

**Company Registration No. 1414045**

**Beggars Group Limited**

**Report and Financial Statements**

**31 December 2007**



# **Beggars Group Limited**

## **Report and financial statements 2007**

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# **Beggars Group Limited**

## **Report and financial statements 2007**

### **Officers and professional advisers**

#### **Directors**

Martin Mills  
Nigel Bolt  
Andrew Heath  
James Wyllie

#### **Secretary**

Nigel Bolt

#### **Company Number**

01414045

#### **Registered Office**

17/19 Alma Road  
London  
SW18 1AA

#### **Bankers**

Coutts & Co  
440 Strand  
London  
WC2R 0QS

#### **Auditors**

Sedley Richard Laurence Voulters  
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 2007.

### Principal activities and business review

The group is principally engaged in the production and exploitation of sound recordings.

During the year Beggars Group Limited acquired a 49% interest in Rough Trade Records Limited.

The group continued to trade satisfactorily during the year.

### Risk management and exposure

The value of the worldwide market for physical sales of recorded music continues to decline whilst digital sales are increasing. It is unclear whether the decline in physical sales will be offset by the increase in digital sales so there is a possibility of a future reduction in turnover and profitability.

The Group relies on the success of a number of key artists and as such continues to identify and sign new artists. The Group's future is dependent on its ability to achieve success with these new artists as well as its ability to continue to exploit its existing growing catalogue

### 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:

	2007 £	2006 £
Dividend paid on ordinary shares	-	100,000

### Directors

The following directors have held office since 1 January 2007:

Martin Mills  
Nigel Bolt  
Andrew Heath  
James Wyllie

# 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:

	2007	2006
Charitable	<u>300</u>	<u>5,650</u>

### Auditors

Sedley Richard Laurence Vouters 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.

### Statement of Disclosure to Auditors

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, they have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

Approved by the Board of Directors on 11 February 2009  
and signed on behalf of the Board



Nigel Bolt  
Secretary

## **Beggars Group Limited**

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

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare the financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the company and 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 that 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.

The directors are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## **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 2007 which comprise the group profit and loss account, the group statement of total recognised gains and losses, the group and company balance sheets, the group cash flow statement, the notes to the group cash flow statement and the related notes 1 to 25. 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 law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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, or 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 and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

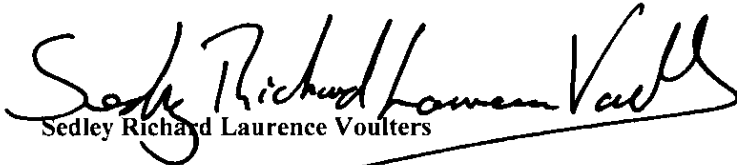
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity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

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

### **Opinion**

In our opinion, the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and of the group as at 31 December 2007 and of the loss of the group for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the financial statements.



Sedley Richard Laurence Voulters

Chartered Accountants

~~Registered Auditors~~

1 Conduit Street

London

W1S 2XA

12 February 2009



# Beggars Group Limited

## Group profit and loss account Year ended 31 December 2007

	Note	Continuing operations 2007 £	Acquisitions 2007 £	Total 2007 £	2006 £
<b>Turnover including share of associates and joint ventures</b>		26,557,812	912,631	27,470,443	27,622,918
Less share of turnover of:					
Joint ventures		(10,385,313)	(912,631)	(11,297,944)	(11,567,371)
Associates		(452,293)	-	(452,293)	(404,405)
<b>Group turnover</b>	1,2	15,720,206	-	15,720,206	15,651,142
Cost of sales		(5,622,624)	-	(5,622,624)	(6,102,160)
<b>Gross profit</b>		10,097,582	-	10,097,582	9,548,982
Distribution costs		(2,298,388)	-	(2,298,388)	(2,302,373)
Administrative expenses		(7,090,467)	-	(7,090,467)	(6,941,962)
Other operating income		1,705	-	1,705	-
<b>Group operating profit</b>	3	710,432	-	710,432	304,647
Share of operating (loss)/profit from joint ventures	6	(252,222)	(343,266)	(595,488)	294,241
Share of operating (loss)/profit from associates	6	(80,697)	-	(80,697)	28,197
Loss on disposal of fixed asset investments		(5,793)	-	(5,793)	-
<b>Total operating profit/(loss)</b>		371,720	(343,266)	28,454	627,085
Net finance charges	7			(15,316)	(10,983)
<b>Profit on ordinary activities before taxation</b>				13,138	616,102
Tax charge on profit on ordinary activities	8			(202,533)	(393,200)
<b>(Loss)/profit on ordinary activities after taxation</b>				(189,395)	222,902
Equity minority interests	24			16,463	(18,860)
<b>(Loss)/profit for the financial year</b>	22			(172,932)	204,042

## Beggars Group Limited

### Group statement of total recognised gains and losses Year ended 31 December 2007

	2007 £	2006 £
(Loss)/profit for the financial year	(172,932)	204,042
Issue of shares by associate	38,539	120,295
Currency translation difference on foreign currency net investments	(225,071)	(40,518)
<b>Total recognised gains and losses in the year</b>	<b>(359,464)</b>	<b>283,819</b>

**Beggars Group Limited**  
**Group balance sheet**  
**31 December 2007**

		2007	2006
	Note	£	£
<b>Fixed assets</b>			
Intangible assets	10	1,055,690	1,151,651
Tangible assets	11	1,907,425	1,459,433
<b>Investments</b>			
Investment in joint venture:			
Share of gross assets		5,899,066	3,845,764
Share of gross liabilities		(4,023,071)	(2,257,721)
	12	1,875,995	1,588,043
Associated undertakings	12	209,759	258,917
Other investments	12	895,817	895,817
		<u>2,981,571</u>	<u>2,742,777</u>
		5,944,686	5,353,861
<b>Current assets</b>			
Stocks	13	207,853	266,874
Debtors	14	5,524,980	3,099,381
Cash at bank and in hand		1,587,630	1,918,065
		<u>7,320,463</u>	<u>5,284,320</u>
<b>Creditors: amounts falling due within one year</b>	15	(6,863,462)	(4,000,466)
<b>Net current assets</b>		<u>457,001</u>	<u>1,283,854</u>
<b>Total assets less current liabilities</b>		6,401,687	6,637,715
<b>Provisions for liabilities and charges</b>			
Investment in joint venture:			
Share of gross assets		660,916	658,599
Share of gross liabilities		(1,576,834)	(1,433,410)
	16	(915,918)	(774,811)
Associated undertakings	16	(12,152)	(13,360)
<b>Net assets</b>		<u>5,473,617</u>	<u>5,849,544</u>
<b>Capital and reserves</b>			
Called up share capital	21	200	200
Other reserves	22	263,904	225,365
Revaluation reserve	22	195,040	195,040
Profit and loss account	22	5,630,648	6,028,651
<b>Total shareholders' funds (including non-equity interests)</b>	23	6,089,792	6,449,256
<b>Equity minority interests</b>	24	(616,175)	(599,712)
<b>Total capital employed</b>		<u>5,473,617</u>	<u>5,849,544</u>

These financial statements were approved by the Board of Directors on 11 February 2009.  
Signed on behalf of the Board of Directors

Martin Mills, Director



# Beggars Group Limited

## Company balance sheet 31 December 2007

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	11	1,059,626	1,018,717
Investments	12	5,095,748	4,292,198
		<u>6,155,374</u>	<u>5,310,915</u>
<b>Current assets</b>			
Debtors – due within one year	14	2,185,000	683,118
Cash at bank and in hand		34,298	609,724
		<u>2,219,298</u>	<u>1,292,842</u>
<b>Creditors: amounts falling due within one year</b>	15	<u>(2,801,602)</u>	<u>(920,973)</u>
<b>Net current (liabilities)/assets</b>		<u>(582,304)</u>	<u>371,869</u>
<b>Total assets less current (liabilities)/assets</b>		<u>5,573,070</u>	<u>5,682,784</u>
<b>Net assets</b>		<u>5,573,070</u>	<u>5,682,784</u>
<b>Capital and reserves</b>			
Called up share capital	21	200	200
Revaluation reserve	22	195,040	195,040
Profit and loss account	22	5,377,830	5,487,544
<b>Total shareholders' funds (including non-equity interests)</b>	23	<u>5,573,070</u>	<u>5,682,784</u>

These financial statements were approved by the Board of Directors on 11 February 2009.  
Signed on behalf of the Board of Directors

  
Martin Mills  
Director

# Beggars Group Limited

## Group cash flow statement Year ended 31 December 2007

	Note	£	2007 £	£	2006 £
Net cash outflow from operating activities	A		(1,356,238)		(221,080)
Dividends received from joint ventures			-		500,000
Returns on investments and servicing of finance					
Interest received		29,554		44,343	
Interest paid		(44,870)		(55,326)	
Net cash outflow from returns on investments and servicing of finance			(15,316)		(10,983)
Taxation					
Corporation tax paid		(333,784)		(256,333)	
Tax paid			(333,784)		(256,333)
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(180,488)		(191,509)	
Receipts from sale of fixed assets		12,756		11,280	
Investments in subsidiaries		-		(101)	
Net cash outflow from investing activities			(167,732)		(180,330)
Acquisitions and disposals					
Purchase of interest in a joint venture		(804,000)		-	
Net cash outflow for acquisitions and disposals			(804,000)		-
Equity dividends paid			-		(100,000)
Cash outflow before management of liquid resources and financing			(2,677,070)		(268,726)
Decrease in cash in the year	B		(2,677,070)		(268,726)

# Beggars Group Limited

## Notes to the group cash flow statement Year ended 31 December 2007

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

	2007 £	2006 £
Operating profit	710,432	304,647
Amortisation of goodwill arising on subsidiaries	95,961	93,274
Depreciation	149,249	122,957
Loss on disposal of fixed assets and investments	20,864	13,082
Gain on foreign exchange movements	(179,407)	(72,253)
Decrease/ (increase) in stocks	59,021	(60,652)
(Increase)/decrease in debtors	(2,895,222)	508,071
Increase/(decrease) in creditors	682,864	(1,130,206)
Net cash outflow from operating activities	<u>(1,356,238)</u>	<u>(221,080)</u>

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

	2007 £	2006 £
Decrease in cash in the period	(2,677,070)	(268,726)
Change in net debt	(2,677,070)	(268,726)
Net cash at 1 January 2007	1,871,682	2,140,408
Net cash at 31 December 2007	<u>(805,388)</u>	<u>1,871,682</u>

### C. Analysis of changes in net debt

	At 1 January 2007 £	Cash flows £	At 31 December 2007 £
Net cash:			
Cash in hand and at bank	1,918,065	(330,435)	1,587,630
Overdrafts	(46,383)	(2,346,635)	(2,393,018)
Net cash	<u>1,871,682</u>	<u>(2,677,070)</u>	<u>(805,388)</u>

### D. Major non-cash transactions

During the year, a property was transferred to Beggars UK Limited valued at £444,105 in respect of debt owed by Popstock Distribuciones SL.

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2007

### 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 loss dealt with in the accounts of the parent company was £109,714 (2006: £116,214 profit).

#### 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 remote.

#### 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
Equipment, fixtures and fittings	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 2007

### 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 an executive pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. No contributions are made by the company to the pension scheme.

#### 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.

No provision is made for deferred tax on gains recognised on revaluing property to its market value as the directors do not intend to sell the revalued asset.

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 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 2007

### 2. Turnover

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

	2007 £	2006 £
Sales and distribution of compact discs, records and tapes	13,592,674	11,370,810
Royalties receivable	2,127,532	4,280,332
	<u>15,720,206</u>	<u>15,651,142</u>

Turnover is analysed by geographical markets, as follows:

	2007 £	2006 £
UK	10,131,214	9,987,832
Rest of World	5,588,992	5,663,310
	<u>15,720,206</u>	<u>15,651,142</u>

### 3. Operating profit

	2007 £	2006 £
Operating profit is stated after charging/(crediting):		
Amortisation	95,961	93,274
Depreciation	149,249	122,957
Loss on disposal of fixed assets and investments	20,864	13,082
Auditors' remuneration – group and company:		
- audit of company and subsidiaries	100,000	100,000
- consultancy services	11,730	-
Operating lease costs:		
Land and buildings	112,643	73,415
Net (loss)/gain on foreign currency translation	(6,767)	102,507
	<u></u>	<u></u>

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2007

### 4. Information regarding employees

	2007 No.	2006 No.
Average number of persons employed (including directors)		
Administration	75	75
Management	8	9
	<u>83</u>	<u>84</u>

The aggregate payroll costs of the above were:

	£	£
Staff costs during the year		
Wages and salaries	3,184,276	3,303,179
Social security costs	352,678	411,448
Pension costs	6,780	7,298
	<u>3,543,734</u>	<u>3,721,925</u>

### 5. Directors' emoluments

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

	2007 £	2006 £
Emoluments	<u>849,353</u>	<u>1,261,417</u>
Emoluments of highest paid director		
Emoluments	<u>375,544</u>	<u>375,239</u>

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

	2007 £	2006 £
Net share of operating (loss)/profit – Associates	(80,697)	28,197
Net share of operating (loss)/profit – Joint ventures	<u>(595,488)</u>	<u>294,241</u>
	<u>(676,185)</u>	<u>322,438</u>

The share of the operating profits/(losses) of the associates relates to Nation Records Limited – £1,208; Consolidated Independent Limited - £23,824; and Playlouder MSP Limited (£105,729).

The share of the operating profits/(losses) in joint ventures relates to Remote Control Records Pty Limited - £6,120; Matador Recordings LLC - (£229,768); Matador Records Limited - (£155,480); Popstock Distributiones, S. L. - £27,217; XL Recordings Limited - £99,689; and Rough Trade Records Limited – (£343,266).

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2007

### 7. Finance charges (net)

	2007 £	2006 £
<b>Interest receivable and similar income</b>		
Interest receivable – bank interest	29,554	44,343
<b>Interest payable and similar charges</b>		
Interest payable on bank borrowing	(38,479)	(22,080)
Other similar charges payable	(6,391)	(33,246)
	<u>(15,316)</u>	<u>(10,983)</u>

### 8. Tax charge on profit on ordinary activities

#### (a) Analysis of charge in period

	2007 £	2006 £
<i>Current Taxation</i>		
UK corporation tax for the year	(169,867)	(147,249)
Adjustment in respect of prior years	6,687	(7,486)
Double tax relief	11,218	129,336
	<u>(151,962)</u>	<u>(25,399)</u>
Group relief	(25,521)	-
Foreign tax for current period	(9,281)	(280,862)
Share of joint ventures' tax	(15,769)	(86,939)
	<u>(202,533)</u>	<u>(393,200)</u>
<i>Deferred tax</i>		
Timing differences, origination and reversal	-	-
	<u>-</u>	<u>-</u>
<b>Total current tax charge on profit on ordinary activities</b>	<u>(202,533)</u>	<u>(393,200)</u>

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2007

### 8. Tax charge on profit on ordinary activities (continued)

#### (b) Factors affecting tax charge for period

The standard rates of tax for the year, based on the UK standard rates of corporation tax are 19%/20% and 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.

	2007 £	2006 £
Profit on ordinary activities before tax	13,138	616,102
Tax charge on ordinary activities at standard rates of tax of 19% /20% and 30%	(47,111)	103,762
<i>Factors affecting charge for the period:</i>		
Expenses not deductible for tax purposes	69,582	83,455
Capital allowances for period in excess of depreciation	(3,966)	9,210
Overseas tax losses	-	(58,135)
Chargeable disposals	908	3,925
Movement in short term timing differences	147,518	(42,024)
Tax losses utilised	(46)	(8,423)
Marginal relief	-	(2,635)
Foreign tax expensed	(1,937)	209,640
Other tax adjustments	28,503	-
Prior period adjustments	(6,687)	7,486
Total actual amounts of current tax	186,764	306,261

#### (c) Factors that may affect future tax charges

In accordance with FRS19, no provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to dispose of this property. However, should the property be sold, the tax payable would be approximately £59,000.

A deferred tax asset for the group has not been recognised in respect of trading losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £39,073. The asset would be recovered if there are sufficient profits from the same trade in the same company in future years against which the losses can be used.

### 9. Dividends

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

	2007 £	2006 £
Dividends paid on ordinary equity shares of £nil (2006:£500) per share	-	100,000

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2007

#### 10. Intangible fixed assets

##### Group

##### Goodwill £

##### Cost

At 31 December 2007 and 1 January 2007

1,896,590

##### Amortisation

At 1 January 2007

744,939

Charge for the year

95,961

At 31 December 2007

840,900

##### Net book value

At 31 December 2007

1,055,690

At 31 December 2006

1,151,651

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2007

### 11. Tangible fixed assets

Group	Land and buildings £	Equipment, fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2007	1,344,196	653,963	179,718	2,177,877
Exchange differences	(78)	(1,335)	-	(1,413)
Additions	444,105	168,738	11,750	624,593
Disposals	-	(40,611)	(29,990)	(70,601)
At 31 December 2007	1,788,223	780,755	161,478	2,730,456
<b>Depreciation</b>				
At 1 January 2007	269,846	362,317	86,281	718,444
Exchange differences	(17)	(1,871)	-	(1,888)
Charge for the year	28,642	96,938	23,669	149,249
Disposals	-	(29,533)	(13,241)	(42,774)
At 31 December 2007	298,471	427,851	96,709	823,031
<b>Net book value</b>				
At 31 December 2007	1,489,752	352,904	64,769	1,907,425
At 31 December 2006	1,074,350	291,646	93,437	1,459,433
<b>Group – Land and buildings</b>				
	Investment properties £	Freehold properties £	Leasehold properties £	Total £
<b>Cost or valuation</b>				
At 1 January 2007	360,000	799,375	184,821	1,344,196
Exchange differences	-	-	(78)	(78)
Additions	-	444,105	-	444,105
At 31 December 2007	360,000	1,243,480	184,743	1,788,223
<b>Depreciation</b>				
At 1 January 2007	-	233,359	36,487	269,846
Exchange differences	-	-	(17)	(17)
Charge for the year	-	24,128	4,514	28,642
At 31 December 2007	-	257,487	40,984	298,471
<b>Net book value</b>				
At 31 December 2007	360,000	985,993	143,759	1,489,752
At 31 December 2006	360,000	566,016	148,334	1,074,350

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2007

#### 11. Tangible fixed assets (continued)

Company	Land and buildings £	Equipment, fixtures and fittings £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 January 2007	850,569	535,537	93,993	1,480,099
Additions	-	155,121	-	155,121
Disposals	-	(34,570)	-	(34,570)
At 31 December 2007	850,569	656,088	93,993	1,600,650
<b>Depreciation</b>				
At 1 January 2007	125,100	280,418	55,864	461,382
Charge for the year	10,622	86,263	9,532	106,417
Disposals	-	(26,775)	-	(26,775)
At 31 December 2007	135,722	339,906	65,396	541,024
<b>Net book value</b>				
At 31 December 2007	714,847	316,182	28,597	1,059,626
At 31 December 2006	725,469	255,119	38,129	1,018,717

Company – Land and buildings	Investment properties £	Freehold properties £	Leasehold properties £	Total £
<b>Cost or valuation</b>				
At 31 December 2007 and 1 January 2007	360,000	309,734	180,835	850,569
<b>Depreciation</b>				
At 1 January 2007	-	89,403	35,697	125,100
Charge for the year	-	6,194	4,428	10,622
At 31 December 2007	-	95,597	40,125	135,722
<b>Net book value</b>				
At 31 December 2007	360,000	214,137	140,710	714,847
At 31 December 2006	360,000	220,331	145,138	725,469

The investment property (Group and Company) was valued by JSS Egerton Limited as at 27 June 2006, on the basis of open market value in accordance with RICS Appraisal & Valuation Manual as published by the Royal Institute of Chartered Surveyors. In the opinion of the directors, the market value at 31 December 2007 has not changed materially since the last valuation.

The historical cost of the investment property included at valuation is £164,960.

# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2007

### 12. Investments

Group	Associates £	Joint ventures £	Other investments £	Total £
<b>Cost</b>				
At 1 January 2007	258,917	1,588,043	895,817	2,742,777
Additions	-	804,000	-	804,000
Increase/(reduction) in value (see below)	(49,158)	(516,048)	-	(565,206)
At 31 December 2007	209,759	1,875,995	895,817	2,981,571
<b>Net book value</b>				
At 31 December 2007	209,759	1,875,995	895,817	2,981,571
At 31 December 2006	258,917	1,588,043	895,817	2,742,777

The share of assets of associates and joint ventures are split into associates and joint ventures in a net asset position (including unamortised goodwill) of £2,085,754 and associates and joint ventures in a net liabilities position (including unamortised goodwill) of £928,070 (note 16). The following table shows the total associates and joint venture position.

Group associates and joint ventures	Associates £	Joint ventures £	Total £
<b>Share of net assets/cost</b>			
At 1 January 2007	245,557	550,118	795,675
Additions	-	804,000	804,000
Disposals	(5,793)	-	(5,793)
Share of retained loss for the year	(80,697)	(573,088)	(653,785)
Proceeds from issue of shares	38,539	-	38,539
Foreign currency translation movements	-	(45,897)	(45,897)
	197,606	735,133	932,739
<b>Goodwill</b>			
At 1 January 2007	-	263,114	263,114
Amortisation	-	38,169	38,169
At 31 December 2007	-	301,283	301,283
<b>Net book value</b>			
At 31 December 2007	197,606	1,036,416	1,234,022
At 31 December 2006	245,557	813,232	1,058,789



# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2007

### 12. Investments (continued)

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

	2007 £	2006 £
Fixed Assets	2,639,812	1,654,255
Current Assets	3,920,170	2,850,108
Liabilities due within one year	(5,340,401)	(3,426,440)
Liabilities due after one year or more	(259,504)	(264,692)

Additional disclosures are given in respect of XL Recordings Limited and Rough Trade Records Limited, which exceed certain thresholds under Financial Reporting Standard 9 "Associates and Joint Ventures".

The group's share is as follows:

	XL Recordings Limited		Rough Trade Records Limited
	2007 £	2006 £	2007 £
Turnover	7,394,858	7,584,497	912,631
Profit/(loss) before tax	99,689	293,112	(343,266)
Taxation	(28,531)	(86,939)	-
Profit/(loss) after tax	71,158	206,173	(343,266)
Fixed Assets	519,692	539,785	1,075,964
Current Assets	1,540,328	1,206,404	635,396
Share of gross assets	2,060,020	1,746,189	1,711,360
Liabilities due within one year	(1,438,842)	(1,196,169)	(1,253,626)
Share of gross liabilities	(1,438,842)	(1,196,169)	(1,253,626)
Share of net assets	621,178	500,020	457,734

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2007

### 12. Investments (continued)

#### 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 2007.

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%
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%
Playlouderecordings Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Bidcall Limited	Holding Company	England and Wales	Ordinary	75%
Playlouder Limited	Promotion and exploitation of new music media rights	England and Wales	Ordinary	75% Indirect

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2007

### 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%
Consolidated Independent Limited	Provision of information technology services	England and Wales	Ordinary	37.5% Indirect
Media Service Provider Limited	Broadband ISP Provider	England and Wales	Ordinary	27.25 Indirect
<b>Joint Ventures</b>				
Remote Control Records Pty Limited	Promotion and marketing of sound recordings	Australia	Ordinary	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% Indirect
Matador Recordings LLC	Production and exploitation of sound recordings	USA	Ordinary	50%
Matador Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
XL Recordings Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
Rough Trade Records Limited	Production and exploitation of sound recordings	England and Wales	Deferred Ordinary	100% 49%

The accounting reference date for Nation Records Limited is 31 March and the latest financial statements are for the year ended 31 March 2007. The consolidated accounts include figures for the period from 1 January 2007 to 31 March 2007. In the opinion of the directors, the results of Nation Records Limited are not material to the results of the group.

Bidcall Limited owns 100% of the issued share capital of Playlouder Limited.

The accounting reference date for Consolidated Independent Limited is 31 March and the latest financial statements are for the year ended 31 March 2007. The consolidated accounts include interim accounts for the period ended 31 December 2007.

Popstock Distributiones, S.L. owns 100% of the issued share capital of Everlasting Records, S.L.

Rough Trade Records Limited is jointly controlled and it is the opinion of the directors that this is a joint venture.

# Beggars Group Limited

## Notes to the accounts Year ended 31 December 2007

### 12. Investments (continued)

Company	Subsidiary companies £	Associated undertakings and joint ventures £	Other investments £	Total £
<b>Cost</b>				
At 1 January 2007	2,240,430	1,363,460	821,068	4,424,958
Additions	-	804,000	-	804,000
Disposals	-	(450)	-	(450)
At 31 December 2007	2,240,430	2,167,010	821,068	5,228,508
<b>Amounts written off</b>				
At 1 January and 31 December 2007	1,764	130,996	-	132,760
<b>Net book value</b>				
At 31 December 2007	2,238,666	2,036,014	821,068	5,095,748
At 31 December 2006	2,238,666	1,232,464	821,068	4,292,198

### 13. Stocks

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Finished goods and goods for resale	207,853	266,874	-	-

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

### 14. Debtors

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Trade debtors	1,397,043	650,860	16,168	19,998
Amounts owed by subsidiary undertakings	-	-	745,671	-
Amounts owed by associated undertakings and joint ventures	1,680,952	782,631	1,131,395	354,581
Amounts owed by participating interests	-	-	160,032	162,171
Other debtors	2,242,674	1,640,255	106,390	120,733
Prepayments and accrued income	204,311	25,635	25,344	25,635
	5,524,980	3,099,381	2,185,000	683,118

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2007

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

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	2,393,018	46,383	2,393,018	46,383
Trade creditors	1,000,081	547,753	38,835	34,015
Amounts due to subsidiary undertakings	-	-	-	185,078
Other taxation and social security	193,804	437,865	150,934	392,142
Corporation tax	13,415	185,955	-	-
Other creditors	2,070,507	2,114,090	2,070	72,640
Accruals and deferred income	1,192,637	668,420	216,745	190,715
	<u>6,863,462</u>	<u>4,000,466</u>	<u>2,801,602</u>	<u>920,973</u>

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

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts	<u>2,393,018</u>	<u>46,383</u>	<u>2,393,018</u>	<u>46,383</u>

#### Security

The group and company's bank overdraft are secured by way of a mortgage debenture as detailed in note 18.

#### 16. Provisions for liabilities and charges

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Shares of net liabilities of associates	12,152	13,360	-	-
Shares of net liabilities of joint ventures	<u>915,918</u>	<u>774,811</u>	<u>-</u>	<u>-</u>
Provision carried forward	<u>928,070</u>	<u>788,171</u>	<u>-</u>	<u>-</u>

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

In 2007 and 2006 the above share of liabilities in joint ventures has arisen on the holdings in Popstock Distributiones, S. L. and Matador Records Limited.

In 2007 and 2006 the share of liabilities in associates has arisen on the holdings in Nation Records Limited.

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2007

#### 17. Commitments under operating leases

At 31 December 2007 the group had annual commitments under non-cancellable operating leases as follows:

Group	Land and buildings	
	2007	2006
	£	£
Operating leases which expire:		
Within one year	-	9,250
Within two to five years	12,000	-
In more than five years	201,150	57,000
	<u>213,150</u>	<u>66,250</u>

#### 18. Contingencies

The company has given its bankers a composite cross guarantee dated 16 July 2006 over the £4m 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  
Playlouderecordings Limited

Any liability arising from the composite cross guarantee is secured by individual mortgage debentures over the assets of each of the parties to the guarantee.

#### 19. 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:

£90,660 (2006: £268,108) 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, £35,000 (2006: £20,000) was paid to 4AD Music Limited for overheads. Balances of £nil (2006: £35,345) are outstanding at the year end relating to 4AD Music Limited. This company is owned by Andrew Heath and Martin Mills, directors.

Included in other debtors at 31 December 2007 was a loan of £50,221 (2006: £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 11 and pays no rent for this use.

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2007

#### 20. Related party transactions

At 31 December 2007, the company had related party balances as follows:

During the year, rent of £57,000 (2006: £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 £1,605 (2006: £7,561) and the balance outstanding at the year end was £nil (2006: £70,570).

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

	2007		2006	
	Turnover	Costs	Turnover	Costs
	£	£	£	£
Mowax Labels Limited	542	6,876	1,227	593
Matador Records Limited	45,722	162,736	59,507	292,499
XL Recordings Limited	354,980	1,730,827	281,762	1,594,227
Nation Records Limited	9,573	1,577	9,877	3,949
Rough Trade Records Limited	74,925	347,783	-	-

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

	2007	2006
	£	£
Mowax Labels Limited	10,000	9,500
Matador Records Limited	225,000	261,500
XL Recordings Limited	2,196,000	2,019,600
Rough Trade Records Limited	395,500	-

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

	2007	2006
	£	£
Amounts due from/(to):		
Mowax Labels Limited	-	-
Matador Records Limited	(167,813)	(78,071)
XL Recordings Limited	(19,907)	432,652
Nation Records Limited	3,278	2,069
Rough Trade Records Limited	1,319,115	-

# Beggars Group Limited

## Notes to the accounts

### Year ended 31 December 2007

During the year royalties were paid out by Beggars Group (USA) Inc. in respect of US sales to the following companies, who in turn made a contribution to that company's overheads:

	2007		2006	
	Royalties	Overheads	Royalties	Overheads
	£	£	£	£
Mowax Labels Limited	1,731	143	2,025	416
XL Recordings Limited	458,252	114,799	1,037,564	91,304
Rough Trade Records Limited	11,346	3,966	-	-

During the year Beggars Group Digital Limited operated in a central accounting role for Mowax Labels Limited, Matador Records Limited, XL Recordings, Nation Records Limited and Rough Trade Records Limited.

Digital sales and costs were passed through Beggars Group Digital and transferred out at the year end as detailed below:

	2007		2006	
	Turnover	Costs	Turnover	Costs
	£	£	£	£
Mowax Labels Limited	5,794	400	4,176	350
Matador Records Limited	82,532	29,224	85,367	7,160
XL Recordings Limited	1,189,432	100,313	884,270	74,170
Rough Trade Records Limited	89,203	2,945	-	-

During the year, payments were made to Remote Control Records Pty Limited of £145,677 (2006: £109,168) in respect of marketing and £130,127 (2006: £122,569) in respect of commission.

During the year, payments were made to Consolidated Independent Limited in respect of services provided of £164,515.

During the year, a property was transferred to Beggars UK Limited valued at £444,105 in respect of debt owed by Popstock Distribuciones SL. At the year end the group was owed £85,592 (2006 - £477,607) by Popstock Distribuciones SL in respect of distributed sales.

At the year end there was a balance due from Mattitude LLC of £160,032 (2006 - £162,171) by way of a loan made to the company.

During the year, as part of the completion for the acquisition of shares in Rough Trade Records Limited, Beggars Group Limited was assigned a loan of £5,831,407 due to the previous shareholders by Rough Trade Records Limited, for £1. Following the acquisition, £5,775,453 of this loan was written off in the period by Rough Trade Records Limited. The residual balance of the assigned loan is £60,000.



# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2007

### 21. Share capital

	2007 No	2007 £	2006 No.	2006 £
<b>Authorised share capital:</b>				
Ordinary 'A' shares of £1.00 each	998	998	998	998
Ordinary 'B' shares of £1.00 each	1,000	1,000	1,000	1,000
Preferred 'C' shares of £1.00 each	2	2	2	2
	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>
	2007 No	2007 £	2006 No.	2006 £
<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 Ordinary 'A' 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 the Preferred 'C' shares.

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2007

### 22. Reserves

Group	Profit and loss account £	Other reserves £	Revaluation reserve £	Total £
Opening balance	6,028,651	225,365	195,040	6,449,056
Issue of shares by associate	-	38,539	-	38,539
Currency translation difference on foreign currency net investments	(225,071)	-	-	(225,071)
Retained profit for the year	(172,932)	-	-	(172,932)
Balance carried forward	<u>5,630,648</u>	<u>263,904</u>	<u>195,040</u>	<u>6,089,592</u>

Company	Revaluation reserve £	Profit and loss account £
Opening balance	195,040	5,487,544
Retained loss for the year	-	(109,714)
Balance carried forward	<u>195,040</u>	<u>5,377,830</u>

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

Group	2007 £	2006 £
<b>Equity shareholders' funds</b>		
(Loss)/profit for the financial year	(172,932)	204,042
Issue of shares by associate	38,539	120,295
Dividends paid	-	(100,000)
Currency translation difference on foreign currency net investments	(225,071)	(40,518)
	<u>(359,464)</u>	<u>183,819</u>
Opening shareholders' equity funds	<u>6,449,254</u>	<u>6,265,435</u>
Closing shareholders' equity funds	<u>6,089,790</u>	<u>6,449,254</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>6,089,792</u>	<u>6,449,256</u>

# Beggars Group Limited

## Notes to the accounts

Year ended 31 December 2007

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

Company	2007 £	2006 £
<b>Equity shareholders' funds</b>		
(Loss)/profit for the financial year	(109,714)	216,214
Dividends paid	-	(100,000)
	<u>(109,714)</u>	<u>116,214</u>
Opening shareholders' equity funds	5,682,782	5,566,568
Closing shareholders' equity funds	<u>5,573,068</u>	<u>5,682,782</u>
<b>Non-equity shareholders' funds</b>		
Opening and closing shareholders' non-equity funds	2	2
	<u>2</u>	<u>2</u>
<b>Total shareholders' funds</b>	<u>5,573,070</u>	<u>5,682,784</u>

### 24. Equity minority interests

	2007 £
Reconciliation of minority interests during the year	
At 1 January 2007	(599,712)
Minority interest share of retained profits for year	<u>(16,463)</u>
At 31 December 2007	<u>(616,175)</u>

### 25. Controlling party

Martin Mills is the ultimate controlling party by virtue of his shareholding.