4,987</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	<u>851</u>	<u>383,971</u>

The accompanying notes form an integral part of the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

1 IDENTIFICATION

(a) C2W Music Limited (the company) is a limited liability company incorporated and domiciled in Jamaica. The company was listed on the Junior Stock Exchange effective April 26, 2012. The registered office is situated at 1 Ardenne Road, Kingston 10, Jamaica. The company commenced operations in November 2011.

(b) The company was established for the purpose of obtaining intellectual property rights, namely licensing and publication rights to songs developed by Caribbean songwriters. The principal activities of the company involve developing the talents of Caribbean songwriters, acquiring licensing rights to their compositions and promoting the commercial use of the compositions.

(c) Taxation

Entities listed on the Junior Stock Exchange in Jamaica benefit from tax incentives of tax rates of 0% in years 1 – 5, and 50% of regular tax rates in years 6 – 10. Consequently, no provision for taxation is reflected in these financial statements.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

Standards and Disclosures affecting amounts reported and or disclosures in the current period (and/or prior periods)

In the current year, the company has applied a number of new and revised IFRS issued by the International Accounting Standards Board (IASB) that are mandatorily effective for the accounting period. These are listed below.

IFRS 13 *Fair Value Management*

IFRS 13 establishes a single source of guidance of fair value measurements and disclosures about fair value measurements. The Scope of IFRS is broad; the fair value measurement requirements of IFRS 13 apply to both financial instruments and non-financial instruments for which other IFRS require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e.g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price. IFRS 13 also includes extensive disclosure requirements.

IFRS 13 requires prospective application from January 1, 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standards in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the company has not made any new disclosures required by IFRS 13 for the 2013 comparative period (Please see Notes 3 and 19 for 2013 disclosures). Other than the additional disclosures, the application of IFRS 13 has not had any material impact on the amounts recognised in the financial statements.

Amendments to IAS 1 *Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 introduce new terminology, whose use is not mandatory, for the statements of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed as the 'statement of profit or loss and other comprehensive income'. The company effected the name change. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned named change, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

C2W MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Cont'd)

New and revised Standards and Interpretations applied with no effect on the financial statements

		<u>Effective for annual periods beginning on or after</u>
IAS 1, 16, 32, 34 and IFRS 1	Amendments arising from 2009 – 2011 Annual Improvements to IFRS	January 1, 2013
IAS 19 (Revised)	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	January 1, 2013
IAS 27 (Revised)	Consolidated and Separate Financial Statements - Reissued as IAS 27 <i>Separate Financial Statements</i> (as amended in 2011)	January 1, 2013
IAS 28 (Revised)	Investments in Associates - Reissued as IAS 28 <i>Investments in Associates and Joint Ventures</i> (as amended in 2011)	January 1, 2013
IFRS 1	First-time Adoption of International Financial Reporting Standards: Amendments for government loan with a below market rate of interest when transitioning to IFRS	January 1, 2013
IFRS 7 (Revised)	Financial Instruments: Disclosures - Amendments enhancing disclosures about offsetting financial assets and financial liabilities	January 1, 2013
IFRS 10	Consolidated Financial Statements	January 1, 2013
IFRS 10, 11, and 12	Consolidated Financial Statements, Joint Arrangements, and Disclosure of Interests in Other Entities - Transition guidance	January 1, 2013
IFRS 11	Joint Arrangements	January 1, 2013
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2013
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	January 1, 2013

New and revised IFRSs and Interpretations in issue but not yet effective

At the date of authorisation of these financial statements, the following Standards and Interpretations were in issue but not effective or early adopted for the financial period being reported on:

		<u>Effective for annual periods beginning on or after</u>
<u>New and Revised Standards</u>		
IAS 16, 24, 38 and IFRS 2, 3, 8 and 13	Amendments arising from 2010 – 2012 Annual Improvements to IFRS	July 1, 2014
IAS 40 and IFRS 1, 3 and 13	Amendments arising from 2011 – 2013 Annual Improvements to IFRS	July 1, 2014
IAS 19	Employee Benefits – Amendment to clarify the requirements that relate to how contributions from employees or third parties linked to service should be attributed to periods of service	July 1, 2014
IAS 32	Financial Instruments: - Amendments to application guidance on the offsetting of financial assets and financial liabilities	January 1, 2014

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Cont'd)

Standards and interpretations in issue not yet effective (Cont'd)

		Effective for annual periods <u>beginning on or after</u>
<u>New and Revised Standards (Cont'd)</u>		
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to continue to apply hedge accounting requirements	When IFRS 9 is applied
IFRS 1	First-time Adoption of International Financial Reporting Standards - Amendment for Government loan with a below-market rate of interest when transitioning to IFRS	July 1, 2013
IFRS 7	Financial Instruments: Disclosures - Amendments requiring disclosures about the initial application of IFRS 9 - Additional hedge accounting disclosures (and consequential amendments)	January 1, 2015 (or otherwise when IFRS 9 is first applied) When IFRS 9 is applied
IFRS 9	Financial Instruments: Classification and Measurement of financial assets	Undetermined
IFRS 10, 12 and IAS 27	Consolidated Financial Statements, Disclosure of Interests In Other Entities, and Separate Financial Statements - Amendments for investment entities	January 1, 2014
<u>New and Revised Interpretations</u>		
IFRIC 21	Levies	January 1, 2014

New and Revised Standards and Interpretations in issue not yet effective that are relevant

The Board of Directors and management have assessed the impact of all the new and revised Standards and Interpretations in issue not yet effective and have concluded that the following are relevant to the operations of the company and are likely to impact amounts reported in the company's financial statements:

- IFRS 9 *Financial Instruments*

IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition.

Key requirements of IFRS 9:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

2 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (Cont'd)

Standards and interpretations in issue not yet effective (Cont'd)

New and Revised Standards and Interpretations in issue not yet effective that are relevant (Cont'd)

- IFRS 9 *Financial Instruments (Cont'd)*

Key requirements of IFRS 9: (Cont'd)

- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability, that is attributable to changes in the credit risk of that liability, is presented in other comprehensive income, unless the recognition of the effects of the change in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Previously, under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

The directors and management anticipate that the application of IFRS 9 may impact the amounts reported in respect of the company's financial assets and liabilities. However, the directors and management have not yet completed their detailed analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the likely impact.

3 SIGNIFICANT ACCOUNTING POLICIES

3.1 Statement of compliance

The company's financial statements have been prepared in accordance and comply with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, 2004 of Jamaica.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

These financial statements are expressed in United States of America dollars, which is the company's functional currency.

The principal accounting policies are set out below:

3.3 Current versus non-current classification

The company presents assets and liabilities in statement of financial position based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.3 Current versus non-current classification (Cont'd)

The company classifies all other liabilities as non-current.

3.4 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The company has no non-financial assets measured or disclosed at fair value.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.5 Property and equipment

Property and equipment for use in the production or supply of goods and services, or held for administrative purposes are recorded at historical or deemed cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets less their residual values, over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation methods are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

An item of property and equipment is derecognised upon disposal or where no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.6 Intangible assets

Intangible assets with finite useful lives that are acquired separately are reported at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over the estimated useful life. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

3.7 Impairment of tangible and intangible assets

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of the fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

3.8 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

The fair values of financial instruments are highlighted at Note 19.

3.8.1 Financial assets

Financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All financial assets classified as loans and receivables are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset. All regular way purchases or sales of financial assets are recognised and de-recognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Financial instruments (Cont'd)

3.8.1 Financial assets (Cont'd)

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or where appropriate, a shorter period to its net carrying amount on initial recognition.

(a) *Loans and receivables*

These are non-derivative financial assets that have fixed or determinable payments and are not quoted in an active market. Loans and receivables are measured at amortised cost using the effective interest method less any impairment. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

The company's portfolio of loans and receivables comprise amounts due from related parties (See Related Party below), receivables, advances to songwriters, and cash and bank deposits.

(b) *Impairment of financial assets*

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the asset have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they are assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 60 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Financial instruments (Cont'd)

3.8.1 *Financial assets (Cont'd)*

(b) *Impairment of financial assets (Cont'd)*

For financial assets carried at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(c) *Derecognition of financial assets*

The company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g., when the company retains an option to repurchase part of a transferred asset, the company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

3.8.2 *Financial liabilities and equity instruments issued by the company*

Classification as debt or equity

Debt and equity instruments issued by the company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement, and the definitions of a liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the company are recognised at the proceeds received, net of direct issue costs.

Financial liabilities

Financial liabilities are classified as other financial liabilities.

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.8 Financial instruments (Cont'd)

3.8.2 *Financial liabilities and equity instruments issued by the company*

Other financial liabilities

Other financial liabilities, including loans payable, trade and other payables and amounts due from related parties, are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Related party

A party is related to the company if:

- (i) directly, or indirectly through one or more intermediaries, the party:
 - controls, is controlled by, or is under common control with, the company (this includes parent, subsidiaries and fellow subsidiaries);
 - has an interest in the entity that gives it significant influence over the company; or
 - has joint control over the company;
- (ii) the party is an associate of the company;
- (iii) the party is a joint venture in which the company is a venturer;
- (iv) the party is a member of the key management personnel of the company or its parent;
- (v) the party is a close member of the family of any individual referred to in (i) or (iv);
- (vi) the party is an entity that is controlled, jointly controlled or significantly influenced by, or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (iv) or (v); or
- (vii) the party is a post-employment benefit plan for the benefit of employees of the company, or of any entity that is a related party of the company.

Related party transactions and balances are recognised and disclosed in the financial statements. Transactions with related parties are recorded in accordance with the normal policies of the company at transaction dates.

3.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts for services provided in the normal course of business, net of discounts.

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably). Royalties determined on a time basis are recognised on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognised by reference to the underlying arrangement

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.9 Revenue recognition (Cont'd)

Interest income

Interest income is recognised when it is probable that the economic benefits will flow to the company and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Sponsorship income

Sponsorship income is not recognised until there is reasonable assurance that the income will be received. Sponsorship income is recognised in profit or loss on a systematic basis over the period in which the company recognises as expenses the related costs for which the sponsorships are intended to compensate.

Sponsorship income that is receivable as compensation for expenses or losses incurred or for the purpose of giving immediate financial support to the company with no future related costs is recognised in profit or loss in the period in which they become receivable.

3.10 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in the profit or loss in the period in which they are incurred.

3.11 Foreign currencies

Transactions in currencies other than the United States of America Dollars, the company's functional currency, are recognised at the rates of exchange prevailing on the dates of the transactions. The United States of America dollar is deemed the functional currency as projected revenues to be charged by the company are linked to the value of the United States of America dollar in relation to the Jamaican dollar and the majority of its liabilities and other expenditure are denominated in this currency. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with recognition of the gain or loss on change in fair value of the item (i.e. translation gains or losses on items whose fair value gain or loss is recognised in other comprehensive income is also recognised in other comprehensive income). Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. All exchange differences are recognised in profit or loss for the period in which they arise.

3.12 Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date. The arrangement is assessed for whether fulfillment of the arrangement is dependent on the use of a specific asset or assets, or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

3 SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

3.13 Segment reporting

An operating segment is a component of the company that engages in business activities from which it may earn revenues and incur expenses; whose operating results are regularly reviewed by the entity's Chief Operating Decision Maker (CODM) to make decisions about resources to be allocated to the segment and assess its performance; and for which discrete financial information is available.

Based on the information presented to and reviewed by the CODM, the operations of the company are considered as one operating segment.

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the company's accounting policies, which are described in Note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

The following is the critical judgement that management has made in the process of applying the company's accounting policies that had a significant effect on the amounts recognised in the financial statements.

Advances to song writers - \$201,300

This represents advances to song writers to be recouped from earnings from songs in future periods. Based on the nature of the industry in which the company operates, the recovery of these advances is usually protracted but is estimated to be recoverable after five to seven years. The advances have therefore been discounted using commercial borrowing rates. Management believes these amounts are fully recoverable after seven years.

Key sources of estimation uncertainty

Management is of the opinion that there were no critical assumptions concerning the future that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

5 PROPERTY AND EQUIPMENT

	<u>Signage</u> \$	<u>Computer Equipment</u> \$	<u>Office Equipment</u> \$	<u>Camera Equipment</u> \$	<u>Total</u> \$
Cost					
Additions during the period	1,237	14,468	744	-	16,449
At December 31, 2012	1,237	14,468	744	-	16,449
Additions	-	314	-	1,122	1,436
At December 31, 2013	1,237	14,782	744	1,122	17,885
Accumulated depreciation					
Charge for the period	41	1,112	25	-	1,178
At December 31, 2012	41	1,112	25	-	1,178
Charge for the year	124	4,892	74	198	5,288
At December 31, 2013	165	6,004	99	198	6,466
Carrying amount					
At December 31, 2013	1,072	8,778	645	924	11,419
At December 31, 2012	1,196	13,356	719	-	15,271

C2W MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

5 PROPERTY AND EQUIPMENT (Cont'd)

The following useful lives are used in the calculation of depreciation:

Signage	10 years
Computer equipment	3 years
Office equipment	10 years
Camera equipment	5 years

6 INTANGIBLE ASSET

	Computer Software \$
Cost	
Additions during 2012	<u>17,940</u>
At December 31, 2012 and December 31, 2013	<u>17,940</u>
Amortisation	
Charge for the year	<u>1,494</u>
At December 31, 2012	1,494
Charge for the year	<u>5,980</u>
At December 31, 2013	<u>7,474</u>
Net book value	
December 31, 2013	<u>10,466</u>
December 31, 2012	<u>16,446</u>

Amortisation of the computer software is calculated based on an estimated useful life of 3 years.

7 ADVANCES TO SONGWRITERS

This represents advances to songwriters to be recouped from earnings from songs in future periods. No interest is charged to songwriters, however, a consequent adjustment of US\$114,828 to record the outstanding interest free balance at amortised cost based on management's expectation of the period of recovery (after seven years) was effected during the year. This amount is included in Administrative expenses.

8 RELATED PARTY BALANCES AND TRANSACTIONS

Due from/to related parties as at December 31, were:

	Advances		Due from (to) Related Parties	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
	US\$	US\$	US\$	US\$
Receivable from directors	<u>-</u>	<u>-</u>	<u>5,814</u>	<u>5,814</u>
Payable to directors	<u>4,769</u>	<u>-</u>	<u>(4,769)</u>	<u>-</u>

These amounts are non-interest bearing. No guarantees were given or received in respect of these balances. No expense has been recognised in the current year or prior years for bad or doubtful debts in respect of amounts owed related parties.

C2W MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

8 RELATED PARTY BALANCES AND TRANSACTIONS (Cont'd)

Material transactions with related parties were as follows:

	<u>2013</u> US\$	<u>2012</u> US\$
Key management compensation	<u>223,421</u>	<u>135,417</u>

9 RECEIVABLES

	<u>2013</u> US\$	<u>2012</u> US\$
Royalties receivable	20,972	13,737
Prepaid expenses	-	31,958
Other receivable	<u>-</u>	<u>8,750</u>
	<u>20,972</u>	<u>54,445</u>

The company provides fully for all receivables outstanding in excess of one year as management believes receivables that are past due beyond this period are generally not recoverable. In determining the recoverability of a receivable, the company considers any change in the credit quality of the receivables from the date credit was initially granted up to the reporting date.

10 CASH AND BANK DEPOSITS

For the purposes of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand, and short-term investments.

Cash and cash equivalents at the end of the financial year as shown in the cash flow statement can be reconciled to the related items in the statement of financial position as follows:

	<u>2013</u> US\$	<u>2012</u> US\$
Cash and bank balances (Note 10(a))	851	12,976
Short-term investments (Note 10(b))	<u>-</u>	<u>370,995</u>
	<u>851</u>	<u>383,971</u>

a) Bank balance includes \$159 (2012: \$1,500) held in a savings account which attracts interest at a rate of 0.05% (2012: 0.05%) per annum. Also, included in this amount is J\$73,213 (2012: J\$16,795,368), being held in a current account.

b) These represented non-interest bearing investment amounts.

C2W MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

11 SHARE CAPITAL

	<u>2013</u> No. of Shares '000	<u>2012</u> No. of Shares '000
Authorised capital: 1,000,000,000 Ordinary stock at beginning and end of the year		
Issued and fully paid:		
- Ordinary stock – no par value, January 1	400,000	300,000
- Issued during the year Ordinary stock – no par value	<u>-</u>	<u>100,000</u>
Issued and fully paid, December 31	<u>400,000</u>	<u>400,000</u>
	<u>2013</u> US\$	<u>2012</u> US\$
Stated capital:		
Issued and fully paid:		
At January 1	1,286,619	5,814
Issue of Ordinary stock	-	1,471,704
Less: Issue cost	<u>-</u>	<u>(190,899)</u>
At December 31	<u>1,286,619</u>	<u>1,286,619</u>

During 2012, the company raised additional capital of J\$129 million from its IPO on May 17, 2012. Transaction costs of approximately US\$0.191 million were incurred. All ordinary stock carries the same voting rights.

12 LOANS PAYABLE

	Original loan sum US\$	<u>2013</u> US\$	<u>2012</u> US\$
Alydar Investments Limited	40,000	41,596	-
Gerald Hadeed	30,000	<u>30,993</u>	<u>-</u>
		<u>72,589</u>	<u>-</u>

These amounts were disbursed on July 1, 2013 and evidenced by Promissory Notes. The terms of the loans are for 1 year (repayable June 30, 2014 – the “repayment date”) at a rate of 8% per annum on the outstanding balances compounded quarterly. The lenders are not entitled to require repayment of the principal or interest before the repayment date, however the company at its option may repay the principal with interest accrued prorated up to the date of payment without penalty.

Provided the loans are still outstanding on the repayment date, the lenders have the option to convert the loans and the interest thereon into shares in the company at a price agreed between the parties not exceeding the price at which the company’s shares are being publicly traded on the Jamaica Stock Exchange as at the repayment date. The lenders are required to notify the company of their intention to exercise the option at least 14 days before the repayment date.

At December 31, 2013, interest payable included in the above balance amount to \$2,589 (2012: \$Nil).



C2W MUSIC LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED DECEMBER 31, 2013****13 TRADE PAYABLES**

	<u>2013</u> US\$	<u>2012</u> US\$
Trade payables	<u>132,570</u>	<u>56,516</u>

Payables principally comprise amounts outstanding for professional services.

14 FEES AND ROYALTIES

a) These comprise:

	<u>2013</u> US\$	<u>2012</u> US\$
Performance royalties	10,894	13,486
Publishing fees	200	125
Synchronization royalties	<u>-</u>	<u>2,963</u>
	<u>11,094</u>	<u>16,574</u>

b) The following are entity-wide disclosures:

(i) Revenue sources

This is detailed at Note 14(a) above

(ii) Geographical areas

Based on the nature of the company's operations and how its revenue is earned, there are no geographical segments.

(iii) Major revenue sources

Of the revenue earned for the period, 98% (2012: 81%) was attributable to the royalties earned by the company's largest revenue source. There were no other sources who represented 10% or more of the company's revenue.

15 SPONSORSHIP INCOME

This represents amounts funded for songwriters camps held during the year.

16 FINANCE COSTS

	<u>2013</u> US\$	<u>2012</u> US\$
Loan interest	<u>2,589</u>	<u>2,852</u>

17 NET LOSS

	<u>2013</u> US\$	<u>2012</u> US\$
The following are included in the determination of net loss:		
Depreciation and amortization	11,268	2,672
Audit fees	10,000	12,815
Finance costs	2,589	2,852
Interest income	2	5,643
Contract for services	277,067	152,076

C2W MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

18 LOSS PER SHARE

Basic loss per share is calculated by dividing the loss by the weighted average number of ordinary shares in issue.

	<u>2013</u>	<u>2012</u>
Loss	US\$620,053	US\$603,757
Number of ordinary shares (2012: Weighted average number of ordinary shares)	400,000,000	362,465,753
Basic loss per share (in U.S. cents)	0.16	0.17

19 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 3 to the financial statements.

Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

	<u>2013</u> US\$	<u>2012</u> US\$
Financial Assets		
Loans and receivables (at amortised cost)		
- Advances to songwriters	201,300	241,516
- Due from related party	5,814	5,814
- Receivables	20,972	22,487
- Cash and bank deposits	<u>851</u>	<u>383,971</u>
	<u>228,937</u>	<u>653,788</u>
Financial Liabilities		
Other financial liabilities (at amortised cost)		
- Loans payable	72,589	-
- Due to related parties	4,769	-
- Trade payables	<u>132,570</u>	<u>56,516</u>
	<u>209,928</u>	<u>56,516</u>

Financial risk management policies and objectives

The financial risk management seeks to minimise potential adverse effects of financial performance of the company and covers specific areas, such as market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

The activity of the company consists of obtaining intellectual property rights, namely licensing and publication rights to songs developed by Caribbean songwriters.

The financial liabilities of the company mainly consist of trade payables and advances from related parties for which payment is due on demand or within a period of thirty days.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

19 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

Exposures are measured using sensitivity analyses indicated below.

(a) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices whether those changes are caused by factors specific to the individual security or its issuer or factors affecting all securities traded in the market. Except in respect of foreign currencies, as disclosed in Note (19(a)(i)) below and interest rates, as disclosed in Note (19(a)(ii)) below, the company has no exposure to market risk.

(i) Foreign exchange risk management

The company undertakes certain transactions denominated in currencies other than the United States dollar resulting in exposures to exchange rate fluctuations.

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. Management consistently monitors the company's exposure in this regard.

The carrying amounts of foreign currency denominated monetary assets and monetary liabilities arising in the ordinary course of business at the reporting date are as follows:

	<u>Liabilities</u>		<u>Assets</u>		<u>Net Liabilities(Assets)</u>	
	<u>2013</u> US\$	<u>2012</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$	<u>2013</u> US\$	<u>2012</u> US\$
Jamaican dollars	10,321	-	692	183,347	9,629	183,347
Canadian dollars	-	4,014	-	14,636	-	10,622
Barbados dollars	-	-	20,972	-	(20,972)	-

Foreign currency sensitivity

The following tables detail the sensitivities to increases and decreases in the United States dollar against the relevant currency. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for the percentage change in foreign currency rates described below.

If the United States dollar strengthens by 15% or weakens by 1% (2012: strengthens by 10% or weakens by 1%) against the relevant foreign currency, profit or loss will decrease or increase by:

	<u>Revaluation</u>	Effect on Profit or Loss US\$	<u>Devaluation</u>	Effect on Profit or Loss US\$
	Change in Currency Rates %		Change in Currency Rates %	
2013				
<u>Currency</u>				
Jamaican Dollar	+15	1,444	-1	(96)
2012				
<u>Currency</u>				
Jamaican Dollar	+10	18,335	-1	(1,833)

C2W MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

19 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(a) Market risk (Cont'd)

(i) Foreign exchange risk management (Cont'd)

If the United States dollar strengthens or weakens by 2% (2012: 2%) against the relevant foreign currency, profit or loss will decrease or increase by:

	<u>Revaluation</u>	Effect on	<u>Devaluation</u>	Effect on
	Change in	Profit	Change in	Profit
	<u>Currency Rates</u>	<u>or Loss</u>	<u>Currency Rates</u>	<u>or Loss</u>
	%	US\$	%	US\$
<u>2013</u>				
<u>Currency</u>				
Barbados Dollar	+2	(419)	-2	419
<u>2012</u>				
<u>Currency</u>				
Canadian Dollar	+2	212	-2	(212)

This is mainly attributable to the exposure outstanding on payables denominated Jamaican dollars, cash and bank deposits denominated in Jamaican dollars and receivables denominated in Barbados dollars at the end of the reporting period of the company.

(ii) Interest rate risk management

Interest rate risk is the potential that the value of a financial instrument will fluctuate due to changes in market interest rates as a result of cash flow or fair value interest rate risk. Financial instruments subject to fixed interest rates are exposed to fair value interest rate risk while those subject to floating interest rates are exposed to cash flow risk.

The company's exposure to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section at Note 19(c) below.

The company's exposure to interest rate risk is minimal and this arises only on cash and bank balances which are insignificant at the end of the reporting period.

There are no variable rate financial liabilities at December 31, 2013 and December 31, 2012.

(b) Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company.

Financial assets that potentially subject the company to concentration of credit risk consist principally of cash and bank deposits, amounts due from related parties, advances to songwriters and receivables. The maximum exposure to credit risk is the amount of approximately US\$228,937 (2012: US\$653,788) disclosed under 'categories of financial instruments' above and the company holds no collateral in this regard. The directors believe that the credit risks associated with these financial instruments are minimal.

The credit risk on cash and bank deposits is limited because the counterparties are reputable banks.

In respect of the advances to songwriters, concentration of risk is spread over several songwriters. Management believes these amounts are recoverable based on the terms of the contracts in place with the songwriters.

19 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

Financial risk management policies and objectives (Cont'd)

(c) Liquidity risk management

Liquidity risk, also referred to as funding risk, is the risk that the company will encounter difficulty in meeting commitments associated with financial instruments. Prudent liquidity risk management implies maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed facilities. Due to the nature of the underlying business, the management of the company maintains an adequate amount of its financial assets in liquid form to meet contractual obligations and other recurring payments.

Liquidity and interest risk analyses in respect of non-derivative financial liabilities

Non-derivative financial liabilities

The following tables detail the company's remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.

	Weighted Average Effective <u>Interest Rate</u> %	On Demand or Within <u>1 Year</u> US\$
<u>2013</u>		
Non-interest bearing	Nil	137,339
Interest bearing	8	<u>75,770</u>
		<u>213,109</u>
<u>2012</u>		
Non-interest bearing	Nil	<u>56,516</u>

Non-derivative financial assets

The following table details the company's expected maturity for its non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the company anticipates that the cash flow will occur in a different period.

	Weighted Average Effective <u>Interest Rate</u> %	On Demand or Within <u>1 Year</u> US\$
<u>2013</u>		
Non-interest bearing	Nil	228,778
Interest bearing	0.05	<u>159</u>
		<u>228,937</u>
<u>2012</u>		
Non-interest bearing	Nil	652,288
Interest bearing	0.05	<u>1,500</u>
		<u>653,788</u>

C2W MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

19 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (Cont'd)

(d) Fair value of financial assets and financial liabilities

The following methods and assumptions have been used:

- i) The carrying amount of financial assets and liabilities with a maturity of less than one year are estimated to approximate their fair values. These financial assets and liabilities are cash and bank deposits, trade and other receivables, advances to songwriters and amounts due (to) from related parties.
- ii) The carrying amount of advances to song writers is assumed to approximate fair value as the effective interest rate applied is market determined.
- iii) The fair value of fixed rate loans have been estimated by applying interest rates of similar loans at year end to the expected future cash flows.

	2013		2012	
	Carrying values US\$	Fair values US\$	Carrying values US\$	Fair Values US\$
Fixed rate loans	72,589	70,800	-	-

Fair value measurement recognised in the Statement of financial position

There were no financial instruments included in the Statement of Financial Position that were measured subsequent to initial recognition at fair value.

The following table provides the fair value measurement hierarchy of the company's liabilities:

Quantitative disclosures – fair value hierarchy

	Quoted prices in active market Level 1 US\$	Significant observable inputs Level 2 US\$	Significant unobservable inputs Level 3 US\$
	At December 31, 2013		
Liabilities for which fair values are disclosed:			
Fixed rate loans payable	-	70,800	-

There were no assets for which fair values are disclosed.

Capital risk management policies and objectives

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the equity balance.

The capital structure of the company consists of cash and bank deposits and equity attributable to equity holders, comprising share capital and accumulated deficit.

The company's strategy remains unchanged from 2012.

C2W MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

20 OPERATING LEASE ARRANGEMENTS

The company has entered into a lease arrangement for office space.

	<u>2013</u> US\$	<u>2012</u> US\$
Rental expense paid during the year	<u>4,145</u>	<u>1,748</u>

At the end of the reporting period, the company contracted with its lessor for the following minimum lease payments.

	<u>2013</u> US\$	<u>2012</u> US\$
Within one year	3,600	3,600
During 2-5 years	<u>-</u>	<u>3,600</u>
	<u>3,600</u>	<u>7,200</u>

C2W MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

21 FINANCIAL EFFECT OF FINANCIAL STATEMENTS RESTATEMENT AND RECLASSIFICATION

Due to delays in the receipt of information, the company did not record certain income and expenses for the year ended December 31, 2012 in the correct accounting period.

Below are reconciliation of equity as at December 31, 2012 and the statement of Comprehensive Income for the year ended December 31, 2012. There was no impact on equity at December 31, 2011.

(a) Reconciliation of Equity at December 31, 2012

	<u>2012</u> US\$	<u>Adjustments</u> US\$	<u>Notes</u>	<u>As restated</u> US\$
<u>ASSETS</u>				
Non-current assets				
Property and equipment	15,271	-		15,271
Intangible asset	16,446	-		16,446
Advances to songwriters	<u>216,878</u>	<u>24,638</u>	<A>	<u>241,516</u>
Total non-current assets	<u>248,595</u>	<u>24,638</u>		<u>273,233</u>
Current assets				
Advances to songwriters	24,638	(24,638)	<A>	-
Tax recoverable	1,411	-		1,411
Due from related parties	5,814	-		5,814
Receivables	44,123	10,322		54,445
Cash and bank deposits	<u>383,971</u>	<u>-</u>		<u>383,971</u>
Total current assets	<u>459,957</u>	<u>(14,316)</u>		<u>445,641</u>
Total assets	<u>708,552</u>	<u>10,322</u>		<u>718,874</u>
<u>EQUITY AND LIABILITIES</u>				
Shareholders' equity				
Share capital	1,286,619	-		1,286,619
Accumulated deficit	(603,273)	(20,988)	<D>	(624,261)
Total shareholders' equity	<u>683,346</u>	<u>(20,988)</u>		<u>662,358</u>
Current liabilities				
Trade payables	<u>25,206</u>	<u>31,310</u>	<C>	<u>56,516</u>
Total current liabilities	<u>25,206</u>	<u>31,310</u>		<u>56,516</u>
Total equity and liabilities	<u>708,552</u>	<u>10,322</u>		<u>718,874</u>

C2W MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

21 FINANCIAL EFFECT OF FINANCIAL STATEMENTS RESTATEMENT AND RECLASSIFICATION (Cont'd)

(b) Reconciliation of the Statement of Profit and Loss and Comprehensive Income

	<u>2012</u> US\$	<u>Adjustments</u> US\$	<u>Notes</u>	<u>As adjusted</u> US\$
Fees and royalties	6,252	10,322		16,574
Interest income	5,643	-		5,643
Sponsorship income	94,571	-		94,571
Song writing camps and development expenses	(273,576)	-		(273,576)
Administrative expenses	(412,807)	(31,310)	<C>	(444,117)
Finance costs	(2,852)	-		(2,852)
NET LOSS BEING TOTAL COMPREHENSIVE LOSS FOR THE YEAR	(582,769)	(20,988)	<D>	(603,757)

Notes

- <A> Represents reclassification of current portion to long term portion for advances to song writers to accord with the classification in the current year.
- Represents royalty income earned not recorded in the correct accounting period.
- <C> Represents liabilities not recorded in the correct accounting period.
- <D> Represents net effect of items to <C>.

22 OPERATIONS

The Company, which is still in a developmental phase, incurred a net loss of US\$620,053 for the year ended December 31, 2013 (2012: a net loss of US\$603,757) while shareholders' equity was US\$42,305 as at December 31, 2013 (2012: US\$662,358). Additionally, the Company had net current liabilities of US\$180,880 as at December 31, 2013 (2012: net current assets of US\$389,125). The company has not to date been able to realise the projected revenues as it has sought to develop its catalogue of songs. The above factors indicate a material uncertainty that may cast doubt on the company's ability to continue as a going concern and that the company may be unable to realise its assets and discharge its liabilities in the normal course of business.

The Company has embarked on the following strategies to achieve sustainability: exploitation of the Company's catalogue that has been developed in the past two years to improve royalty income; pursuance of negotiations with global multi-national song publishing companies to carve out a part of the market share with respect to sub-publishing fees; continued reduction of expenses and the targeting of strategic investors. The ability of the company to generate sustained profitable operations is dependent on the successful implementation of the strategies being pursued by management. Based on the current plans and strategies being pursued and implemented, the directors and management believe that the company will generate adequate cash flows and profitability which would allow it to continue in operational existence for the foreseeable future. On this basis, the directors have maintained the going concern assumption in the preparation of these financial statements. This basis of preparation presumes that the Company will be able to realise its assets and discharge its liabilities in the ordinary course of business.

C2W MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

23 CONTINGENT LIABILITY

Trade payables include amounts payable to a government agency. The company could be subject to penalties and interest on the outstanding balance. Management however believes based on their interpretation of the Laws of Jamaica, such amounts are not payable.

FORM OF PROXY

I/We _____
of _____
being member/members of **C2W Music Limited** hereby appoint _____
of _____ or failing him _____
of _____ as my/our proxy vote for me/us on my/our behalf at the
Annual General Meeting of the Company to be held on **Saturday, October 11, 2014** and at any
adjournment thereof.

Please indicate with an X in the space provided how you wish your proxy to vote on the resolution referred to. Unless otherwise indicated, the proxy will vote as he thinks fit.

RESOLUTIONS	FOR	AGAINST
Resolution No. 1 Adoption of Directors and Auditors Report, Financial Statement		
Resolution No. 2 Election of Directors with a Single Resolution		
Resolution No. 3 Election of Directors retiring by rotation a) Kristine Gibbon-Thompson b) Ivan Berry		
Resolution No. 4 Election of Directors appointed since last AGM a) Clyde McKenzie b) Lowell 'Sly' Dunbar		
Resolution No. 5 Remuneration of Directors		
Resolution No. 6 To appoint Auditors and to authorize the Directors to fix the remuneration of the Auditors		

Signed this _____ day of _____ 2014

Signature _____

Notes:

1. This **Form of Proxy** must be lodged at the Registered Office of the Company not later than forty eight (48) hours before the meeting.
2. Any alterations in this **Form of Proxy** should be initialed
3. In the case of joint holders, the signature of one holder will be sufficient but the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint-holders, seniority being determined by the order in which the names stand on the register.
4. If the appointer is a Corporation, this **Form of Proxy** must be executed under its common seal or under the hand of an officer or attorney duly authorized.
5. An adhesive stamp of **\$100.00** must be affixed to the **Form of Proxy**.



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