

Company Registration No. 00938986 (England and Wales)

CHRYSLIS RECORDS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021
PAGES FOR FILING WITH REGISTRAR

CHRYSLIS RECORDS LIMITED

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CHRYSLIS RECORDS LIMITED

BALANCE SHEET

AS AT 31 MARCH 2021

		2021		2020 as restated	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	5		505,756		497,993
Investments	6		100		100
			<u>505,856</u>		<u>498,093</u>
Current assets					
Stocks	7	484,764		243,735	
Debtors	8	1,881,195		1,114,258	
Cash at bank and in hand		685,898		438,018	
		<u>3,051,857</u>		<u>1,796,011</u>	
Creditors: amounts falling due within one year	9	<u>(2,799,920)</u>		<u>(2,005,200)</u>	
Net current assets/(liabilities)			<u>251,937</u>		<u>(209,189)</u>
Total assets less current liabilities			<u>757,793</u>		<u>288,904</u>
Provisions for liabilities			-		(64,304)
Net assets			<u><u>757,793</u></u>		<u><u>224,600</u></u>
Capital and reserves					
Called up share capital	10		10,481		10,481
Profit and loss reserves			<u>747,312</u>		<u>214,119</u>
Total equity			<u><u>757,793</u></u>		<u><u>224,600</u></u>

The Directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The financial statements were approved by the board of directors and authorised for issue on 23 December 2021 and are signed on its behalf by:

Golnar Khosrowshahi
Director

Company Registration No. 00938986

CHRYSLIS RECORDS LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2021

	Share capital	Profit and loss reserves	Total
	£	£	£
As restated for the period ended 31 March 2020:			
Balance at 1 April 2019	10,481	(60,026)	(49,545)
Year ended 31 March 2020:			
Profit and total comprehensive income for the year	-	274,145	274,145
Balance at 31 March 2020	10,481	214,119	224,600
Year ended 31 March 2021:			
Profit and total comprehensive income for the year	-	533,193	533,193
Balance at 31 March 2021	10,481	747,312	757,793

CHRYSLIS RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

Company information

Chrysalis Records Limited is a private company limited by shares incorporated in England and Wales. The registered office is Ground Floor, Charles House, 5-11 Regent Street, St James's, London, SW1Y 4LR. The trading address is Victoria House, Unit G2, 1 Leonard Circus, 64 Paul Street, London, EC2A 4DQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied, other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value, where applicable. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts, on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the directors are satisfied that the company will continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. When forming this assessment, the directors have taken into account the availability of working capital, the latest trading position and expected support from the immediate parent company, if required. The financial statements do not reflect any adjustments that would result from the company not being a going concern.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Turnover includes royalty income receivable.

(i) Royalties receivable are recognised when amounts are known or can be estimated reliably and supported by third party sales data.

(ii) Royalties payable are calculated by reference to statements of account used for determining royalties receivable.

CHRYSLALIS RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Music catalogue	straight line over 25 years
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1.5 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.6 Impairment of fixed assets

At each reporting period end date, 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). Where 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.

Recoverable amount is the higher of 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 (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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 (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

CHRYSLIS RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.7 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the stocks to their present location and condition.

Stocks held for distribution at no or nominal consideration are measured at the lower of cost and replacement cost, adjusted where applicable for any loss of service potential.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.8 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

CHRYSLIS RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

1 Accounting policies

(Continued)

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.13 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

CHRYSLIS RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Royalties payable

Royalties payable are accrued for artists' shares of income included in turnover. Amounts accrued at a reporting date are estimated based upon expected levels of payments that will become due and be payable in due course when certain factors and calculations are finalised. Other creditors include £463,633 (2020: £359,392, as restated) of such accrued amounts at the reporting date.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	4	4

4 Taxation

	2021 £	2020 £
Current tax		
UK corporation tax on profits for the current period	178,543	-
Deferred tax		
Origination and reversal of timing differences	(50,178)	64,304
Total tax charge	128,365	64,304

CHRYSLIS RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

5 Intangible fixed assets

	Music catalogue £
Cost	
At 1 April 2020	505,000
Additions	25,000
	<hr/>
At 31 March 2021	530,000
	<hr/>
Amortisation and impairment	
At 1 April 2020	7,007
Amortisation charged for the year	17,237
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At 31 March 2021	24,244
	<hr/>
Carrying amount	
At 31 March 2021	505,756
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At 31 March 2020	497,993
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6 Fixed asset investments

	2021 £	2020 £
Investments	100	100
	<hr/>	<hr/>

The company holds 100% of the share capital of Ensign Records Limited, a company incorporated in the UK and which prepares financial statements to 30 June each year. The capital and reserves and results of this dormant subsidiary were £Nil (2020: £Nil). The registered office is the same as that of this company.

7 Stocks

	2021 £	2020 £
Stocks	484,764	243,735
	<hr/>	<hr/>

CHRYSLIS RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

8 Debtors

	2021	2020
	£	£
Amounts falling due within one year:		
Trade debtors	177,912	205,881
Other debtors	1,703,283	894,251
	<u>1,881,195</u>	<u>1,100,132</u>
Deferred tax asset	-	14,126
	<u>1,881,195</u>	<u>1,114,258</u>

9 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	526,938	162,031
Amounts owed to group undertakings	900,356	1,108,835
Corporation tax	178,543	-
Other taxation and social security	212,811	117,451
Other creditors	981,272	616,883
	<u>2,799,920</u>	<u>2,005,200</u>

10 Called up share capital

	2021	2020	2021	2020
	Number	Number	£	£
Ordinary share capital				
Issued and fully paid				
Ordinary shares of 0.08p each	<u>13,101,000</u>	<u>13,101,000</u>	<u>10,481</u>	<u>10,481</u>

11 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Christian Pye and the auditor was Ross Bennet Smith.

12 Financial commitments, guarantees and contingent liabilities

In connection with borrowings granted by lenders to Reservoir Media Management, Inc, being an intermediate parent company, such borrowings have been secured by a fixed and floating charge over all of the assets of the company. The company has also entered into a negative pledge with the lenders in respect of these borrowings.

CHRYSLIS RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2021

13 Related party transactions

Reservoir Media Management, Inc is considered to be a related party as it is an intermediate holding company. The company received royalties of £842,101 (2020: £556,066) from and paid distribution and similar fees of £42,433 (2020: £20,429) to Reservoir Music Management, Inc. £575,811 (2020: £Nil) is due from Reservoir Media Management, Inc at 31st March 2021.

The company has taken advantage of the exemption available under FRS 102 section 33 related parties not to disclose transactions with other wholly owned group companies.

14 Directors' transactions

The company paid fees of £2,000 (2020: £Nil) in respect of services provided by the directors to the company.

15 Controlling company

The immediate parent company is Blue Raincoat Music Limited, which is a company incorporated in England and Wales.

At 31st March 2021, the ultimate parent company was Persis Holdings Limited by virtue of its controlling shareholding in the company. Persis Holdings Limited is incorporated in Canada.

16 Events after the reporting date

Subsequent to the balance sheet date, the ultimate parent company changed to Reservoir Media, Inc, a company which is listed on the NASDAQ stock exchange and which is incorporated in the United States of America.

17 Prior period adjustment

The company recognises revenues for digital, sync, licence fee and similar income when the amount of royalties earned are known, which is usually when the amount is notified by the third party distributor or can be reliably estimated. With respect to the company's principal third party distributor, notifications were previously made on a quarterly basis. During the course of the year ended 31st March 2020, the billing arrangements with this principal third party distributor were changed such that notifications were received on a monthly basis and it was therefore possible to reliably estimate the amount of revenue which had been earned via that distributor during the financial year; this was not possible when quarterly notifications were received. Due to an accounting error, the two final months of income and associated fees from that distributor were omitted from the financial statements to 31st March 2020; this error has been corrected via a prior year adjustment.

The effect of correcting this error is to increase revenues, as previously stated, by £425,714 and to increase cost of sales and distribution costs by £53,214 and £34,058 respectively. Furthermore, a deferred tax charge of £64,304 has been recognised in the year ended 31st March 2020 as a result of this error. The error arose due a change in the timing of third party notifications during the course of the year ended 31st March 2020 and the opening reserves at 1st April 2019 are not affected.

The effect of this change in billing arrangements and the prior period adjustment, as outlined above, is that, 15 months of revenue and fees from the principal distributor are recognised in the comparative numbers to 31st March 2020. This is because fifteen months of revenue could be reliably estimated in that year due to a change in the third party distributor's billing arrangements.

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