

**Company Registration No. 1414045**

**Beggars Group Limited**

**Report and Financial Statements**

**31 December 2004**



# **Beggars Group Limited**

## **Report and financial statements 2004**

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# **Beggars Group Limited**

## **Report and financial statements 2004**

### **Officers and professional advisers**

#### **Directors**

Martin Mills  
Nigel Bolt  
Andrew Heath  
James Wyllie

#### **Secretary**

Nigel Bolt

#### **Bankers**

Coutts & Co  
440 Strand  
London  
WC2R 0QS

#### **Auditors**

Sedley Richard Laurence Voulters  
Chartered Accountants  
1 Conduit Street  
London  
W1S 2XA

# Beggars Group Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2004.

### Principal activities and business review

The group is principally engaged in the production and exploitation of sound recordings. The group continued to trade satisfactorily during the year.

### Future developments

The directors anticipate that the group will continue to trade satisfactorily in the ensuing year.

### Results and dividends

The trading results for the year, and the group's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2004 £	2003 £
Dividend paid on ordinary shares	90,000	-

### Directors and their interests

		Number of shares	
	Class of share	At 31 December 2004	At 1 January 2004
Martin Mills	'A' Ordinary	98	98
	'B' Ordinary	100	100
	'C' Preferred	2	2
	(joint trustee)		
Nigel Bolt		-	-
Andrew Heath		-	-
James Wyllie		-	-

In addition, Martin Mills had beneficial interests in the ordinary shares of subsidiary companies as follows:

	Number of shares	
	At 31 December 2004	At 1 January 2004
Beggars Banquet Records Limited	24	24
Beggars UK Limited	24	24
Mantra Recordings Limited	24	24

# Beggars Group Limited

## Directors' report

### Fixed assets

Changes in fixed assets are shown in the notes to the financial statements.

In the opinion of the directors, the market value of interests in land and buildings held as fixed assets at the balance sheet date were in excess of their book value.

### Donations

During the year the company made the following contributions:

	2004	2003
Charitable	-	230

### Auditors

Sedley Richard Laurence Voulters were appointed auditors to the company during the year and have expressed their willingness to continue in office as auditors. In accordance with section 385 of the Companies Act 1985, a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



Nigel Bolt  
Secretary

30 January 2006

## **Beggars Group Limited**

### **Statement of directors' responsibilities**

United Kingdom company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **Independent auditors' report to the members of Beggars Group Limited**

We have audited the financial statements of Beggars Group Limited for the year ended 31 December 2004 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheets, the cash flow statement, the notes to the cash flow statement and the related notes 1 to 27. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company and other members of the group is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

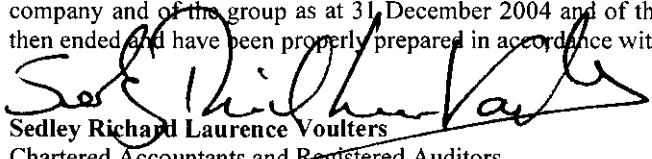
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements and of whether the accounting policies are appropriate to the circumstances of the company and the group, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

### **Opinion**

In our opinion, the financial statements give a true and fair view of the state of affairs of the company and of the group as at 31 December 2004 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Sedley Richard Laurence Voulters**  
Chartered Accountants and Registered Auditors  
1 Conduit Street  
London  
W1S 2XA  
30 January 2006

## Beggars Group Limited

### Group profit and loss account Year ended 31 December 2004

	Note	2004 £	2003 £
<b>Group turnover</b>	1,2	28,256,082	29,257,411
Cost of sales		(13,774,754)	(14,581,116)
<b>Gross profit</b>		14,481,328	14,676,295
Distribution costs		(7,629,206)	(6,839,055)
Administrative expenses		(5,166,306)	(6,646,260)
Other operating income		-	584
<b>Group operating profit</b>	3	1,685,816	1,191,564
Share of operating profit/(loss) from joint ventures	6	34,931	(278,482)
Share of operating loss from associates	6	(78,897)	(90,910)
<b>Total operating profit</b>		1,641,850	822,172
Net finance charges	7	(191,482)	(364,913)
<b>Profit on ordinary activities before taxation</b>		1,450,368	457,259
Tax charge on profit on ordinary activities	8	(732,022)	(559,193)
<b>Profit/(loss) on ordinary activities after taxation</b>		718,346	(101,934)
Equity minority interests	26	(125,250)	(124,265)
<b>Profit/(loss) for the financial year</b>		593,096	(226,199)
Equity dividends paid	9	(90,000)	-
<b>Retained profit/(loss) for the financial year</b>		503,096	(226,199)

The turnover relating to associates of the group was £311,922 (2003: £305,766).

The turnover relating to joint ventures of the group was £4,974,688 (2003: £4,700,540).

All of the activities of the group are classed as continuing.



## Beggars Group Limited

### Group statement of total recognised gains and losses Year ended 31 December 2004

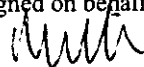
	2004 £	2003 £
Profit/(loss) for the financial year	503,071	(226,199)
Currency translation difference on foreign currency net investments	32,010	84,439
<b>Total recognised gains and losses in the year</b>	<b>535,081</b>	<b>(141,760)</b>

# Beggars Group Limited

## Group balance sheet 31 December 2004

	Note	£	2004 £	£	2003 £
<b>Fixed assets</b>					
Intangible assets	10		1,304,118		1,397,251
Tangible assets	11		2,340,157		2,376,291
<b>Investments</b>					
Investment in joint venture:					
Share of gross assets		2,240,431		2,026,986	
Share of gross liabilities		(1,115,880)		(1,267,710)	
	12	1,124,551		759,276	
Associated undertakings	12	69,947		7,404	
Other investments	12	679,744		817,078	
			1,874,242		1,583,758
			5,518,517		5,357,300
<b>Current assets</b>					
Stocks	13	565,978		461,384	
Debtors	14	6,337,878		6,984,335	
Cash at bank and in hand		1,434,021		1,339,264	
			8,337,877		8,784,983
<b>Creditors: amounts falling due within one year</b>	15		(8,224,084)		(8,703,261)
<b>Net current assets</b>			113,793		81,722
<b>Total assets less current liabilities</b>			5,632,310		5,439,022
<b>Creditors: amounts falling due after more than one year</b>	16		(158,710)		(334,662)
<b>Provisions for liabilities and charges</b>	17		(555)		(555)
Investment in joint venture:					
Share of gross assets		676,048		716,475	
Share of gross liabilities		(2,069,757)		(1,952,740)	
	17		(1,393,709)		(1,236,265)
Associated undertakings	17		(22,428)		-
<b>Net assets</b>			4,056,908		3,867,540
<b>Capital and reserves</b>					
Called up share capital	23		200		200
Other reserves	24		57,183		28,171
Profit and loss account	24		4,950,485		4,415,379
<b>Total shareholders' funds (including non-equity interests)</b>	25		5,007,868		4,443,750
<b>Equity minority interests</b>	26		(950,960)		(576,210)
<b>Total capital employed</b>			4,056,908		3,867,540

These financial statements were approved by the Board of Directors on 30 January 2006.  
Signed on behalf of the Board of Directors

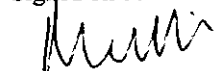
  
Martin Mills, Director

# Beggars Group Limited

## Company balance sheet 31 December 2004

	Note	2004 £	2003 £
<b>Fixed assets</b>			
Tangible assets	11	751,859	664,722
Investments	12	4,075,466	4,098,340
		<u>4,827,325</u>	<u>4,763,062</u>
<b>Current assets</b>			
Debtors – due within one year	14	1,399,757	2,331,222
Cash at bank and in hand		63,650	16,264
		<u>1,463,407</u>	<u>2,347,486</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(770,069)</u>	<u>(1,652,813)</u>
<b>Net current assets</b>		<u>693,338</u>	<u>694,673</u>
<b>Total assets less current liabilities</b>		<u>5,520,663</u>	<u>5,457,735</u>
<b>Creditors: amounts falling due after more than one year</b>	16	(158,710)	(334,662)
<b>Provisions for liabilities and charges</b>	17	<u>-</u>	<u>-</u>
		<u>5,361,953</u>	<u>5,123,073</u>
<b>Capital and reserves</b>			
Called up share capital	23	200	200
Profit and loss account	24	5,361,753	5,122,873
<b>Total shareholders' funds (including non-equity interests)</b>	25	<u>5,361,953</u>	<u>5,123,073</u>

These financial statements were approved by the Board of Directors on 30 January 2006.  
Signed on behalf of the Board of Directors



Martin Mills  
Director

# Beggars Group Limited

## Group cash flow statement Year ended 31 December 2004

	Note	£	2004 £	£	2003 £
<b>Net cash inflow from operating activities</b>	A		2,363,045		3,178,282
<b>Returns on investments and servicing of finance</b>					
Interest received		17,007		89,374	
Interest paid		(208,489)		(454,288)	
Dividends paid to minority interest		(500,000)		(392,879)	
<b>Net cash outflow from returns on investments and servicing of finance</b>			(691,482)		(757,793)
<b>Taxation</b>					
Corporation tax paid		(398,211)		(105,665)	
Corporation tax refunds received		-		-	
<b>Tax paid</b>			(398,211)		(105,665)
<b>Capital expenditure and financial investment</b>					
Payments to acquire tangible fixed assets		(198,428)		(232,953)	
Receipts from sale of fixed assets		35,892		18,888	
Investments in associates		(90,000)		-	
Loans to joint ventures repaid		24,413		-	
Increase in long term loans made to Joint Ventures		-		(283,767)	
<b>Net cash outflow from investing activities</b>			(228,123)		(497,832)
<b>Acquisitions and disposals</b>					
Net cash received on sale of subsidiaries		-		-	
<b>Net cash inflow from acquisitions and disposals</b>			-		-
<b>Equity dividends paid</b>			(90,000)		-
<b>Cash inflow before management of liquid resources and financing</b>			955,229		1,816,992
<b>Increase in cash in the year</b>	B		955,229		1,816,992

# Beggars Group Limited

## Notes to the group cash flow statement Year ended 31 December 2004

### A. Reconciliation of operating profit to net cash inflow/outflow from operating activities

	2004 £	2003 £
Operating profit	1,685,816	1,191,564
Amortisation of goodwill arising on subsidiaries	93,133	93,133
Depreciation	181,348	193,536
Loss on disposal of fixed assets and investments	16,941	15,143
Provision against investments	(74,855)	330,996
Loss on foreign exchange movements	47,667	-
Loss on disposal of other investments	-	3,784
Increase in stocks	(104,594)	(134,658)
Decrease in debtors	644,250	1,631,163
Decrease in creditors	(126,661)	(146,379)
Net cash inflow from operating activities	<u>2,363,045</u>	<u>3,178,282</u>

### B. Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
Increase in cash in the period	955,229	1,816,992
Change in net debt	<u>955,229</u>	<u>1,816,992</u>
Net cash (debt) at 1 January	49,044	(1,767,948)
Net cash at 31 December	<u>1,004,273</u>	<u>49,044</u>

### C. Analysis of changes in net debt

	At 1 January 2004 £	Cash flows £	At 31 December 2004 £
Net cash:			
Cash in hand and at bank	1,339,264	94,757	1,434,021
Overdrafts	<u>(1,290,220)</u>	<u>860,472</u>	<u>(429,748)</u>
Net cash	<u>49,044</u>	<u>955,229</u>	<u>1,004,273</u>

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 1. Accounting policies

The financial statements have been prepared under the historical cost convention, as modified for revaluation of certain tangible fixed assets, and in accordance with applicable United Kingdom law and accounting standards, which have been applied consistently in the current and the prior year.

##### **Basis of consolidation**

The consolidated accounts incorporate the accounts of the company and all group undertakings, together with the group's share of the net assets and results of associated undertakings and joint ventures. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill arising on consolidation is capitalised and written off over twenty years from the year of acquisition. The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively. As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of Section 230 of the Companies Act 1985. The profit dealt with in the accounts of the parent company was £238,880 (2003: £18,777).

##### **Turnover**

Turnover for sale of physical stock represents the invoiced value of goods and services provided to customers and is net of discounts, value added tax and provisions for goods likely to be returned. Turnover for other income represents amounts reported to the company in statements received during the year.

##### **Deferred income**

Deferred income represents non-returnable advances on royalties receivable from other record companies. These advances are credited to revenue royalties receivable as the royalty income arises or when the probability of future income in respect thereof is removed.

##### **Advances to artistes**

Advances to artistes, presented within debtors on the balance sheet, represent advances made directly to artistes for recording and other costs incurred on behalf of artistes under contract. These advances, which are only recoverable against future royalties, are charged to the profit and loss account as they are recouped or where the probability of future recoupment in respect thereof is unlikely.

##### **Goodwill**

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 20 years. Provision is made for any impairment.

##### **Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation and any provision for impairment. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	2% on cost
Leasehold property	In equal annual instalments over the period of the lease
Fixtures and fittings and office equipment	20% and 25% per annum on a reducing balance method
Motor vehicles	25% per annum on a reducing balance method
Computer equipment	25% per annum on a reducing balance method

##### **Stocks**

Stocks are valued at the lower of cost and net realisable value.

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 1. Accounting policies (continued)

##### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

##### Pensions

The company operates a defined contribution scheme for the benefit of its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable are charged to the profit and loss account in the year they are payable and are disclosed in note 4.

##### Taxation

Deferred taxation is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### Foreign currencies

###### *Company*

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

###### *Group*

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to reserves. All other translation differences are taken to the profit and loss account.

##### Investments

- (a) Current asset investments are stated at the lower of cost and net realisable value
- (b) Fixed asset investments are stated at cost less provision for impairment.

##### Investment properties

Investment properties are revalued annually. Depreciation is not provided in respect of freehold investment properties. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under departure from the statutory accounting rules, it is necessary to provide a true and fair view as required under SSAP 19 "Accounting for investment properties". The financial effect of the departure from the statutory accounting rules is not material to the financial statements.

# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2004

### 2. Turnover

The turnover attributable to the principal activities of the group is as follows:

	2004 £	2003 £
Sales and distribution of compact discs, records and tapes	23,551,954	25,276,187
Royalties receivable	4,704,128	3,981,224
	<u>28,256,082</u>	<u>29,257,411</u>

Turnover is analysed by geographical markets, as follows:

	2004 £	2003 £
UK	16,831,271	18,431,919
Rest of World	11,424,811	10,825,492
	<u>28,256,082</u>	<u>29,257,411</u>

### 3. Operating profit

	2004 £	2003 £
Operating profit is stated after charging/(crediting):		
Amortisation	93,133	93,133
Depreciation	181,348	193,536
Loss on disposal of fixed assets	16,941	15,142
Auditors' remuneration – group and company:		
- audit	80,000	92,000
- other services	-	20,000
Operating lease costs:		
Land and buildings	93,764	105,818
Net loss on foreign currency translation	147,189	145,996
Exceptional item	-	50,000

The exceptional item in the prior year represents a provision made against the balance due from a joint venture company, Mowax Labels Limited.



# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2004

### 4. Information regarding employees

	2004 No.	2003 No.
Average number of persons employed (including directors)		
Administration	71	70
Management	10	10
	<u>81</u>	<u>80</u>

The aggregate payroll costs of the above were:

	£	£
Staff costs during the year		
Wages and salaries	3,551,769	3,207,538
Social security costs	435,577	372,986
Pension costs	33,550	27,900
	<u>4,020,896</u>	<u>3,608,424</u>

### 5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2004 £	2003 £
Emoluments	<u>1,308,139</u>	<u>526,994</u>
Emoluments of highest paid director		
Emoluments	<u>500,905</u>	<u>353,459</u>

### 6. Share of profits/(losses) from other fixed asset investments

	2004 £	2003 £
Net share of operating loss – Associates	(78,897)	(90,910)
Net share of operating profit (loss) – Joint ventures	<u>34,931</u>	<u>(278,482)</u>
	<u>(43,966)</u>	<u>(369,392)</u>

The share of the operating losses of the associates relates to Bidcall Limited (£52,838), Nation Records Limited (£6,006) and Consolidated Independent Limited (£20,053).

The share of the operating profits/(losses) in joint ventures relates to Mowax Labels Limited £81, Remote Control Pty Limited £9,107 Matador Recordings LLC £212,385, Matador Records Limited (£132,413) and Popstock Distributiones, S. L. (£54,229).

# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2004

### 7. Finance charges (net)

	2004 £	2003 £
<b>Interest receivable and similar income</b>		
Interest receivable – Bank interest	17,007	89,374
<b>Interest payable and similar charges</b>		
Interest payable on bank borrowing	(146,558)	(310,378)
Other similar charges payable	(61,931)	(143,909)
	<u>(191,482)</u>	<u>(364,913)</u>

### 8. Tax (charge)/credit on profit/(loss) on ordinary activities

	2004 £	2003 £
<i>Current Taxation</i>		
UK corporation tax for the year	(439,939)	(506,589)
Adjustment in respect of prior years	(283,503)	(120,025)
Double tax relief	22,037	55,570
	<u>(701,405)</u>	<u>(571,044)</u>
Group relief	(40,556)	(24,162)
Group relief – prior year adjustment	-	82,484
Foreign tax for current period	11,743	(56,362)
Share of Joint ventures' tax	392	4,298
	<u>(729,826)</u>	<u>(564,786)</u>
<i>Deferred tax</i>		
Timing differences, origination and reversal	(2,196)	4,639
Adjustment in respect of prior years	-	954
	<u>(2,196)</u>	<u>5,593</u>
Total current tax (charge)/credit on profit/(loss) on ordinary activities	<u>(732,022)</u>	<u>(559,193)</u>

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2004

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax charge for the current and the previous year exceeds the standard rate for the reasons set out in the following reconciliation.

	2004 £	2003 £
Profit on ordinary activities before tax	1,450,368	457,259
Tax (charge) on ordinary activities at standard rate	(435,110)	(137,259)
<i>Factors affecting charge for the period:</i>		
Expenses not deductible for tax purposes	(31,546)	(265,913)
Capital allowances for period in excess of depreciation	(30,952)	(19,775)
Overseas tax losses not used	(13,193)	(111,185)
Movement in short term timing differences	10,519	-
Tax losses utilised	25,251	-
Marginal relief	7,475	-
Foreign tax expensed	21,233	3,063
Group relief not paid for	-	(554)
Prior period adjustments	(283,503)	(33,245)
Total actual amounts of current tax	(729,826)	(564,787)

#### 9. Dividends

The following dividends have been paid in respect of the year:

	2004 £	2003 £
Dividend paid on ordinary equity shares of £454.54 (2003: £nil) per share	90,000	-

# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2004

### 10. Intangible fixed assets

#### Group

#### Goodwill £

#### Cost

At 1 January 2004

1,862,650

Additions

-

Disposals

-

At 31 December 2004

1,862,650

#### Amortisation

At 1 January 2004

465,399

Charge for the year

93,133

At 31 December 2004

558,532

#### Net book value

At 31 December 2004

1,304,118

At 31 December 2003

1,397,251

# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2004

### 11. Tangible fixed assets

Group	Freehold and leasehold property £	Equipment, fixtures and fittings £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2004	2,313,107	652,604	318,640	3,284,351
Exchange differences	(212)	(3,907)		(4,119)
Additions	3,631	109,724	85,073	198,428
Disposals	-	(78,847)	(133,549)	(212,396)
At 31 December 2004	2,316,526	679,574	270,164	3,266,264
<b>Depreciation</b>				
At 1 January 2004	326,821	430,258	150,981	908,060
Exchange differences	(47)	(3,791)		(3,838)
Charge for the year	43,833	96,928	40,587	181,348
Disposals	-	(68,492)	(90,971)	(159,463)
At 31 December 2004	370,607	454,903	100,597	926,107
<b>Net book value</b>				
At 31 December 2004	1,945,919	224,671	169,567	2,340,157
At 31 December 2003	1,986,286	222,346	167,659	2,376,291
<b>Company</b>				
	£	£	£	£
<b>Cost</b>				
At 1 January 2004	655,529	321,238	23,500	1,000,267
Additions	-	75,478	70,243	145,721
Disposals	-	(29,864)	-	(29,864)
At 31 December 2004	655,529	366,852	93,743	1,116,124
<b>Depreciation</b>				
At 1 January 2004	93,236	223,809	18,500	335,545
Charge for the year	10,621	37,630	7,838	56,089
Disposals	-	(27,369)	-	(27,369)
At 31 December 2004	103,857	234,070	26,338	364,265
<b>Net book value</b>				
At 31 December 2004	551,672	132,782	67,405	751,859
At 31 December 2003	562,293	97,429	5,000	664,722

Included within freehold and leasehold property for the (company and group) is an investment property of £164,960 (2003: £164,960) carried at cost. The directors believe the current market value is not materially different from its cost, based on a valuation carried out by Egerton Chartered Surveyors in 2001.

# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2004

### 12. Investments

Group	Associates £	Joint ventures £	Other investments £	Total £
<b>Cost</b>				
At 1 January 2004	7,404	759,276	817,078	1,583,758
Additions	90,000	187,776	-	277,776
Provision for impairments	-	-	74,855	74,855
Increase/(reduction) in value (see below)	(27,457)	177,499	-	150,042
Loans to associates repaid	-	-	(24,413)	(24,413)
Disposals	-	-	(187,776)	(187,776)
At 31 December 2004	69,947	1,124,551	679,744	1,874,242
<b>Net book value</b>				
At 31 December 2004	69,947	1,124,551	679,744	1,874,242
At 31 December 2003	7,404	759,276	817,078	1,583,758

The share of assets of joint ventures and associates are split into joint ventures and associates in a net asset position (including unamortised goodwill) of £1,194,498 and joint ventures and associates in a net liabilities position (including unamortised goodwill) of £1,416,137 (note 17). The table below shows the total joint venture and associates position.

Group associates and joint ventures	Associates £	Joint ventures £	Total £
<b>Share of net assets/cost</b>			
At 1 January 2004	7,404	(771,869)	(764,465)
Additions	90,000	187,776	277,776
Share of retained profit/(loss) for the year	(78,897)	45,912	(32,985)
Proceeds from issue of shares	29,012	-	29,012
Foreign currency translation movements	-	(15,269)	(15,269)
	47,519	(553,450)	(505,931)
<b>Goodwill</b>			
At 1 January 2004	-	294,881	294,881
Amortisation	-	(10,589)	(10,589)
At 31 December 2004	-	284,292	284,292
<b>Net book value</b>			
At 31 December 2004	47,519	(269,158)	(221,639)
At 31 December 2003	7,404	(476,988)	(469,584)

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 12. Investments (continued)

The following information is given in respect of the group's share of all joint ventures.

	Joint Ventures	
	2004	2003
	£	£
Fixed Assets	1,291,940	1,432,679
Current Assets	1,624,532	1,303,608
Liabilities due within one year	(3,121,792)	(3,156,914)
Liabilities due after one year or more	(63,838)	(63,536)

#### Subsidiaries

The company owns more than 50% of the issued share capital of the following companies which have been consolidated for the year to 31 December 2004.

Name	Nature of business	Country of incorporation	Class of shares held	% of shares held
Beggars Banquet Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
XL Recordings Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Beggars UK Limited	Wholesale promotion and marketing	England and Wales	Ordinary	76%
Wiiija Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Mantra Recordings Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Too Pure Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Beggars Group (USA) Inc.	Production and exploitation of sound recordings	England and Wales	Ordinary	100%
Beggars Group Digital Limited	Management and exploitation of digital rights	England and Wales	Ordinary	100%
4 AD Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	100%

# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2004

### 12. Investments (continued)

#### Associates and joint ventures

Name	Nature of business	Country of incorporation	Class of shares held	% of shares held
<b>Associates</b>				
Nation Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
Bidcall Limited	Holding company	England and Wales	Ordinary	47.34%
Playlouder Limited	Promotion and exploitation of new music media rights	England and Wales	Ordinary	47.34%
Consolidated Independent Limited	Provision of information technology services	England and Wales	Ordinary	Indirect 32.45%
<b>Joint Ventures</b>				
Mowax Labels Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	38%
Remote Control Records Pty Limited	Promotion and marketing of sound recordings	Australia	Ordinary	Indirect 50%
Popstock Distributiones, S.L.	Distribution of sound recordings	Spain	Ordinary	50%
Everlasting Records, S.L.	Production and exploitation of sound recordings	Spain	Ordinary	50%
Matador Recordings LLC	Production and exploitation of sound recordings	USA	Ordinary	Indirect 50%
Matador Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	50%

The accounting reference date for Nation Records Limited is 31 March and the latest financial statements are for the year ended 31 March 2005. The consolidated accounts include amounts for the year ended 31 December 2004. The principal place of business for Nation Records Limited is 19 All Saints Road, London W11 1HE.

Bidcall Limited owns 100% of the issued share capital of Playlouder Limited. The principal place of business for Bidcall Limited and Playlouder Limited is 8-10 Rhoda Street, London E2 7EF.

The principal place of business for Consolidated Independent Limited is 8 Rhoda Street, London, E2 7EF.

The principal place of business for Mowax Labels Limited is 17-19 Alma Road, London SW18 1AA and the other parties to this joint venture are James Lavelle and Junkbond Limited.

The principal place of business for Remote Control Records Pty Limited is 23 Morphett Avenue, Ascot Vale, Victoria 3032, Australia.

Popstock Distributiones, S.L. owns 100% of the issued share capital of Everlasting Records, S.L. The principal place of business for Popstock Distributiones, S.L. and Everlasting Records, S.L. is Azcona 33-3, 28028, Madrid.

The principal place of business for Matador Recordings LLC is 625 Broadway, 12<sup>th</sup> Floor, New York, NY 10012.

The principal place of business for Matador Records Limited is 17-19 Alma Road, London SW18 1AA.



# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2004

### 12. Investments (continued)

Company	Subsidiary companies £	Associated undertakings and joint ventures £	Other investments £	Total £
<b>Cost</b>				
At 1 January 2004	2,240,430	1,362,700	627,970	4,231,100
Additions	-	-	1,539	1,539
Disposals	-	-	(24,413)	(24,413)
At 31 December 2004	2,240,430	1,362,700	605,096	4,208,226
<b>Amounts written off</b>				
At 1 January 2004	1,764	130,996	-	132,760
Written off	-	-	-	-
At 31 December 2004	1,764	130,996	-	132,760
<b>Net book value</b>				
At 31 December 2004	2,238,666	1,231,704	605,096	4,075,466
At 31 December 2003	2,238,666	1,231,704	627,970	4,098,340

### 13. Stocks

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Finished goods and good for resale	565,978	461,384	-	-

There is no material difference between the balance sheet value of the stocks and their replacement cost.

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2004

### 14. Debtors

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Trade debtors	2,168,961	2,334,459	51,384	2,809
Amounts owed by subsidiary undertakings	-	-	907,145	1,830,377
Amounts owed by joint venture	1,282,480	1,306,037	222,580	252,089
Other debtors	1,684,382	1,982,810	191,814	221,453
Prepayments and accrued income	1,202,055	1,361,029	26,834	24,494
	<u>6,337,878</u>	<u>6,984,335</u>	<u>1,399,757</u>	<u>2,331,222</u>

Included in the amounts owed by joint ventures in the Group balance sheet is £925,000 due after more than one year (2003: £945,558).

### 15. Creditors: amounts falling due within one year

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank loans and overdrafts	429,748	1,290,220	-	1,282,631
Trade creditors	976,334	840,720	23,460	18,296
Other taxation and social security	467,119	294,640	267,287	213,450
Corporation tax	1,039,346	707,340	163,990	-
Other creditors	3,383,702	3,971,040	91,674	213
Accruals and deferred income	1,927,835	1,599,301	223,658	138,223
	<u>8,224,084</u>	<u>8,703,261</u>	<u>770,069</u>	<u>1,652,813</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Bank and overdrafts	<u>429,748</u>	<u>1,290,220</u>	<u>-</u>	<u>-</u>

#### Security

The group and company's bank overdraft are secured by way of a mortgage debenture as detailed in note 20.

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 16. Creditors: amounts falling due after more than one year

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Other creditors	158,710	334,662	158,710	334,662

Included within other creditors is an amount of £249,074 (2003: £334,662) of which £90,364 (2003: £nil) is payable within one year, is due to The Beggars Banquet Executive Pension Scheme which holds a private pension fund for Martin Mills on which interest is charged at 2% above Base. This loan is due to be repaid by 27 August 2007.

#### 17. Provisions for liabilities and charges

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Deferred tax (note 18)	555	555	-	-
Shares of net liabilities of associates	22,428	-	-	-
Shares of net liabilities of joint ventures	1,393,709	1,236,265	-	-
Provision carried forward	1,416,692	1,236,820	-	-

See note 12 for movements on the provision for share of liabilities of joint ventures.

In 2004 and 2003, the above share of liabilities in joint ventures has arisen on the holdings in Mowax Labels Limited, Remote Control Records Pty Limited, Popstock Distributiones, S. L. and Matador Records Limited.

In 2004 the share of liabilities in associates has arisen on holdings in Nation Records Limited and Bidcall Limited.

#### 18. Deferred taxation

The movement in the deferred taxation provision during the year was:

	Group		Company	
	2004	2003	2004	2003
	£	£	£	£
Provision brought forward	555	3,952	-	-
(Decrease)/increase in provision	-	(3,397)	-	-
Provision carried forward	555	555	-	-
Depreciation in excess of capital allowances	555	555	-	-
	555	555	-	-

# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2004

### 19. Commitments under operating leases

At 31 December 2004 the group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings	
	2004	2003
	£	£
Operating leases which expire:		
Within one year	-	20,334
Within two to five years	9,250	9,250
Greater than 5 years	57,000	57,000
	<u>66,250</u>	<u>86,584</u>

### 20. Contingencies

The company has given its bankers a composite cross guarantee dated 8 February 2000 over the £3m overdraft facility, which exists across the following companies:

Beggars Group Limited  
Beggars Group Digital Limited  
Beggars UK Limited  
Beggars Banquet Records Limited  
XL Recordings Limited  
Mantra Recordings Limited  
Too Pure Limited  
Wiiiija Records Limited  
4AD Limited

Any liability arising from the composite cross guarantee is secured by mortgage debentures dated 21 August 1989, 18 December 1986, 5 May 1998, 17 September 1999, 17 December 1999 and 7 April 2000, over all the company's assets, incorporating a specific charge over book debts.

### 21. Transactions with the directors

During the year, the company and group had the following transactions and balances arising with entities in which the directors had a material interest:

£309,730 (2003: £108,807) was paid to James Wyllie and Andrew Heath, directors, either directly or through companies in which they had an interest, in respect of professional fees and consultancy services.

During the year, £12,000 (2003: £47,500) was paid to 4AD Music Limited for overheads. Balances of £105,000 (2003: £101,125) are outstanding at the year end relating to 4AD Music Limited. This company is owned by Andrew Heath and Martin Mills, directors.

£35,000 (2003: £35,000) was paid by Hero Music Limited to the group as overhead contribution. As at 31 December 2004 50% of Hero Music Limited was owned by Richard Russell, 25% by Martin Mills and 25% by Andrew Heath.

Included in other debtors at 31 December 2004 was a loan of £50,221 (2003: £50,221) to Yvonne Damant, the wife of Martin Mills. The loan is interest free, unsecured and repayable on demand. Yvonne Damant uses the investment property disclosed in note 12 and pays no rent for this use.

There is also a director's loan account balance due to Martin Mills within creditors at 31 December 2004 of £630 (2003: £669).

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2004

#### 22. Related party transactions

At 31 December 2004, the company had related party balances as follows:

During the year, rent of £57,000 (2003: £57,000) was charged by the Beggars Banquet Executive Pension Scheme, of whom Martin Mills is a trustee and beneficiary. Additionally, a loan was made in a previous year by the Pension Scheme to Beggars Group Limited. Total interest charged during the year amounted to £18,813 and the balance outstanding at the year end was £249,074 and is included within other creditors.

During the year, Beggars UK Limited operated in a central accounting role for Mowax Labels Limited, Matador Records Limited and Nation Records Limited. Export sales and production costs were passed through Beggars UK Limited and transferred out at the year end as detailed below:

	2004		2003	
	Turnover	Costs	Turnover	Costs
	£	£	£	£
Mowax Labels Limited	4,089	7,107	22,860	29,430
Matador Records Limited	72,418	315,998	120,901	273,548
Nation Records Limited	14,553	9,722	15,592	13,570

Management charges receivable by Beggars UK Limited and Beggars Group Limited for services during the year were as follows:

	2004	2003
	£	£
Mowax Labels Limited	16,000	73,200
Matador Records Limited	317,000	366,000

At the balance sheet date the following balances existed between the company and other group members:

	2004	2003
	£	£
Amounts due from:		
Mowax Labels Limited	1,847,643	1,870,559
Nation Records Limited	4,330	3,105
Matador Records Limited	224,261	266,724

Royalties paid out to Mowax Labels Limited by the Beggars Group were £4,738 (2003: £13,701) and in turn Mowax Labels Limited made a contribution to that company's overheads of £485 (2003 £4,459).

During the year, payments were made to Playlouder Limited of £90,000 (2003: £407,350) in respect of new media services and contribution of £nil (2003: £20,000) was received in respect of advances against royalties.

During the year, payments were made to Remote Control Limited of £76,654 in respect of marketing (2003: £103,274) and £108,413 in respect of commission (2003: £169,269).

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2004

### 23. Share capital

	2004 No.	2004 £	2003 No.	2003 £
<b>Authorised share capital:</b>				
Ordinary 'A' shares of £1.00 each	98	98	98	98
Ordinary 'B' shares of £1.00 each	100	100	100	100
Preferred 'C' shares of £1.00 each	2	2	2	2
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
	<b>2004 No.</b>	<b>2004 £</b>	<b>2003 No.</b>	<b>2003 £</b>
<b>Allotted, called up and fully paid:</b>				
Ordinary 'A' shares of £1.00 each	98	98	98	98
Ordinary 'B' shares of £1.00 each	100	100	100	100
Preferred 'C' shares of £1.00 each	2	2	2	2
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

The Ordinary 'A' and 'B' shares rank pari passu and have full rights in respect of an entitlement to dividends or distributions; rights to receipts in a liquidation or sale; and have full voting rights.

The holders of Preferred 'C' shares have:

No right to a dividend or other distribution (other than on a liquidation or sale) of the company unless a majority of the votes attached to the 'A' Ordinary shares then in issue are cast in favour of such a dividend or distribution.

The right to receive on liquidation or sale of the company the preferred sum in priority to any other distribution of assets of the company.

No right to vote at any meeting of the company other than at a meeting of holders of 'C' Preferred shares.

### 24. Reserves

Group	Profit and loss account £	Other reserves £	Total £
Opening balance	4,415,379	28,171	4,443,550
Issue of shares by associate	-	29,012	29,012
Currency translation difference on foreign currency net investments	32,010	-	32,010
Retained profit for the year	503,096	-	503,096
Balance carried forward	<u>4,950,485</u>	<u>57,183</u>	<u>5,007,668</u>

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2004

### 24. Reserves (continued)

Company	Profit and loss account £
Opening balance	5,122,873
Retained profit for the year	238,880
	<hr/>
Balance carried forward	5,361,753
	<hr/>

### 25. Reconciliation of movement in shareholders' funds

Group	2004 £	2003 £
<b>Equity shareholders' funds</b>		
Profit/(loss) for the financial year	593,096	(226,199)
Issue of shares by associate	29,012	-
Dividends	(90,000)	-
Currency translation difference on foreign currency net investments	32,010	84,439
	<hr/>	<hr/>
	564,118	(141,760)
Opening shareholders' equity funds	<hr/>	<hr/>
	4,443,748	4,585,508
Closing shareholders' equity funds	<hr/>	<hr/>
	5,007,866	4,443,748
<b>Non-equity shareholders' funds</b>		
Opening and closing shareholders' non-equity funds	2	2
	<hr/>	<hr/>
<b>Total shareholders' funds</b>	<hr/>	<hr/>
	5,007,868	4,443,750
	<hr/>	<hr/>

# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2004

### 25. Reconciliation of movement in shareholders' funds (continued)

Company	2004 £	2003 £
<b>Equity shareholders' funds</b>		
Profit for the financial year	328,880	18,777
Dividends	(90,000)	-
	<u>238,880</u>	<u>18,777</u>
Opening shareholders' equity funds	<u>5,123,071</u>	<u>5,104,294</u>
Closing shareholders' equity funds	<u><u>5,361,951</u></u>	<u><u>5,123,071</u></u>
<b>Non-equity shareholders' funds</b>		
Opening and closing shareholders' non-equity funds	<u>2</u>	<u>2</u>
<b>Total shareholders' funds</b>	<u><u>5,361,953</u></u>	<u><u>5,123,073</u></u>

### 26. Equity minority interests

	2004 £
Reconciliation of minority interests during the year	
At 1 January 2003	(576,210)
Dividends paid	(500,000)
Minority interest share of retained profits for year	<u>125,250</u>
At 31 December 2004	<u><u>(950,960)</u></u>

### 27. Controlling party

Martin Mills is the ultimate controlling party by virtue of his shareholding as disclosed in the directors' report.