

Company No 01414045

BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

Directors

Martin Mills MBE
Nigel Bolt
Andrew Heath MBE
James Wyllie
Paul Redding

Company number

01414045

Registered Office

17-19 Alma Road
London
SW18 1AA

Auditors

SRLV
89 New Bond Street
London
W1S 1DA

BEGGARS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their annual report and the audited financial statements for the year ended 31 December 2010

Principal activities and business review

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

Business review

Turnover increased by 24% in line with expectations. There was a corresponding increase in net profit of 54% as a result of reduced costs and increased margins.

Principal risks and uncertainties

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 consequent reduction in 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 successfully.

The group's principal financial instruments comprise bank balances, trade creditors and trade debtors. Due to the nature of the financial instruments used by the group, there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining sufficient cash balances.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and regular monitoring of amounts outstanding for both time and credit limits. Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Key performance indicators

The group uses a number of performance indicators to monitor and manage the business effectively. The key performance indicators for the year ended 31 December 2010, with comparatives for the year ended 31 December 2009, are laid out below.

	2010 £	2009 £
Turnover including share of associates and joint ventures	43,500,334	34,977,364
Total operating profit	5,690,809	3,693,499
Number of releases	54	69

Future developments

In 2011 XL Recordings Limited released "21" by Adele, which has sold in excess of 10 million copies worldwide. This will have a significant effect on the group results for the year.

Events after the balance sheet date

Dividends of £20,000 and £1,000,000 were paid on 2 March 2011 and 20 May 2011.

Dividends

An interim ordinary dividend was paid amounting to £2,100,000. The directors do not recommend payment of a final dividend.

BEGGARS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

Directors

The following directors have held office since 1 January 2010

Martin Mills
Nigel Bolt
Andrew Heath
James Wyllie
Paul Redding (Appointed 27 July 2011)

Directors' insurance

The company maintains insurance policies on behalf of the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company

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

Charitable donations

During the year the group made the following payments

	2010 £	2009 £
Charitable donations	9,356	2,628

A donation of £5,501 was made to Blue Dragon Children's Foundation, a non-governmental organisation in Hanoi, Vietnam, for children in crisis throughout Vietnam. Small donations totalling £3,855 to various other charities were also made.

Auditors

SRLV have expressed their willingness to continue in office as auditors. They are deemed to be reappointed under section 487(2) of the Companies Act 2006.

Statement of the directors' responsibilities

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

Company law requires the directors to prepare 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the

· BEGGARS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible 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.

Statement of disclosure to auditor

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 information and to establish that the company's auditors are aware of that information.

Approved by the board of directors on 29 September 2011 and signed on behalf of the board



Nigel Bolt
Secretary

BEGGARS GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BEGGARS GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of Beggars Group Limited for the year ended 31 December 2010 which comprise the Group Profit and Loss Account, the Group Statement of Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's member 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 any other than the company and the company's member as a body, for our audit work, for this report, or the opinion we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2010 and of the groups' profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.


Marc Vouters (Senior Statutory Auditor)
For and on behalf of SRLV

Chartered Accountants
Statutory Auditor

30 September 2011

89 New Bond Street
London
W1S 1DA

BEGGARS GROUP LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2009 £
Turnover including share of associates and joint ventures		43,500,334	34,977,364
<i>Less share of turnover of</i>			
Joint ventures		(17,764,047)	(16,555,776)
Associates		<u>(618,383)</u>	<u>(90,060)</u>
Group turnover	1,2	25,117,904	18,331,528
Cost of sales		<u>(8,939,212)</u>	<u>(4,724,156)</u>
Gross profit		16,178,692	13,607,372
Distribution expenses		(2,410,017)	(1,876,636)
Administrative expenses		(9,921,474)	(8,965,393)
Other operating income		<u>61,000</u>	<u>-</u>
Group operating profit	3	3,908,201	2,765,343
Share of operating profit from joint ventures	6	1,823,305	963,752
Share of operating loss from associates	6	(41,041)	(37,235)
Profit on disposal of fixed asset investments		<u>344</u>	<u>1,639</u>
Total operating profit		5,690,809	3,693,499
Net finance charges	7	<u>(18,901)</u>	<u>(10,463)</u>
Profit on ordinary activities before taxation		5,671,908	3,683,036
Tax charge on profit on ordinary activities	8	<u>(1,937,330)</u>	<u>(1,275,441)</u>
Profit on ordinary activities after taxation		3,734,578	2,407,595
Equity minority interests	25	(49,524)	(27,036)
Profit for the financial year	23	<u>3,685,054</u>	<u>2,380,559</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations

BEGGARS GROUP LIMITED
GROUP STATEMENT OF RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £	2009 £
Profit for the financial year	3,685,054	2,380,559
Issue of shares by associate	40,866	65,614
Currency translation difference on foreign currency net investments	147,627	(8,591)
Total recognised gains and losses in the year	<u>3,873,547</u>	<u>2,437,582</u>

BEGGARS GROUP LIMITED
GROUP BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	£	2010 £	£	2009 £
Fixed assets					
Intangible assets	10		1,005,509		1,129,628
Tangible assets	11		1,771,421		1,820,896
Investments					
<i>Investment in joint ventures</i>					
Share of gross assets	12	8,266,577		6,877,211	
Share of gross liabilities	12	(5,510,805)		(4,720,345)	
Associated undertakings	12	177,331		186,196	
Other investments	12	<u>3,231,875</u>		<u>3,231,700</u>	
			<u>6,164,978</u>		<u>5,574,762</u>
			8,941,908		8,525,286
Current assets					
Stocks	13	209,485		256,823	
Debtors	14	7,199,257		5,681,001	
Cash at bank and in hand		<u>4,706,331</u>		<u>3,640,854</u>	
			12,115,073		9,578,678
Creditors: amounts falling due within one year	15		(8,647,226)		(7,550,487)
Net current assets			3,467,847		2,028,191
Total assets less current liabilities			<u>12,409,755</u>		<u>10,553,477</u>
Provisions for liabilities and charges					
<i>Investment in joint ventures</i>					
Share of gross assets		403,094		675,379	
Share of gross liabilities		<u>(1,503,635)</u>		<u>(1,733,679)</u>	
	16		(1,100,541)		(1,058,300)
Associated undertakings	16		(7,899)		(16,933)
Net assets			<u>11,301,315</u>		<u>9,478,244</u>
Capital and reserves					
Called up share capital	22		200		200
Other reserves	23		428,420		387,554
Revaluation reserve	23		235,040		235,040
Profit and loss account	23		11,975,234		10,242,553
Total shareholders' funds			<u>12,638,894</u>		<u>10,865,347</u>
Equity minority interests	25		(1,337,579)		(1,387,103)
Total capital employed			<u>11,301,315</u>		<u>9,478,244</u>

Approved by the board of directors and authorised for issue on 29 September 2011



Martin Mills
Director

Company Registration Number. 01414045

BEGGARS GROUP LIMITED
COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	£	2010 £	£	2009 £
Fixed assets					
Tangible assets	11		987,058		1,019,665
Investments	12		<u>7,840,471</u>		<u>7,840,471</u>
			8,827,529		8,860,136
Current assets					
Debtors	14	4,264,040		2,570,145	
Cash at bank		<u>259,218</u>		<u>278,427</u>	
			4,523,258		2,848,572
Creditors: amounts falling due within one year	15		<u>(3,633,323)</u>		<u>(2,893,346)</u>
Net current assets/(liabilities)			889,935		(44,774)
Total assets less current assets/(liabilities)			<u>9,717,464</u>		<u>8,815,362</u>
Net assets			<u>9,717,464</u>		<u>8,815,362</u>
Capital and reserves					
Called up share capital	22		200		200
Share premium account	23		235,040		235,040
Profit and loss account	23		9,482,224		8,580,122
Shareholders' funds	24		<u>9,717,464</u>		<u>8,815,362</u>

Approved by the board of directors and authorised for issue on 29 September 2011


Martin Mills
Director

Company Registration Number: 01414045

BEGGARS GROUP LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Notes	£	2010 £	£	2009 £
Net cash inflow from operating activities	A		4,085,324		2,322,631
Dividend from joint venture			750,000		-
Returns on investments and servicing of finance					
Interest received		5,703		5,395	
Interest paid		<u>(24,604)</u>		<u>(15,858)</u>	
Net cash outflow for returns on investments and servicing of finance			(18,901)		(10,463)
Corporation tax paid			(1,607,149)		(1,163,062)
Capital expenditure and financial investment					
Proceeds from sale of tangible assets		-		4,844	
Payments to acquire tangible assets		<u>(126,618)</u>		<u>(75,200)</u>	
Net outflow for capital expenditure			(126,618)		(70,356)
Equity dividends paid			(2,100,000)		-
Net cash inflow before management of liquid resourcing & financing	C		<u>982,656</u>		<u>1,078,750</u>
Increase in cash in the year			<u>982,656</u>		<u>1,078,750</u>

BEGGARS GROUP LIMITED
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £	2009 £	
A. Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit	3,908,201	2,765,343	
Depreciation of tangible assets	147,613	156,456	
Amortisation of intangible assets	124,119	124,119	
Foreign exchange losses	67,124	(3,835)	
Loss on disposal of tangible assets	26,728	9,575	
Decrease/(Increase) in stock	47,338	(5,901)	
(Increase)/decrease in debtors	(781,221)	1,524,634	
Increase in creditors within one year	545,422	76,243	
Increase in long term debtors	-	(2,324,003)	
Net cash inflow from operating activities	<u>4,085,324</u>	<u>2,322,631</u>	
B. Analysis of net cash	At 1 Jan 2010	Cash Flow	At 31 Dec 2010
Net cash			
Cash at bank and in hand	3,640,854	1,065,477	4,706,331
Bank overdrafts	-	(82,821)	(82,821)
Net cash	<u>3,640,854</u>	<u>982,656</u>	<u>4,623,510</u>
C. Reconciliation of net cash flow to movement in the net cash	2010 £	2009 £	
Increase in cash in the year	<u>982,656</u>	<u>1,078,750</u>	
Movement in net cash in the year	982,656	1,078,750	
Opening net cash	3,640,854	2,562,104	
Closing net cash	<u>4,623,510</u>	<u>3,640,854</u>	

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

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 the applicable United Kingdom law and accounting standards, which have been applied consistently in the current and 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 ten or 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 408 of the Companies Act 2006. The profit dealt with in the accounts of the parent company was £902,102 (2009 profit £2,927,612).

Turnover

Turnover for sale of physical stock and digital income represents the 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.

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 10 or 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 as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land and buildings	2% on cost per annum
Leasehold property	In equal instalments over the period of the lease
Fixtures, fittings and equipment	20-25% per annum on a reducing balance basis
Motor vehicles	25% per annum on a reducing balance basis
Computer equipment	25% per annum on a reducing balance basis

Investment property

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.

1 Accounting Policies (continued)

Stock

Stock is valued at the lower cost of net realisable value

Operating lease agreements

Rental 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.

The group makes payments into personal pension plans for certain directors and employees. Contributions payable are charged to the profit and loss account in the year they are payable.

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.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

2. Turnover

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

	2010 £	2009 £
Sales and licensing of sound recordings	23,584,305	17,025,184
Synchronisation and performance income	1,533,599	1,306,344
	<u>25,117,904</u>	<u>18,331,528</u>

Turnover is analysed by geographical markets as follows

UK	6,817,662	6,980,040
Rest of world	18,300,242	11,351,488
	<u>25,117,904</u>	<u>18,331,528</u>

3. Operating Profit

	2010 £	2009 £
Operating profit is stated after charging/(crediting)		
Amortisation	122,564	122,564
Depreciation	147,613	156,456
Provision for diminution in value of intangibles	-	-
Loss on disposal of fixed assets	26,728	9,575
Auditors remuneration – group and company		
Audit	155,000	121,646
Consultancy	8,670	-
Operating lease costs		
Land and buildings	303,164	268,433
Net loss/(gain) on foreign currency translation	<u>(111,925)</u>	<u>250,464</u>

4. Information regarding employees

	2010 No	2009 No
Average number of persons employed (including directors)		
Management	20	19
Administration	81	82
	<u>101</u>	<u>101</u>

The aggregate payroll costs of the above were:

Staff costs during the year		
Wages and salaries	4,570,396	4,227,892
Social security costs	741,068	342,345
Pension costs	48,017	31,660
	<u>5,359,481</u>	<u>4,601,897</u>

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2010 £	2009 £
Emoluments	<u>1,474,385</u>	<u>1,177,068</u>

The number of directors for whom retirement benefits are paid into personal pension plans amounted to 1 (2009 1)

Emoluments of highest paid director:

Emoluments	<u>375,168</u>	<u>375,555</u>
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BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

	2010 £	2009 £
6. Share of profits from other fixed asset investments		
Net share of operating loss of associates	(41,041)	(37,235)
Net share of operating profit of joint ventures	1,823,305	963,752
	<u>1,782,264</u>	<u>926,517</u>

The share of the operating profits/(losses) of the associates relates to Media Service Provider Limited – (£33,841), Consolidated Independent Limited – (£11,463), and Nation Records Limited – £4,263

The share of the operating profits/(losses) in joint ventures relates to Remote Control Records Pty Limited – £20,076, Matador Recordings LLC – £119,730, Matador Records Limited – (£14,187), Popstock Distributions, S L – (£80,468), XL Recordings Limited – £2,052,433, and Rough Trade Records Limited – (£274,280)

	2010 £	2009 £
7. Finance charges (net)		
Interest receivable and similar income		
Interest receivable – bank interest	4,346	5,395
Interest receivable – other	1,358	-
Interest payable and similar charges		
Interest payable on bank borrowing	(921)	(2,274)
Other similar charges payable	(23,684)	(13,584)
	<u>(18,901)</u>	<u>(10,463)</u>

	2010 £	2009 £
8. Tax charge on profit on ordinary activities		
(a) Analysis of charge in period		
<i>Current taxation</i>		
UK corporation tax for the year	(1,190,704)	(889,003)
Adjustment in respect of prior years	-	409
Double taxation relief	283,204	209,035
	<u>(907,500)</u>	<u>(679,559)</u>
Foreign tax for current period	(431,108)	(260,691)
Share of joint ventures' tax	(598,722)	(335,191)
Total current tax charge on profit on ordinary activities	<u>(1,937,330)</u>	<u>(1,275,441)</u>

(b) Factors affecting tax charge for period

The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation

Profit on ordinary activities before tax	5,671,913	3,683,036
Tax charge on ordinary activities at standard rate of tax 28%/21% (2009 - 28%/21%)	1,587,747	1,032,632
<i>Factors affecting charge for the period</i>		
Expenses not deductible for tax purposes	128,690	91,401
Depreciation in excess of capital allowances	(2,486)	10,721
Movement in short term timing differences	99,687	99,708
Tax losses utilised	(8,541)	(11,895)
Marginal relief	(2,613)	(822)
Foreign tax expensed	134,846	52,215
Other tax adjustments	-	1,890
Prior period adjustments	-	(409)
Current tax charge	<u>1,937,330</u>	<u>1,275,441</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

(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 £65,800.

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 £4,359. 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

	2010 £	2009 £
Dividends paid on ordinary equity shares of £10,500 (2009 £nil) per share	<u>2,100,000</u>	<u>-</u>

10 Intangible fixed assets

	Goodwill	Total
	£	£
Group		
Cost		
At 1 January 2010 and 31 December 2010	<u>2,149,477</u>	<u>2,149,477</u>
Amortisation		
At 1 January 2010	1,019,849	1,019,849
Charge for the year	124,119	124,119
At 31 December 2010	<u>1,143,968</u>	<u>1,143,968</u>
Net book value		
At 31 December 2010	<u>1,005,509</u>	<u>1,005,509</u>
At 31 December 2009	<u>1,129,628</u>	<u>1,129,628</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

11 Tangible fixed assets	Freehold land & buildings	Investment properties	Leasehold properties	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£	£
Group Cost or Valuation						
At 1 January 2010	1,243,480	400,000	189,095	812,126	155,511	2,800,212
Foreign exchange	-	-	(4,760)	4,501	-	(259)
Additions	-	-	-	126,443	-	126,443
Disposals	-	-	-	(105,547)	-	(105,547)
At 31 December 2010	<u>1,243,480</u>	<u>400,000</u>	<u>184,335</u>	<u>837,523</u>	<u>155,511</u>	<u>2,820,849</u>
Depreciation						
At 1 January 2010	307,228	-	55,657	503,656	112,775	979,316
Foreign exchange	-	-	(4,814)	6,132	-	1,318
Charge for year	24,870	-	4,545	107,472	10,726	147,613
Disposals	-	-	-	(78,819)	-	(78,819)
At 31 December 2010	<u>332,098</u>	<u>-</u>	<u>55,388</u>	<u>538,441</u>	<u>123,501</u>	<u>1,049,428</u>
Net book value						
At 31 December 2010	<u>911,383</u>	<u>400,000</u>	<u>128,947</u>	<u>299,082</u>	<u>32,009</u>	<u>1,771,421</u>
At 31 December 2009	<u>936,252</u>	<u>400,000</u>	<u>133,438</u>	<u>308,470</u>	<u>42,736</u>	<u>1,820,896</u>
Company Cost or Valuation						
At 1 January 2010	309,734	400,000	180,835	623,911	93,993	1,608,473
Additions	-	-	-	86,049	-	86,049
Disposals	-	-	-	(102,696)	-	(102,696)
At 31 December 2010	<u>309,734</u>	<u>400,000</u>	<u>180,835</u>	<u>607,264</u>	<u>93,993</u>	<u>1,591,826</u>
Depreciation						
At 1 January 2010	107,987	-	48,980	353,934	77,907	588,808
Charge for year	6,195	-	4,428	77,320	4,022	91,965
Disposals	-	-	-	(76,005)	-	(76,005)
At 31 December 2010	<u>114,182</u>	<u>-</u>	<u>53,408</u>	<u>355,249</u>	<u>81,929</u>	<u>604,768</u>
Net book value						
At 31 December 2010	<u>195,552</u>	<u>400,000</u>	<u>127,427</u>	<u>252,015</u>	<u>12,064</u>	<u>987,058</u>
At 31 December 2009	<u>201,747</u>	<u>400,000</u>	<u>131,855</u>	<u>269,977</u>	<u>16,086</u>	<u>1,019,665</u>

Investment properties were valued on an open market basis as at 31 December 2010 by Nigel Bolt (director)

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

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

12. Investments

	Associates	Joint ventures	Loans*	Other	Total
	£	£	£	£	£
Group Cost					
At 1 January 2010	186,196	2,156,866	2,324,003	907,697	5,574,762
Transfer from liabilities	(4,771)	-	-	-	(4,771)
Additions	-	-	-	175	175
Change in value	(4,094)	598,906	-	-	594,812
At 31 December 2010	<u>177,331</u>	<u>2,755,772</u>	<u>2,324,003</u>	<u>907,872</u>	<u>6,164,978</u>
Net book value					
At 31 December 2010	<u>177,331</u>	<u>2,755,772</u>	<u>2,324,003</u>	<u>907,872</u>	<u>6,164,978</u>
At 31 December 2009	<u>186,196</u>	<u>2,156,866</u>	<u>2,324,003</u>	<u>907,697</u>	<u>5,574,762</u>

*Represents loans to undertakings in which the company has a participating interest

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 £2,933,103 and associates and joint ventures in a net liabilities position (including unamortised goodwill) of £1,108,440 (note 16)

The following table shows the total associates and joint venture position

	Associates	Joint ventures	Total
	£	£	£
Group associates and joint ventures			
Share of net assets/(liabilities)/cost			
At 1 January 2010	169,263	(1,147,082)	(977,819)
Disposals	344	-	344
Share of retained (loss)/profit for the year	(41,041)	1,391,193	1,350,152
Share of dividends paid	-	(750,000)	(750,000)
Proceeds from the issue of shares	40,866	-	40,866
Foreign currency translation movements	-	82,082	82,082
	<u>169,432</u>	<u>(423,807)</u>	<u>(254,375)</u>
Goodwill			
At 1 January 2010	-	2,245,647	2,245,647
Amortisation	-	(166,610)	(166,610)
At 31 December 2010	<u>-</u>	<u>2,079,037</u>	<u>2,079,037</u>
Net book value			
At 31 December 2010	<u>169,432</u>	<u>1,655,230</u>	<u>1,824,662</u>
At 31 December 2009	<u>169,263</u>	<u>1,098,565</u>	<u>1,267,828</u>

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

	2010	2009
	£	£
Fixed assets	2,982,669	3,140,134
Current assets	5,687,002	4,412,455
Liabilities due within one year	(6,512,616)	(6,044,124)
Liabilities due after one year	(501,824)	(409,901)

BEGGARS GROUP LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2010

12. Investments (continued)

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"

	XL Recordings Limited		Rough Trade Records Limited	
	2010 £	2009 £	2010 £	2009 £
Turnover	10,687,873	8,620,937	3,111,819	3,671,043
Profit before tax	2,052,433	1,128,504	(274,280)	(95,472)
Taxation	(597,813)	(326,720)	(909)	(4,349)
Profit after tax	1,454,620	801,784	(275,189)	(99,821)
Fixed assets	616,701	633,117	1,362,274	1,446,072
Current assets	3,345,305	1,767,468	504,719	675,796
Share of gross assets	3,962,006	2,400,585	1,866,993	2,121,868
Liabilities due within one year	(2,459,405)	(1,602,606)	(1,659,905)	(1,639,591)
Share of gross liabilities	(2,459,405)	(1,602,606)	(1,659,905)	(1,639,591)
Share of net assets	1,502,601	797,979	207,088	482,277

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 2010

Name	Nature of business	Country of incorporation	Class of shares held	% of shares held
Beggars Group Media Limited	Licensing of sound recordings	England and Wales	Ordinary	76%
Beggars UK Limited	Wholesale promotion and marketing	England and Wales	Ordinary	76%
Wuiga Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	100%
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	United States of America	Ordinary	100%
Beggars Group Digital Limited	Management and exploitation of digital rights	England and Wales	Ordinary	100%
4AD 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% <i>Indirect</i>
Playlouder Limited	Holding company	England and Wales	Ordinary	75% <i>Indirect</i>
Concrete and Glass Limited	Operation of a music and arts festival	England and Wales	Ordinary	76%
Associates and joint ventures				
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% <i>Indirect</i>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

12. Investments (continued)

Name	Nature of business	Country of incorporation	Class of shares held	% of shares held
Media Service Provider Limited	Broadband ISP Provider	England and Wales	Ordinary	20.63% <i>Indirect</i>
Remote Control Records Pty Limited	Promotion and marketing of sound recordings	Australia	Ordinary	50%
Popstock Distribuciones S L	Distribution of sound recordings	Spain	Ordinary	50%
Everlasting Records S L	Production and exploitation of sound recordings	Spain	Ordinary	50% <i>Indirect</i>
Matador Recordings LLC	Production and exploitation of sound recordings	United States of America	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%
XL Recordings (USA) Inc	Not commenced trade	United States of America	Ordinary	50% <i>Indirect</i>
Rough Trade Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
Mattitude Music LLC	Music publishing	United States of America	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 2010. The consolidated accounts include figures for the year ended to 31 March 2010. 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.

XL Recordings Limited owns 100% of the issued share capital of XL Recordings (USA) Inc. No financial statements have yet been published. The company is immaterial to the group and has thus not been consolidated.

The accounting reference date for Consolidated Independent Limited is 31 March and the latest financial statements are for the year ended 31 March 2011.

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

Mattitude Music LLC is immaterial to the group, and has thus not been consolidated.

	Subsidiary companies	Associated undertakings and joint ventures	Other investments	Loans	Total
Company	£	£	£	£	£
Cost					
At 1 January 2010 and 31 December 2010	<u>2,245,455</u>	<u>2,669,510</u>	<u>819,948</u>	<u>2,324,003</u>	<u>8,058,916</u>
Amounts written off					
At 1 January 2010 and 31 December 2010	<u>1,764</u>	<u>216,681</u>	<u>-</u>	<u>-</u>	<u>218,445</u>
Net book value					
At 31 December 2010	<u>2,243,691</u>	<u>2,452,829</u>	<u>819,948</u>	<u>2,324,003</u>	<u>7,840,471</u>
At 31 December 2009	<u>2,243,691</u>	<u>2,452,829</u>	<u>819,948</u>	<u>2,324,003</u>	<u>7,840,471</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

13. Stocks

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Finished good for resale	209,485	256,823	-	-

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

14 Debtors

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Trade debtors	2,156,539	1,090,300	23,650	421
Amounts owed by subsidiary undertakings		-	3,880,701	2,249,484
Amounts owed by associated undertakings and joint ventures	160,031	160,031	160,031	160,031
Other debtors	4,476,328	3,788,099	145,925	116,764
Prepayments and accrued income	406,359	642,571	53,733	43,445
	<u>7,199,257</u>	<u>5,681,001</u>	<u>4,264,040</u>	<u>2,570,145</u>

15. Creditors amounts falling due within one year

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Bank loans and overdrafts	82,821	-	82,821	-
Trade creditors	2,169,509	2,394,304	86,444	160,344
Amounts owing to participating interests	2,356,727	1,843,469	2,988,845	2,265,611
Other taxation and social security	333,529	331,005	318,464	313,094
Corporation taxation	596,223	637,428	-	37
Other creditors	2,950,912	2,188,672	11,449	6,069
Accruals and deferred income	157,505	155,609	145,300	148,191
	<u>8,647,226</u>	<u>7,550,487</u>	<u>3,633,323</u>	<u>2,893,346</u>

Security

All banking facilities are secured by a fixed and floating charge over the present and future assets of the company and the group

16. Provisions for liabilities and charges

	Group		Company	
	2010	2009	2010	2009
	£	£	£	£
Share of net liabilities of associates	7,899	16,933	-	-
Share of net liabilities of joint ventures	1,100,541	1,058,300	-	-
Provision carried forward	<u>1,108,440</u>	<u>1,075,233</u>	<u>-</u>	<u>-</u>

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

In 2010 the above share of liabilities in joint ventures has arisen on the holdings in Popstock Distribuciones S L and Matador Records Limited

In 2009 the above share of liabilities in joint ventures has arisen on the holdings in Popstock Distribuciones S L, Matador Records Limited and Media Service Provider Limited

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

17. Pension and other post-retirement benefit commitments.
Defined Contribution

The company makes payments into personal pension plans. The pension cost charge represents contributions payable by the company to the fund. There were no outstanding balances at the year end.

	2010 £	2009 £
Contributions payable by the company for the year	<u>5,200</u>	<u>5,640</u>

18. Commitments under operating leases

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

Group	Plant and machinery		Land and buildings	
	2010 £	2009 £	2010 £	2009 £
Operating leases which expire				
In less than one year	-	-	18,079	-
Between two and five years	30,283	-	12,000	12,000
In more than five years	-	21,390	243,133	200,655
	<u>30,283</u>	<u>21,390</u>	<u>273,212</u>	<u>212,655</u>

19. Contingencies

The company has given its bankers a composite cross guarantee dated 16 July 2006 over the £3m overdraft facility, which exists across the following companies:

Beggars Group Limited	Mantra Recordings Limited
Beggars Group Digital Limited	Too Pure Limited
Beggars UK Limited	Willja Records Limited
Beggars Group Media Limited	4AD Limited
XL Recordings Limited	Playlouderecordings Limited

20. Transactions with 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:

Included in other debtors at 31 December 2010 was a loan of £50,221 (2009: £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.

£256,482 (2009: £239,908) 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 the director, Martin Mills, was paid dividends of £2,100,000 (2009: £nil).

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

21. Related party transactions

During the year, rent of £57,000 (2009 £57,000) was charged by the Beggars Banquet Executive Pension Scheme, of whom Martin Mills is a trustee and beneficiary

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

	2010		2009	
	Turnover	Costs	Turnover	Costs
	£	£	£	£
Mowax Labels Limited	2,514	444	3,118	744
Matador Records Limited	621,543	283,606	1,431,092	800,662
XL Recordings Limited	8,587,303	3,931,756	7,580,264	3,816,143
Nation Records Limited	7,292	382	8,771	572
Rough Trade Records Limited	<u>3,532,279</u>	<u>1,718,431</u>	<u>4,820,850</u>	<u>2,267,810</u>

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

	2010	2009
	£	£
Mowax Labels Limited	10,000	10,000
Matador Records Limited	403,750	335,750
XL Recordings Limited	2,348,250	2,081,750
Rough Trade Records Limited	<u>918,000</u>	<u>1,022,750</u>

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

	2010	2009
	£	£
Amount due from/(to)		
Mowax Labels Limited	-	(3,929)
Matador Records Limited	45,561	(170,787)
XL Recordings Limited	(2,779,679)	(1,648,107)
Rough Trade Records Limited (other loans)	2,324,003	2,324,003
Rough Trade Records Limited (trade debt)	(254,727)	(442,789)
Mattitude Music LLC	<u>160,031</u>	<u>160,031</u>

During the year royalties were paid 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

	2010		2009	
	Royalties	Overhead	Royalties	Overhead
	£	£	£	£
Mowax Labels Limited	2,644	52	3,999	703
XL Recordings Limited	3,105,637	81,194	1,128,168	62,221
Rough Trade Records Limited	<u>203,950</u>	<u>11,040</u>	<u>241,526</u>	<u>18,001</u>

During the year, payments were made to Remote Control Records Pty Limited of £209,854 (2009 £132,411) in respect of commission

During the year, payments were made to Consolidated Independent Limited in respect of services provided of £172,020 (2009 £163,891)

At the year end the group was owed £312,190 (2009 - £290,427) by Popstock Distribuciones SL in respect of distributed sales

At the year end there was a balance due from Mattitude LLC of £160,031 (2009 - £160,031) by way of a loan made to the company

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

22. Share capital

	2010 No	2010 £	2009 No	2009 £
Company				
Allotted, called up and fully paid:				
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>

23. Reserves

	Profit and loss account £	Other reserves £	Revaluation reserve £	Total £
Group				
Balance at 1 January 2010	10,242,553	387,554	235,040	10,865,147
Issue of shares by associate	-	40,866	-	40,866
Retained profit for the year	3,685,054	-	-	3,685,054
Dividends paid	(2,100,000)	-	-	(2,100,000)
Currency translation difference on foreign currency net investments	147,627	-	-	147,627
Balance at 31 December 2010	<u>11,975,234</u>	<u>428,420</u>	<u>235,040</u>	<u>12,638,694</u>
	Profit and loss account £	Share premium account £		
Company				
Balance at 1 January 2010	8,580,122	235,040		
Profit for the year	3,002,102	-		
Dividends paid	(2,100,000)	-		
Balance at 31 December 2010	<u>9,482,224</u>	<u>235,040</u>		

24 Reconciliation of movement in shareholders' funds

	2010 £	2009 £
Group		
Equity shareholders' funds		
Profit for the financial year	3,685,054	2,380,559
Dividends	(2,100,000)	-
Proceed from the issue of shares	40,866	65,614
Currency translation difference on foreign currency net investments	147,627	(8,591)
Dividend waived by minority interest	-	1,176,000
Revaluation of tangible fixed assets	-	40,000
Net addition to shareholders' funds	<u>1,773,547</u>	<u>3,653,582</u>
Opening shareholders' funds	<u>10,865,345</u>	<u>7,211,763</u>
Closing shareholders' funds	<u>12,638,892</u>	<u>10,865,345</u>
Opening and closing shareholders non-equity funds	<u>2</u>	<u>2</u>
Total shareholders' funds	<u>12,638,894</u>	<u>10,865,347</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2010

24. Reconciliation of movement in shareholders' funds (continued)

Company	2010 £	2009 £
Profit for the financial year	3,002,102	2,927,612
Dividends	(2,100,000)	-
Revaluation of tangible fixed assets	-	40,000
Net Addition to shareholders' funds	902,102	2,967,612
Opening shareholders' funds	8,815,360	5,847,748
Closing shareholders' funds	9,717,462	8,815,360
Opening and closing shareholders' non-equity funds	2	2
Total shareholders' funds	9,717,464	8,815,362

25. Equity minority interests

	2010 £
At 1 January 2010	(1,387,103)
Share of retained profits for the year	49,524
At 31 December 2010	(1,337,579)

26. Events after the Balance Sheet Date

Dividends of £20,000 and £1,000,000 were paid on 2 March 2011 and 20 May 2011

27. Controlling party

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