

Company No 01414045

BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011



BEGGARS GROUP LIMITED
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FOR THE YEAR ENDED 31 DECEMBER 2011

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BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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 2011

The directors present their annual report and the audited financial statements for the year ended 31 December 2011

Principal activities and business review

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

Business review

During the year an associated company, XL Recordings Limited, released the album "21" by Adele, which achieved phenomenal success worldwide. The next Adele album may not come for some years, and it's impossible to predict its likely sales. We therefore regard this year's figures as exceptional.

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 2011, with comparatives for the year ended 31 December 2010, are laid out below.

	2011 £	2010 £
Turnover including share of associates and joint ventures	86,109,452	43,500,334
Total operating profit	23,046,631	5,690,809
Number of releases	<u>39</u>	<u>54</u>

Future developments

The success of the Adele album "21" will not be repeated in 2012 and consequently there will be falls in both Turnover and Profits. The directors will pursue their management policies and it is anticipated that the group will continue to trade satisfactorily in the ensuing year.

Events after the balance sheet date

Dividends of £2,500,000 were paid on 19th July 2012.

Dividends

An interim ordinary dividend was paid amounting to £1,020,000. The directors do not recommend payment of a final dividend.

BEGGARS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

Directors

The following directors have held office since 1 January 2011

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

	2011 £	2010 £
Charitable donations	14,816	9,356

A donation of £13,396 was made to Honeypot, a charity providing respite breaks and outreach support for children and young carers. Small donations totalling £1,420 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 Directors' 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 company and enable them to ensure that the financial statements comply with the Companies Act 2006. They

BEGGARS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2011

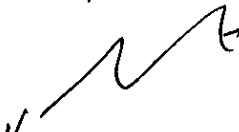
are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

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 27 September 2012 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 2011

We have audited the financial statements of Beggars Group Limited for the year ended 31 December 2011 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. In addition, we read all the financial and non-financial information in the Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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 Voulters (Senior Statutory Auditor)
For and on behalf of SRLV

28 September 2012

Chartered Accountants
Statutory Auditor

89 New Bond Street
London
W1S 1DA

BEGGARS GROUP LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	2011 £	2010 £
Turnover including share of associates and joint ventures		86,109,452	43,500,334
<i>Less share of turnover of</i>			
Joint ventures		(62,333,439)	(17,764,047)
Associates		<u>(344,665)</u>	<u>(618,383)</u>
Group turnover	1,2	23,431,348	25,117,904
Cost of sales		<u>(7,504,838)</u>	<u>(8,939,212)</u>
Gross profit		15,926,510	16,178,692
Distribution expenses		(1,824,281)	(2,410,017)
Administrative expenses		(12,477,898)	(9,921,474)
Other operating income		<u>125,055</u>	<u>61,000</u>
Group operating profit	3	1,749,386	3,908,201
Share of operating profit from joint ventures	6	21,337,813	1,823,305
Share of operating loss from associates	6	(40,239)	(41,041)
(Loss)/profit on disposal of fixed asset investments		<u>(329)</u>	<u>344</u>
Total operating profit		23,046,631	5,690,809
Net finance income/(charges)	7	<u>2,446</u>	<u>(18,901)</u>
Profit on ordinary activities before taxation		23,049,077	5,671,908
Tax charge on profit on ordinary activities	8	<u>(6,146,457)</u>	<u>(1,937,330)</u>
Profit on ordinary activities after taxation		16,902,620	3,734,578
Equity minority interests	24	(33,552)	(49,524)
Profit for the financial year	22	<u>16,869,068</u>	<u>3,685,054</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 2011

	2011 £	2010 £
Profit for the financial year	16,869,068	3,685,054
Issue of shares by associate	54,521	40,866
Currency translation difference on foreign currency net investments	(2,565)	147,627
Total recognised gains and losses in the year	<u>16,921,024</u>	<u>3,873,547</u>

BEGGARS GROUP LIMITED
GROUP BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	£	2011 £	£	2010 £
Fixed assets					
Intangible assets	10		857,207		1,005,509
Tangible assets	11		2,080,256		1,771,421
Investments					
<i>Investment in joint ventures</i>					
Share of gross assets	12	32,407,517		8,266,577	
Share of gross liabilities	12	(22,459,015)		(5,510,805)	
Associated undertakings	12	192,192		177,331	
Other investments	12	<u>3,231,875</u>		<u>3,231,875</u>	
			<u>13,372,569</u>		<u>6,164,978</u>
			16,310,032		8,941,908
Current assets					
Stocks	13	234,525		209,485	
Debtors	14	36,123,136		7,199,257	
Cash at bank and in hand		<u>6,931,350</u>		<u>4,706,331</u>	
			43,289,011		12,115,073
Creditors: amounts falling due within one year	15		(31,372,324)		(8,647,226)
Net current assets			<u>11,916,687</u>		<u>3,467,847</u>
Total assets less current liabilities			<u>28,226,719</u>		<u>12,409,755</u>
Provisions for liabilities and charges					
<i>Investment in joint ventures</i>					
Share of gross assets		784,887		403,094	
Share of gross liabilities		<u>(1,767,006)</u>		<u>(1,503,635)</u>	
	16		(982,119)		(1,100,541)
Associated undertakings	16		(8,709)		(7,899)
Net assets			<u>27,235,891</u>		<u>11,301,315</u>
Capital and reserves					
Called up share capital	21		200		200
Other reserves	22		482,941		428,420
Revaluation reserve	22		235,040		235,040
Profit and loss account	22		27,821,737		11,975,234
Total shareholders' funds			<u>28,539,918</u>		<u>12,638,894</u>
Equity minority interests	24		(1,304,027)		(1,337,579)
Total capital employed			<u>27,235,891</u>		<u>11,301,315</u>

Approved by the board of directors and authorised for issue on 27 September 2012



Martin Mills
Director

Company Registration Number: 01414045

BEGGARS GROUP LIMITED
COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	£	2011 £	£	2010 £
Fixed assets					
Tangible assets	11		1,274,005		987,058
Investments	12		<u>7,785,471</u>		<u>7,840,471</u>
			9,059,476		8,827,529
Current assets					
Debtors	14	27,425,230		4,264,040	
Cash at bank		<u>21,985</u>		<u>259,218</u>	
			27,447,215		4,523,258
Creditors amounts falling due within one year	15		<u>(18,576,247)</u>		<u>(3,633,323)</u>
Net current assets			8,870,968		889,935
Total assets less current liabilities			<u>17,930,444</u>		<u>9,717,464</u>
Net assets			<u>17,930,444</u>		<u>9,717,464</u>
Capital and reserves					
Called up share capital	21		200		200
Share premium account	22		235,040		235,040
Profit and loss account	22		17,695,204		9,482,224
Shareholders' funds	23		<u>17,930,444</u>		<u>9,717,464</u>

Approved by the board of directors and authorised for issue on 27 September 2012



Martin Mills
Director

Company Registration Number. 01414045

BEGGARS GROUP LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Notes	£	2011 £	£	2010 £
Net cash (outflow)/inflow from operating activities	A		(3,563,375)		4,085,324
Dividend from joint venture			8,500,000		750,000
Returns on investments and servicing of finance					
Interest received		6,997		5,703	
Interest paid		<u>(4,551)</u>		<u>(24,604)</u>	
Net cash inflow/(outflow) for returns on investments and servicing of finance			2,446		(18,901)
Corporation tax paid			(1,229,794)		(1,607,149)
Capital expenditure and financial investment					
Proceeds from sale of tangible assets		23,218		-	
Payments to acquire tangible assets		<u>(533,233)</u>		<u>(126,618)</u>	
Net outflow for capital expenditure			(510,015)		(126,618)
Equity dividends paid			(1,020,000)		(2,100,000)
Net cash inflow before management of liquid resourcing & financing	C		<u>2,179,262</u>		<u>982,656</u>
Increase in cash in the year			<u>2,179,262</u>		<u>982,656</u>

BEGGARS GROUP LIMITED
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £	2010 £	
A Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit	1,749,386	3,908,201	
Depreciation of tangible assets	187,658	147,613	
Amortisation of intangible assets	148,302	124,119	
Foreign exchange (gains)/losses	(14,492)	67,124	
Loss on disposal of tangible assets	13,530	26,728	
(Increase)/decrease in stock	(25,040)	47,338	
Increase in debtors	(14,352,557)	(781,221)	
Increase in creditors within one year	8,729,838	545,422	
Net cash (outflow)/inflow from operating activities	(3,563,375)	4,085,324	
B. Analysis of net cash	At 1 Jan 2011	Cash Flow	At 31 Dec 2011
Net cash			
Cash at bank and in hand	4,706,331	2,225,019	6,931,350
Bank overdrafts	(82,821)	(45,757)	(128,578)
Net cash	4,623,510	2,179,262	6,802,772
C Reconciliation of net cash flow to movement in the net cash	2011 £	2010 £	
Increase in cash in the year	2,179,262	982,656	
Movement in net cash in the year	2,179,262	982,656	
Opening net cash	4,623,510	3,640,854	
Closing net cash	6,802,772	4,623,510	

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

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 £8,212,980 (2010 profit £902,102).

Turnover

Turnover represents the value of goods and services provided to customers during the year and is net of discounts, value added tax and provisions for goods likely to be returned.

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.

Government Grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

2. Turnover

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

	2011 £	2010 £
Sales and licensing of sound recordings	21,970,915	23,584,305
Synchronisation and performance income	1,460,433	1,533,599
	<u>23,431,348</u>	<u>25,117,904</u>

Turnover is analysed by geographical markets as follows

UK	4,793,515	6,817,662
Rest of world	18,637,833	18,300,242
	<u>23,431,348</u>	<u>25,117,904</u>

3. Operating Profit

	2011 £	2010 £
Operating profit is stated after charging/(crediting)		
Amortisation	148,302	122,564
Depreciation	187,658	147,613
Loss on disposal of fixed assets	13,530	26,728
Auditors remuneration – group and company		
Audit	155,000	155,000
Consultancy	1,825	8,670
Operating lease costs		
Land and buildings	360,971	303,164
Net loss/(gain) on foreign currency translation	<u>295,293</u>	<u>(111,925)</u>

4. Information regarding employees

	2011 No	2010 No
Average number of persons employed (including directors)		
Management	20	20
Administration	80	81
	<u>100</u>	<u>101</u>

The aggregate payroll costs of the above were:

Staff costs during the year		
Wages and salaries	6,470,709	4,570,396
Social security costs	1,118,169	741,068
Pension costs	22,915	48,017
	<u>7,611,793</u>	<u>5,359,481</u>

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2011 £	2010 £
Emoluments	<u>2,430,329</u>	<u>1,474,385</u>

The number of directors for whom retirement benefits are paid into personal pension plans amounted to 2 (2010: 1)

Emoluments of highest paid director:

Emoluments	<u>641,454</u>	<u>375,168</u>
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BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 £	2010 £
6. Share of profits from other fixed asset investments		
Net share of operating loss of associates	(40,239)	(41,041)
Net share of operating profit of joint ventures	21,337,813	1,823,305
	<u>21,297,574</u>	<u>1,782,264</u>

The share of the operating profits/(losses) of the associates relates to Media Service Provider Limited - (£54,641), Consolidated Independent Limited - £15,311, Nation Records Limited - £89, and Ink Management Limited - (£998)

The share of the operating profits/(losses) in joint ventures relates to Remote Control Records Pty Limited - £318,110, Matador Recordings LLC - (£82,777), Matador Records Limited - £53,584, Popstock Distributions, S L - £56,444, XL Recordings Limited - £20,849,086, and Rough Trade Records Limited - £143,366

	2011 £	2010 £
7. Finance charges (net)		
Interest receivable and similar income		
Interest receivable - bank interest	6,619	4,346
Interest receivable - other	378	1,358
Interest payable and similar charges		
Interest payable on bank borrowing	(533)	(921)
Other similar charges payable	(4,018)	(23,684)
	<u>2,446</u>	<u>(18,901)</u>

	2011 £	2010 £
8 Tax charge on profit on ordinary activities		
(a) Analysis of charge in period		
<i>Current taxation</i>		
UK corporation tax for the year	(586,319)	(1,190,704)
Double taxation relief	<u>76,885</u>	<u>283,204</u>
	(509,434)	(907,500)
Foreign tax for current period	(98,539)	(431,108)
Share of joint ventures' tax	<u>(5,538,484)</u>	<u>(598,722)</u>
Total current tax charge on profit on ordinary activities	<u>(6,146,457)</u>	<u>(1,937,330)</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	23,049,077	5,671,913
Tax charge on ordinary activities at standard rate of tax 26%/20% (2010 - 28%/21%)	6,106,093	1,587,747
<i>Factors affecting charge for the period</i>		
Expenses not deductible for tax purposes	387,010	128,690
Depreciation in excess of capital allowances	(16,759)	(2,486)
Movement in short term timing differences	(105,374)	99,687
Tax losses utilised	(3,154)	(8,541)
Marginal relief	1,507	(2,613)
Foreign tax expensed	1,081	134,846
Other tax adjustments	(223,947)	-
Current tax charge	<u>6,146,457</u>	<u>1,937,330</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

(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 £63,000.

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 £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

	2011	2010
	£	£
Dividends paid on ordinary equity shares of £5,100 (2010 £10,500) per share	<u>1,020,000</u>	<u>2,100,000</u>

10. Intangible fixed assets

	Goodwill	Total
	£	£
Group		
Cost		
At 1 January 2011 and 31 December 2011	<u>2,149,477</u>	<u>2,149,477</u>
Amortisation		
At 1 January 2011	1,143,968	1,143,968
Charge for the year	148,302	148,302
At 31 December 2011	<u>1,292,270</u>	<u>1,292,270</u>
Net book value		
At 31 December 2011	<u>857,207</u>	<u>857,207</u>
At 31 December 2010	<u>1,005,509</u>	<u>1,005,509</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
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11 Tangible fixed assets

	Freehold land & buildings	Investment properties	Leasehold properties	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£	£
Group Cost or Valuation						
At 1 January 2011	1,243,480	400,000	184,335	837,523	155,511	2,820,849
Foreign exchange	-	-	4	136	-	140
Additions	140,000	-	10,119	243,840	139,276	533,235
Disposals	-	-	-	(104,263)	(101,493)	(205,756)
At 31 December 2011	<u>1,383,480</u>	<u>400,000</u>	<u>194,458</u>	<u>977,236</u>	<u>193,294</u>	<u>3,148,468</u>
Depreciation						
At 1 January 2011	332,098	-	55,388	538,441	123,501	1,049,428
Foreign exchange	-	-	2	132	-	134
Charge for year	25,570	-	14,665	132,253	15,170	187,658
Disposals	-	-	-	(81,376)	(87,632)	(169,008)
At 31 December 2011	<u>357,668</u>	<u>-</u>	<u>70,055</u>	<u>589,450</u>	<u>51,039</u>	<u>1,068,212</u>
Net book value						
At 31 December 2011	<u>1,025,812</u>	<u>400,000</u>	<u>124,403</u>	<u>387,786</u>	<u>142,255</u>	<u>2,080,256</u>
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>
Company Cost or Valuation						
At 1 January 2011	309,734	400,000	180,835	607,264	93,993	1,591,826
Additions	140,000	-	-	203,020	84,963	427,983
Disposals	-	-	-	(77,716)	(75,493)	(153,209)
At 31 December 2011	<u>449,734</u>	<u>400,000</u>	<u>180,835</u>	<u>732,568</u>	<u>103,463</u>	<u>1,866,600</u>
Depreciation						
At 1 January 2011	114,182	-	53,408	355,249	81,929	604,768
Charge for year	6,894	-	4,428	92,957	8,322	112,601
Disposals	-	-	-	(58,333)	(66,441)	(124,774)
At 31 December 2011	<u>121,076</u>	<u>-</u>	<u>57,836</u>	<u>389,873</u>	<u>23,810</u>	<u>592,595</u>
Net book value						
At 31 December 2011	<u>328,658</u>	<u>400,000</u>	<u>122,999</u>	<u>342,695</u>	<u>79,653</u>	<u>1,274,005</u>
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>

Investment properties were valued on an open market basis as at 31 December 2011 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 2011

12. Investments

	Associates	Joint ventures	Loans*	Other	Total
	£	£	£	£	£
Group Cost					
At 1 January 2011	177,331	2,755,772	2,324,003	907,872	6,164,978
Change in value	14,861	7,192,730	-	-	7,207,591
At 31 December 2011	<u>192,192</u>	<u>9,948,502</u>	<u>2,324,003</u>	<u>907,872</u>	<u>13,372,569</u>
Net book value					
At 31 December 2011	<u>192,192</u>	<u>9,948,502</u>	<u>2,324,003</u>	<u>907,872</u>	<u>13,372,569</u>
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>

*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 £10,140,694 and associates and joint ventures in a net liabilities position (including unamortised goodwill) of £990,828 (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 2011	169,432	(423,807)	(254,375)
Disposals	(329)	-	(329)
Additions	99	-	99
Share of retained (loss)/profit for the year	(40,240)	15,966,013	15,925,773
Share of dividends paid	-	(8,500,000)	(8,500,000)
Proceeds from the issue of shares	54,521	-	54,521
Foreign currency translation movements	-	11,822	11,822
	<u>183,483</u>	<u>7,054,028</u>	<u>7,237,511</u>
Goodwill			
At 1 January 2011	-	2,079,037	2,079,037
Amortisation	-	(166,682)	(166,682)
At 31 December 2011	<u>-</u>	<u>1,912,355</u>	<u>1,912,355</u>
Net book value			
At 31 December 2011	<u>183,483</u>	<u>8,966,383</u>	<u>9,149,866</u>
At 31 December 2010	<u>169,432</u>	<u>1,655,230</u>	<u>1,824,662</u>

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

	2011	2010
	£	£
Fixed assets	3,144,429	2,982,669
Current assets	30,047,973	5,687,002
Liabilities due within one year	(23,684,697)	(6,512,616)
Liabilities due after one year	(541,322)	(501,824)

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

12. Investments (continued)

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

	XL Recordings Limited	
	2011 £	2010 £
Turnover	55,848,502	10,687,873
Profit before tax	20,849,086	2,052,433
Taxation	(5,532,583)	(597,813)
Profit after tax	15,316,503	1,454,620
Fixed assets	956,121	616,701
Current assets	27,602,975	3,345,305
Share of gross assets	28,559,096	3,962,006
Liabilities due within one year	(20,239,989)	(2,459,405)
Share of gross liabilities	(20,239,989)	(2,459,405)
Share of net assets	8,319,107	1,502,601

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 2011

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%
Wija 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 2011

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	18.49% <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	Property holding	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%
Ink Management Limited	Music management	England and Wales	Ordinary	49.75% <i>Indirect</i>

The accounting reference date for Nation Records Limited is 31 March and the latest financial statements are for the year ended 31 March 2011. The consolidated accounts include figures for the year ended to 31 March 2011. 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. XL Recordings Limited also owns 35% of Rough Trade Retail Group Limited, which in turn owns 100% of The Album Club Limited and Rough Trade Limited.

4AD Limited owns 49.75% of Ink Management Limited.

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

Company	Subsidiary companies £	Associated undertakings and joint ventures £	Other investments £	Loans £	Total £
Cost					
At 1 January 2011 and 31 December 2011	2,245,455	2,669,510	819,948	2,324,003	8,058,916
Amounts written off					
At 1 January 2011	1,764	216,681	-	-	218,445
Charge for the year	-	55,000	-	-	55,000
	1,764	271,681	-	-	273,445
Net book value					
At 31 December 2011	2,243,691	2,397,829	819,948	2,324,003	7,785,471
At 31 December 2010	2,243,691	2,452,829	819,948	2,324,003	7,840,471

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

13. Stocks

	Group		Company	
	2011	2010	2010	2009
	£	£	£	£
Finished goods for resale	<u>234,525</u>	<u>209,485</u>	<u>-</u>	<u>-</u>

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

14. Debtors

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Trade debtors	5,893,555	2,156,539	28,824	23,650
Amounts owed by subsidiary undertakings	-	-	26,954,622	3,880,701
Amounts owed by associated undertakings and joint ventures	160,031	160,031	160,031	160,031
Other debtors	29,390,481	4,476,328	222,833	145,925
Prepayments and accrued income	679,069	406,359	58,920	53,733
	<u>36,123,136</u>	<u>7,199,257</u>	<u>27,425,230</u>	<u>4,264,040</u>

15 Creditors amounts falling due within one year

	Group		Company	
	2011	2010	2011	2010
	£	£	£	£
Bank loans and overdrafts	128,578	82,821	128,578	82,821
Trade creditors	5,814,516	2,169,509	151,049	86,444
Amounts owing to participating interests	16,678,247	2,356,727	16,968,432	2,988,845
Other taxation and social security	1,189,263	333,529	1,164,031	318,464
Corporation taxation	224,202	596,223	-	-
Other creditors	5,750,113	2,950,912	2,266	11,449
Accruals and deferred income	1,587,405	157,505	161,891	145,300
	<u>31,372,324</u>	<u>8,647,226</u>	<u>18,576,247</u>	<u>3,633,323</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	
	2011	2010	2011	2010
	£	£	£	£
Share of net liabilities of associates	8,709	7,899	-	-
Share of net liabilities of joint ventures	982,119	1,100,541	-	-
Provision carried forward	<u>990,828</u>	<u>1,108,440</u>	<u>-</u>	<u>-</u>

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

In 2011 and 2010 the share of liabilities in joint ventures has arisen on the holdings in Popstock Distribuciones S L and Matador Records Limited

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

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.

	2011 £	2010 £
Contributions payable by the company for the year	<u>22,915</u>	<u>5,200</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	
	2011 £	2010 £	2011 £	2010 £
Operating leases which expire				
In less than one year	16,082	-	20,079	18,079
Between two and five years	8,162	30,283	-	12,000
In more than five years	-	-	274,870	243,133
	<u>24,244</u>	<u>30,283</u>	<u>294,949</u>	<u>273,212</u>

19. 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 2011 was a loan of £50,221 (2010 £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.

£522,094 (2010 £256,482) 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 £1,020,000 (2010 £2,100,000).

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

20. Related party transactions

During the year, rent of £57,000 (2010 £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

	2011		2010	
	Turnover	Costs	Turnover	Costs
	£	£	£	£
Mowax Labels Limited	1,124	6,377	2,514	444
Matador Records Limited	686,550	347,248	621,543	283,606
XL Recordings Limited	75,939,552	31,392,757	8,587,303	3,931,756
Nation Records Limited	9,283	332	7,292	382
Rough Trade Records Limited	<u>2,319,779</u>	<u>1,081,299</u>	<u>3,532,279</u>	<u>1,718,431</u>

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

	2011	2010
	£	£
Mowax Labels Limited	10,000	10,000
Matador Records Limited	436,000	403,750
XL Recordings Limited	3,770,500	2,348,250
Rough Trade Records Limited	<u>880,000</u>	<u>918,000</u>

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

Amount due from/(to)	2011	2010
	£	£
Mowax Labels Limited	(2,676)	-
Matador Records Limited	15,251	45,561
XL Recordings Limited	(16,134,853)	(2,779,679)
Rough Trade Records Limited (other loans)	(488,523)	2,324,003
Rough Trade Records Limited (trade debt)	(574,433)	(254,727)
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

	2011		2010	
	Royalties	Overhead	Royalties	Overhead
	£	£	£	£
Mowax Labels Limited	2,077	-	2,644	52
XL Recordings Limited	1,895,608	51,599	3,105,637	81,194
Rough Trade Records Limited	<u>207,347</u>	<u>16,671</u>	<u>203,950</u>	<u>11,040</u>

During the year, payments were made to Remote Control Records Pty Limited of £946,863 (2010 £209,854) in respect of commission

During the year, payments were made to Consolidated Independent Limited in respect of services provided of £167,077 (2010 £172,020)

At the year end the group was owed £902,420 (2010 - £312,190) by Popstock Distribuciones SL in respect of distributed sales

At the year end there was a balance due from Mattitude LLC of £160,031 (2010 - £160,031) by way of a loan made to the company

During the year the group charged 4AD Music Limited, a company subject to common control, management fees of £81,875 (2010 £68,617) and other services of £22,317 (2010 £nil). At the year end there was a balance due to the group of £25,000 (2010 £22,317)

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
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21. Share capital

	2011 No	2011 £	2010 No	2010 £
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>

22. Reserves

	Profit and loss account £	Other reserves £	Revaluation reserve £	Total £
Group				
Balance at 1 January 2011	11,975,234	428,420	235,040	12,638,694
Issue of shares by associate	-	54,521	-	54,521
Retained profit for the year	16,869,068	-	-	16,869,068
Dividends paid	(1,020,000)	-	-	(1,020,000)
Currency translation difference on foreign currency net investments	(2,565)	-	-	(2,565)
Balance at 31 December 2011	<u>27,821,737</u>	<u>482,941</u>	<u>235,040</u>	<u>28,539,718</u>
	Profit and loss account £	Share premium account £		
Company				
Balance at 1 January 2011	9,482,224	235,040		
Profit for the year	9,232,980	-		
Dividends paid	(1,020,000)	-		
Balance at 31 December 2011	<u>17,695,204</u>	<u>235,040</u>		

23. Reconciliation of movement in shareholders' funds

	2011 £	2010 £
Group		
Equity shareholders' funds		
Profit for the financial year	16,869,068	3,685,054
Dividends	(1,020,000)	(2,100,000)
Proceed from the issue of shares	54,521	40,866
Currency translation difference on foreign currency net investments	<u>(2,565)</u>	<u>147,627</u>
Net addition to shareholders' funds	15,901,024	1,773,547
Opening shareholders' funds	<u>12,638,892</u>	<u>10,865,345</u>
Closing shareholders' funds	<u>28,539,916</u>	<u>12,638,892</u>
Opening and closing shareholders non-equity funds	2	2
Total shareholders' funds	<u>28,539,918</u>	<u>12,638,894</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2011

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

Company	2011 £	2010 £
Profit for the financial year	9,232,980	3,002,102
Dividends	<u>(1,020,000)</u>	<u>(2,100,000)</u>
Net Addition to shareholders' funds	8,212,980	902,102
Opening shareholders' funds	<u>9,717,462</u>	<u>8,815,360</u>
Closing shareholders' funds	17,930,442	9,717,462
Opening and closing shareholders' non-equity funds	2	2
Total shareholders' funds	<u>17,930,444</u>	<u>9,717,464</u>

24. Equity minority interests

	2011 £
At 1 January 2011	(1,337,579)
Share of retained profits for the year	33,552
At 31 December 2011	<u>(1,304,027)</u>

25. Events after the Balance Sheet Date

Dividends of £2,500,000 were paid on 19th July 2012

26. Controlling party

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