C2W Music Ltd.
Report To The Shareholders
Audited Statements Ending December 31st, 2014

Introduction:

The Board of Directors of C2W Music Limited (the "Company") is pleased to announce the audited results for the year ended December 31st, 2014. To date, we have created and/or acquired over 1,000 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. The Company continues to drastically reduced expenses until stable earnings are recognized. We have also implemented a "360 all rights" brand management model in which will make our revenue streams more robust and diverse. Our financial statements will show that with our continued confidence and hard work, the Company showed a profit for 2014. We are confident that this will continue into 2015 and beyond.

Strategy & Outlook:

The Company continues to work closely with all Caribbean performing rights societies, especially JACAP, COSCAP, COTT and ECCO, in creating proper integration of their systems to show an accurate collection of our rightful royalties from the territory. We have started to recognize royalties for our catalogue and those of our sub-published clients from these societies, and although partial at this point in time, we are assured that with the full integration of their systems, past due royalties from the remaining of 2014, 2013 and 2012 will also be recognized. We are also assured that our rightful royalties on an ongoing basis will be accounted for on a regular basis.

The Board has made a strategic decision to optimize our collective experience and expertise, so we added to our business model. C2W started off as solely a music publishing company, but now we are a full service, "360 All Rights" content and brand management company. The areas of business and revenue now includes not only music publishing, but also artist management, songwriter management, producer management, touring, sponsorship, endorsement, merchandising, digital rights in the sale of masters and many other revenue streams.

C2W Music Limited
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Since this decision, and from our “owned” catalogue of songs, we have had a #1 Billboard charting hit single by Jamaica’s own Etana, entitled “Richest Girl”. We have also had two singles on the new Maxi Priest album, both entitled “Without A Woman” (featuring Beres Hammond) and “Hearts Across The World”. We also had releases from numerous other artists from the USA, Korea, UK, Canada, Caribbean and other Countries.

We are also working closely with and managing various artists, songwriter and producers throughout the region. We are in the process of negotiating various recording agreements with major labels for these artists and this too, will prove to be revenue earning for the Company in 2015 and beyond.

We are also in the process of negotiating with Soca Bookings, which is an “All Rights” company within the Trinidad Soca music industry. Soca Bookings manage the careers of superstar artists like Patrice Roberts, Kernal Roberts, Benjai and numerous other Trinidad artists, songwriters and producers, who are top of their class in this earning genre. Soca Bookings will look to C2W to publish their body of works, while helping to build our business of “360 all rights” content and brand management”.

Companies like BMI, Pretty Boy Records and others continue to believe in our model and pay for songwriting camps (sponsorship income) in where we have zero expense but own the copyrights outright and the revenue that are earned from these copyrights.

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 continues to be globally recognized and supported as the Caribbean’s top music publisher and now, the Caribbean’s only true “360 all rights” content and brand management company.

We continue to work diligently to protect our catalogue, collect royalties due to us, both regionally and globally, for our “owned” catalogue and that of our sub-published clients.

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

Ivan Berry
CEO
C2W Music Ltd.

C2W MUSIC LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

(Expressed in United States dollars)

C2W MUSIC LIMITED

YEAR ENDED DECEMBER 31, 2014
(Expressed in United States dollars)

CONTENTS

Building a better working world
Chartered Accountants

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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, 2014, the statement of profit and loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year ended December 31, 2014, and a summary of significant accounting policies and other explanatory information.

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 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.

Building a better working world

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of C2W Music Limited (Continued)

Report on the Financial Statements (Continued)

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.

Further, the company derives a portion of its income from sponsorship which cannot be controlled until they are recorded in the accounting records and are, therefore, not susceptible to independent audit verification. Accordingly, we were unable to satisfy ourselves as to the completeness of the contributions recorded.

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, 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Jamaican Companies Act.

Emphasis of matter

We draw attention to Note 21 in the financial statements which indicates that while the company achieved minimal profits for the year ended December 31, 2014 (US$746), it has incurred significant losses and to December 31, 2014 had accumulated losses of US$1.243 million. Further as at December 31, 2014, the company's current liabilities exceeded its current assets by US$201,280. 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 continued 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.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

To the Members of C2W Music Limited (Continued)

Report on the Financial Statements (Continued)

Emphasis of matter (Continued)

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 cash flows 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 its assets and discharge its liabilities in the ordinary course of business. These conditions, along with other matters as set forth in Note 21, 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.

Report on additional requirements of the Jamaican Companies Act

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.

Ernst & Young

Chartered Accountants
Kingston, Jamaica

March 30, 2015

C2W MUSIC LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014
(Expressed in United States dollars)

	Notes	2014 $	2013 $
ASSETS			
Non-current assets			
Property and equipment	5	6,069	11,419
Intangible asset	6	4,487	10,466
Advances to songwriters	7	233,775	201,300
Total non-current assets		244,331	223,185
Current assets			
Tax recoverable		1,412	1,411
Due from related parties	8	-	5,814
Receivables	9	23,448	20,972
Cash and bank deposits	10	3,336	851
Total current assets		28,196	29,048
Total assets		272,527	252,233
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital	11	1,286,619	1,286,619
Accumulated deficit		(1,243,568)	(1,244,314)
Total shareholders' equity		43,051	42,305
Current liabilities			
Loans payable	12	78,189	72,589
Due to related parties	8	5,397	4,769
Trade payables	13	145,890	132,570
Total current liabilities		229,476	209,928
Total equity and liabilities		272,527	252,233

The accompanying notes form an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on March 30, 2015 and are signed on its behalf by:

....
Director Director

C2W MUSIC LIMITED

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
YEAR ENDED DECEMBER 31, 2014
(Expressed in United States dollars)

	Notes	2014 $	2013 $
Fees and royalties	14	8,154	11,094
Interest income		1	2
Other income	15	160,997	7,500
Song writing camps and development expenses	16(a)	(64,023)	(82,844)
Administrative expenses	16(b)	(98,783)	(553,216)
Finance costs	16(c)	(5,600)	(2,589)
NET PROFIT (LOSS) BEING TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR	17	746	(620,053)
Earnings (Loss) per share	18	0.00¢	(0.16)¢

The accompanying notes form an integral part of these financial statements.

C2W MUSIC LIMITED

STATEMENT OF CHANGES IN EQUITY
YEAR ENDED DECEMBER 31, 2014
(Expressed in United States dollars)

	Notes	Share Capital $	Accumulated Deficit $	Total $
Balance at January 1, 2013		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		1,286,619	(1,244,314)	42,305
Net profit being total comprehensive income for the year		-	746	746
Balance at December 31, 2014		1,286,619	(1,243,568)	43,051

The accompanying notes form an integral part of these financial statements.

C2W MUSIC LIMITED

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2014
(Expressed in United States dollars)

	Note	2014 $	2013 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit (Loss) for the year		746	(620,053)
Adjustments for:			
Depreciation and amortisation	5,6	11,329	11,268
Finance costs	16(c)	5,600	2,589
Interest income	17	(1)	(2)
Foreign exchange loss (net)		29	12,544
Amortised cost adjustment on advances to songwriters (net)	7	(4,792)	114,828
Provision for related party balance		5,814	
Operating cash flows before movements in working capital		18,725	(478,826)
(Increase) Decrease in receivables		(2,476)	33,473
Increase in trade payables		13,320	76,054
Decrease in related party balance (net)		628	4,769
Cash generated from (used in) operations		30,197	(364,530)
Income taxes paid		(1)	-
Cash provided by (used in) operating activities		30,196	(364,530)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of property and equipment	5	-	(1,436)
Interest received		1	2
Increase in advances to songwriters		(27,683)	(74,612)
Net cash used in investing activities		(27,682)	(76,046)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from loans		-	70,000
Net cash provided by financing activities		-	70,000
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		2,514	(370,576)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		851	383,971
Effects of foreign exchange rate charges		(29)	(12,544)
CASH AND CASH EQUIVALENTS AT END OF YEAR	10	3,336	851

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

(Expressed in United States dollars)

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)

2.1 New and revised Standards and Interpretations affecting the reported financial performance and/or financial position or disclosure

There were no standards or interpretations effective in the current year that affected the presentations or disclosures in the financial statements or the reported financial performance or position.

Details of new and revised Standards and Interpretations applied in these financial statements but which had no effect on the amounts reported are set out in Note 2.2.

2.2 Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have been adopted in these financial statements. Their adoption has not had any impact on the amounts reported in these financial statements but may impact the accounting for future transactions or arrangements.

		Effective for annual periods beginning on or after
IAS 32	Financial Instruments: - Amendments to application guidance on the offsetting of financial assets and financial liabilities	January 1, 2014
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 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

(Expressed in United States dollars)

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

2.3 *New and revised Standards and Interpretations in issue but not yet effective*

At the date of authorisation of these financial statements, the following new Standards and Interpretations and amendments to those in issue were not yet effective or early adopted for the financial period being reported upon:

		Effective for annual periods beginning on or after
New and Revised Standards		
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 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to continue to apply hedge accounting requirements	January 1, 2015 (or otherwise when IFRS 9 is first applied)
IFRS 7	Financial Instruments: Disclosures	
	- Amendments requiring disclosures about the initial application of IFRS 9	January 1, 2015 (or otherwise when IFRS 9 is first applied)
	- Additional hedge accounting disclosures (and consequential amendments)	When IFRS 9 is applied
IFRS 9	Financial Instruments	January 1, 2018
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2017

2.4 *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 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:

- Annual Improvements to IFRS 2010 – 2012 Cycle issued in December 2013

  The Annual Improvements to IFRS Cycles include a number of amendments to various IFRS. The amendments are effective for annual periods beginning on or after July 1, 2014. Amendments to IFRS include Amendments to IAS 24: Related Party Disclosures.

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

2.4 *New and Revised Standards and Interpretations in issue not yet effective that are relevant (Continued)*

- Annual Improvements to IFRS 2010 – 2012 Cycle issued in December 2013 (Continued)

  Amendment to IAS 24
  The amendment widens the definition of key management personnel to include entities, or entities that are part of the same group, that provide key management personnel services to the reporting entity.

- IFRS 9 *Financial Instruments*

  IFRS 9, issued in November 2009, introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include impairment requirements for financial assets and limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' measurement category for certain simple debt instruments.

  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.

  - 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 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 as presented in profit or loss.

  - In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, instead of the incurred loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risks since initial recognition. As such, under this standard, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

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

2.4 *New and Revised Standards and Interpretations in issue not yet effective that are relevant (Continued)*

- IFRS 9, *Financial Instruments* (Continued)

  - The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available under IAS 39. Under IFRS 9, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

  The directors and management anticipate that IFRS 9 will be adopted in the company's financial statements for the annual period beginning January 1, 2018 and that the application of IFRS 9 may impact the amounts reported in respect of the company's financial assets and liabilities. However, the directors have not yet completed their analysis of the impact of the application of the amendments and hence have not yet quantified the extent of the likely impact.

- IFRS 15, Revenue from Contracts with Customers

  This new standard provides a single, principles based five-step model to be applied to all contracts with customers. The five steps are:

  - Identify the contract with the customer,
  - Identify the performance obligations in the contract,
  - Determine the transaction price,
  - Allocate the transaction price to the performance obligations in the contracts,
  - Recognise revenue when (or as) the entity satisfies a performance obligation.

  There is new guidance on whether revenue should be recognised at a point in time or over time, which replaces the previous distinction between goods and services. Where revenue is variable, a new recognition threshold has been introduced by the standard. This threshold requires that variable amounts are only included in revenue if, and to the extent that, it is highly probable that a significant revenue reversal will not occur in the future as a result of re-estimation. However, a different approach is applied for sales and usage-based royalties from licences of intellectual property; for such royalties, revenue is recognised only when the underlying sale or usage occurs. The standard also introduces new guidance on costs of fulfilling and obtaining a contract, specifying the circumstances in which such costs should be capitalised. Costs that do not meet the criteria must be expensed when incurred. The standard provides detailed guidance on various issues such as identifying distinct performance obligations, accounting for contract modifications and accounting for the time value of money, sales with a right of return, customer options for additional goods or services, principal versus agent considerations, licensing, and bill-and hold arrangements.

  The standard introduces new, increased requirements for disclosure of revenue in an IFRS reporter's financial statements.

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

2.4 *New and Revised Standards and Interpretations in issue not yet effective that are relevant (Continued)*

- IFRS 15, Revenue from Contracts with Customers (Continued)

  IFRS 15 must be applied in an entity's annual IFRS financial statements for periods beginning on or January 1, 2017. Application of the Standard is mandatory and early adoption is permitted. The directors and management have not yet assessed the impact of the application of this standard on the company's financial statements.

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 Jamaican Companies Act.

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 as 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

The company classifies all other liabilities as non-current.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 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 (CONTINUED)

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 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial instruments (Continued)

*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.

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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial instruments (Continued)

3.8.1 Financial assets (Continued)

(b) *Impairment of financial assets (Continued)*

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.

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 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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial instruments (Continued)

*3.8.1 **Financial assets (Continued)***

(c) *Derecognition of financial assets (Continued)*

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***

<u>Classification as debt or equity</u>
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.

<u>Equity instruments</u>
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.

<u>Financial liabilities</u>
Financial liabilities are classified as other financial liabilities.

<u>Other financial liabilities</u>
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.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.8 Financial instruments (Continued)

3.8.2 *Financial liabilities and equity instruments issued by the company (Continued)*

Derecognition of financial liabilities
The company derecognises financial liabilities 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 (CONTINUED)

3.9 Revenue recognition (Continued)

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 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 in 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 other exchange differences are recognised in profit or loss for the period in which they arise.

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

<u>Company as a lessee</u>
Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

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.

<u>Critical judgements in applying the company's accounting policies</u>
The following are the critical judgements that management have made in the process of applying the company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

Advances to song writers - $233,775 (2013: $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.

Going concern
As indicated in Note 21, the directors have a reasonable expectation that based on the strategies being pursued and implemented, the company will generate adequate cash flows to continue in operational existence.

(Expressed in United States dollars)

4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (CONTINUED)

Key sources of estimation uncertainty

The following is the key assumption concerning the future and is the key source of estimation uncertainty at the end of the reporting period, that the directors and management believe has a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Publishing fees

Due to the difficulties in the systems of performing rights societies in the region and the reporting by them to the company, sub-publishing revenues have been recorded by the company based on best estimates received from these performing rights societies. Where the final outcome is different from the amounts initially recorded, such differences will impact the fees and royalties and related trade payables amounts recorded. An increase 10% to 50% in the final outcome of these estimates would have the effect of an approximate $352 to $1,759 increase in the fees and royalties and related trade payables. The performing societies have indicated it is unlikely that the final outcome will be less than the estimates already provided.

Further, the sub-publishers are unable to provide details as to the allocation of sub-publishing revenues by publishers. Based on the sub-publishing contracts in place, management has estimated a 15% claim in respect of the estimates provided by these performing rights societies. A decrease of 5% or an increase of 5% in the company's claim to these revenue would result in a decrease/increase respectively of $1,172 in fees and royalties respectively and an increase/decrease respectively of $1,172 in the related trade payables.

5 PROPERTY AND EQUIPMENT

	Signage	Computer Equipment	Office Equipment	Camera Equipment	Total
	$	$	$	$	$
Cost					
At January 1, 2013	1,237	14,468	744	-	16,449
Additions	-	314	-	1,122	1,436
At December 31, 2013 and December 31, 2014	1,237	14,782	744	1,122	17,885
Accumulated depreciation					
At January 1, 2013	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
Charge for the year	124	4,927	75	224	5,350
At December 31, 2014	289	10,931	174	422	11,816
Carrying amount					
At December 31, 2014	948	3,851	570	700	6,069
At December 31, 2013	1,072	8,778	645	924	11,419

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

(Expressed in United States dollars)

6 INTANGIBLE ASSET

	Computer Software $
Cost	
At January 1, 2013, December 31, 2013 and December 31, 2014	17,940
Amortisation	
At January 1, 2013	1,494
Charge for the year	5,980
At December 31, 2013	7,474
Charge for the year	5,979
At December 31, 2014	13,453
Net book value	
December 31, 2014	4,487
December 31, 2013	10,466

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

7 ADVANCES TO SONGWRITERS

	2014 $	2013 $
Advances to songwriters	343,811	316,128
Less: Amortised cost adjustment (Note 7(a))	110,036	114,828
Closing balance	233,775	201,300

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$110,036 (2013: 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.

(a) The movement in the amortised cost adjustment is as follows:

	2014 $	2013 $
Opening balance	114,828	-
Effect of unwinding for the year	(15,098)	-
Amortised cost adjustment for year	10,306	114,828
Closing balance	110,036	114,828

(Expressed in United States dollars)

8 RELATED PARTY BALANCES AND TRANSACTIONS

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

	Advances during the year		Due from (to) Related Parties	
	2014	2013	2014	2013
	$	$	$	$
Receivable from directors	-	-	-	5,814
Payable to directors	628	4,769	(5,397)	(4,769)

These amounts are non-interest bearing. No guarantees were given or received in respect of these balances. A provision of $5,814 has been recognised for bad or doubtful debt (2013: Nil) in respect of amounts owed by related parties.

Material transactions with related parties were as follows:

	2014	2013
	$	$
Key management compensation (Note 8(a))	-	223,421

(a) Due to the general performance of the company, a decision was taken by the Board of Directors to cease the payment of salaries to key management personnel including for the year ended December 31, 2014 until further notice.

9 RECEIVABLES

	2014	2013
	$	$
Royalties receivable	23,448	20,972

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:

	2014 $	2013 $
Cash and bank balances	3,336	851

Bank balance includes $3,274 (2013: $159) held in a savings account which attracts interest at a rate of 0.05% (2013: 0.05%) per annum. Also, included in this amount is $62 (J$7,056) (2013: $692 (J$73,213)), being held in a current account.

11 SHARE CAPITAL

	2014 No. of Shares '000	2014 No. of Shares '000
Authorised capital:		
1,000,000,000 Ordinary stock at beginning and end of the year		
Issued and fully paid, no par value ordinary stock at the beginning and end of the year	400,000	400,000

	2014 $	2013 $
Stated capital:		
Issued and fully paid, no par value stock at the beginning and end of the year	1,286,619	1,286,619

12 LOANS PAYABLE

	Original loan sum $	2014 $	2013 $
Alydar Investments Limited	40,000	44,796	41,596
Gerald Hadeed	30,000	33,393	30,993
		78,189	72,589

(Expressed in United States dollars)

12 LOANS PAYABLE (CONTINUED)

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

Provided the loans were still outstanding on the repayment date, the lenders had 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 were being publicly traded on the Jamaica Stock Exchange as at the repayment date. The lenders were required to notify the company of their intention to exercise the option at least 14 days before the repayment date.

In respect of the loan with Alydar Investment Limited, the company was not notified by the lender of its intention to take up the equity option. The loan was not repaid and to date no notice of demand for repayment by the lender has been served on the company. The company is currently pursuing negotiations with the lender for the extension of the loan under the same terms and condition until June 2016. However at December 31, 2014, the negotiations were not yet finalised.

In respect of the Ioan with Gerald Hadeed, on the repayment date, the loan was not repaid and subsequent to year end the lender decided not to take up the equity option and agreed to extend the loans under the same terms and conditions until June 30, 2016.

At December 31, 2014, interest payable included in the above balance amount to $8,189 (2013: $2,589).

13 TRADE PAYABLES

	2014	**2013**
	$	**$**
Trade payables	145,890	132,570

Payables principally comprise amounts outstanding for professional services and sub-publishing fees.

14 FEES AND ROYALTIES

a) These comprise:

	2014	**2013**
	$	**$**
Performance royalties	3,447	10,894
Synchronization royalties	1,190	-
Publishing fees	3,517	200
	8,154	11,094

(Expressed in United States dollars)

14 FEES AND ROYALTIES (CONTINUED)

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, 42% (2013: 98%) was attributable to the performance royalties earned, 43% (2013: 2%) attributable to publishing fees and 15% (2013: Nil) attributable to synchronization royalties.

15 OTHER INCOME

		2014 $	2013 $
Sponsorship income	(Note 15(a))	64,023	7,500
Copyright sale	(Note 15(b))	96,974	-
		160,997	7,500

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

(b) This represents the sale of 50% of the company's rights/interest in certain musical works by two song writers.

16 EXPENSES

	2014 $	2013 $
(a) Songwriting camps and development expenses		
Accommodation	36,385	44,831
Travel	18,122	27,248
Mixing and sound system	6,516	6,265
Equipment rental	3,000	4,500
	64,023	82,844

(Expressed in United States dollars)

16 **EXPENSES (CONTINUED)**

	2014 $	2013 $
(b) Administrative expenses		
Audit fees	10,650	10,000
Accounting fees	10,615	27,897
Website development and maintenance	-	559
Bank charges	422	7,272
Salaries	-	202,588
Telephone	215	7,990
Computer and internet expense	-	117
Rent	1,048	4,145
Other expenses	18	1,084
Insurance	-	5,097
Stationery and other office expense	-	192
Legal and professional fees	32,276	47,723
Managerial travel and accommodation	3,249	47,385
Company secretary	7,058	1,198
Advertising and promotion	-	30,421
Depreciation and amortisation	11,329	11,268
Exchange loss	3,299	7,124
Amortised cost adjustment on advances to songwriters (net)	(4,792)	114,828
Registrar and Jamaica Stock Exchange fees	7,225	6,911
Royalty administration maintenance fees	3,608	5,100
Entertainment and meeting expenses	-	12,507
Subscription and dues	-	1,038
Annual general meeting and annual reports	2,296	-
Withholding tax – royalty fees	3,145	-
Asset tax	1,308	772
Bad debt expense	5,814	-
	98,783	553,216

(c) Finance costs

	2014 $	2013 $
Loan interest	5,600	2,589

(Expressed in United States dollars)

17 NET PROFIT (LOSS)

	2014 $	2013 $
The following expense (income) items are included in the determination of net loss:		
Depreciation and amortisation	11,329	11,268
Audit fees	10,650	10,000
Finance costs	5,600	2,589
Contract for services	39,334	251,509
Interest income at amortised cost	(1)	(2)

18 EARNINGS (LOSS) PER SHARE

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

	2014	2013
Earnings (Loss)	US$746	(US$620,053)
Number of ordinary shares (2013: Weighted average number of ordinary shares)	400,000,000	400,000,000
Basic earnings (loss) per share (in U.S. cents)	0.00	(0.16)

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.

(Expressed in United States dollars)

19 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)**

Categories of financial instruments

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

	2014 $	2013 $
Financial Assets		
Loans and receivables (at amortised cost)		
- Advances to songwriters	233,775	201,300
- Due from related party	-	5,814
- Receivables	23,448	20,972
- Cash and bank deposits	3,336	851
	260,559	228,937
Financial Liabilities		
Other financial liabilities (at amortised cost)		
- Loans payable	78,189	72,589
- Due to related parties	5,397	4,769
- Trade payables	145,890	132,570
	229,476	209,928

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.

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.

(Expressed in United States dollars)

19 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (Continued)

(a) Market risk (Continued)

(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:

	Liabilities		Assets		Net Liabilities(Assets)	
	2014	2013	2014	2013	2014	2013
	$	$	$	$	$	$
Jamaican dollars	8,946	10,321	62	692	8,884	9,629
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 10% or weakens by 1% (2013: strengthens by 15% or weakens by 1%) against the relevant foreign currency, profit or loss will decrease or increase by:

	Revaluation		Devaluation	
	Change in Currency Rates	Effect on Profit or Loss	Change in Currency Rates	Effect on Profit or Loss
	%	$	%	$
2014				
Currency				
Jamaican Dollar	+10	888	-1	(89)
2013				
Currency				
Jamaican Dollar	+15	1,444	-1	(96)

19 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)**

Financial risk management policies and objectives (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk management (Continued)

If the United States dollar strengthens or weakens by 2% (2013: 2%) against the relevant foreign currency, profit or loss will decrease or increase by:

	Revaluation		**Devaluation**	
	Change in Currency Rates	**Effect on Profit or Loss**	**Change in Currency Rates**	**Effect on Profit or Loss**
	%	**$**	**%**	**$**
2014				
Currency				
Barbados Dollar	+2	-	-2	-
2013				
Currency				
Barbados Dollar	+2	(419)	-2	419

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, 2014 and December 31, 2013.

(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$260,559 (2013: US$228,937) 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.

19 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)

Financial risk management policies and objectives (Continued)

(b) Credit risk management (Continued)

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.

(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 Interest Rate %	On Demand or Within 1 Year $
2014		
Non-interest bearing	Nil	151,287
Interest bearing	8	88,796
		240,083
2013		
Non-interest bearing	Nil	137,339
Interest bearing	8	75,770
		213,109

(Expressed in United States dollars)

19 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)**

(c) Liquidity risk management (Continued)

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 Interest Rate %	**On Demand or Within 1 Year $**
2014		
Non-interest bearing	Nil	257,285
Interest bearing	0.05	3,276
		260,561
2013		
Non-interest bearing	Nil	228,778
Interest bearing	0.05	159
		228,937

(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.

	2014		**2013**	
	Carrying values $	**Fair values $**	**Carrying values $**	**Fair Values $**
Fixed rate loans	78,189	80,395	72,589	73,243

(Expressed in United States dollars)

19 **FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISKS MANAGEMENT (CONTINUED)**

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 $	Significant observable inputs Level 2 $	Significant unobservable inputs Level 3 $
At December 31, 2014			
Liabilities for which fair values are disclosed:			
Fixed rate loans payable	-	80,395	-
At December 31, 2013			
Liabilities for which fair values are disclosed:			
Fixed rate loans payable	-	73,243	-

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 2013.

20 **OPERATING LEASE ARRANGEMENTS**

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

	2014 $	2013 $
Rental expense paid during the year	1,048	4,145

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

	2014 $	2013 $
Within one year	-	3,600

Effective April 1, 2014, the company negotiated with the lessor to cease rental charges until the company's operations improved.

21 OPERATIONS

While the Company, which is still in a developmental phase, achieved minimal profits for the year ended December 31, 2014 (US$746), it has incurred significant losses and to December 31, 2014 had accumulated losses of US$1.243 million. Further as at December 31, 2014, the company had net current liabilities of US$201,280 (2013: US$180,880). 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 three 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.