

Company No 01414045

**BEGGARS GROUP LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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BEGGARS GROUP LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

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BEGGARS GROUP LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

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**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 2012**

The directors present their annual report and the audited financial statements for the year ended 31 December 2012

**Principal activities and business review**

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

During the year the group has had continued success with the artist Adele through an associated company, XL Recordings Limited. Following worldwide success of the 2011 album release, "21", back catalogue sales of Adele continued to account for a significant proportion of the sales and profit during the period.

Beggars Group has a portfolio approach to A&R and continues to seek, identify and sign new artists. The company's future is dependent on its ability to achieve success with these new acts as well as its ability to continue to exploit successfully its growing catalogue.

In 2012 the global music market grew for the first time since 1999, driven by the huge growth in streaming and download services. Beggars Group too has experienced a significant shift to digital services in recent years. This, together with an increase in the number of providers and accessible territories, is resulting in significant changes to internal operating processes to deal with the increasing complexity. This should equip the company to transition smoothly through these market dynamics whilst retaining its primary focus on artist relations.

Principal risks and uncertainties

Market dynamics outlined above may impact on the long term business model and underlying profitability.

The group relies on the success of a number of key artists and as such continues to identify and sign new artists, and 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 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 2012, with comparatives for the year ended 31 December 2011, are laid out below.

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Turnover including share of associates and joint ventures	67,913,764	86,109,452
Total operating profit	15,110,736	23,046,631
Number of releases	<u>29</u>	<u>39</u>

**Future developments**

There will not be a further new release by Adele during 2013 and consequently there will be a fall in Beggars Group turnover and profits. Nevertheless the directors are confident that by pursuing management policies as outlined above the group will achieve successes with other artists.

**Events after the balance sheet date**

Dividends of £1,000,000 and £9,000,000 were paid on 1 May 2013 and 28 June 2013 respectively.

**Dividends**

An interim ordinary dividend was paid amounting to £2,500,000. The directors do not recommend payment of a final dividend.

BEGGARS GROUP LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2012

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**Directors**

The following directors have held office since 1 January 2012

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

**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

	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
Charitable donations	<u>43,186</u>	<u>14,816</u>

A donation of £16,222 was made to The Princes Trust, a charity which provides youth opportunities to disadvantaged young people. A donation of £4,500 was made to Deen City Farm, a farm and riding stables offering children's events and educational programs. A donation of £4,500 was made to Age UK, a charity which aims to improve later life for everyone through information and advice services, campaigns, products, training and research. A donation of £4,000 was made to Battersea Crime Prevention Panel, and the donation helped to fund a summer school for underprivileged children. A donation of £3,200 was made to Devas Club, a charity which provides a variety of activities for young people. A donation of £4,464 was made to The Pace Centre, a charity which helps children with cerebral palsy and their families. A donation of £2,500 was made to Jakarta Education Foundation, a charity which provides secondary educational services to under privileged children. A donation of £2,000 was made to Luangwa Project, a charity which provides educational and training support at schools in Zambia. Small donations totalling £1,800 to various other charities were also made.

**Auditors**

Under section 487(2) of the Companies Act 2006, SRLV will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

BEGGARS GROUP LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2012

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**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 the group and of the profit or loss of the group 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 group 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 group 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 auditors**

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

Approved by the board of directors on 30 September 2013 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 2012**

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We have audited the financial statements of Beggars Group Limited for the year ended 31 December 2012 which comprise the Group Profit and Loss Account, the Group Statement of Total 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 anyone 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 pages 2-3, 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 2012 and of the group's 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 2013

89 New Bond Street  
London  
W1S 1DA

BEGGARS GROUP LIMITED  
GROUP PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	2012 £	2011 £
<b>Turnover including share of associates and joint ventures</b>		67,913,764	86,109,452
<i>Less share of turnover of</i>			
Joint ventures		(45,705,701)	(62,333,439)
Associates		<u>(447,970)</u>	<u>(344,665)</u>
<b>Group turnover</b>	1,2	21,760,093	23,431,348
Cost of sales		<u>(7,184,859)</u>	<u>(7,504,838)</u>
<b>Gross profit</b>		14,575,234	15,926,510
Distribution expenses		(1,544,894)	(1,824,281)
Administrative expenses		(10,311,372)	(12,477,898)
Other operating income		<u>-</u>	<u>125,055</u>
<b>Group operating profit</b>	3	2,718,968	1,749,386
Share of operating profit from joint ventures	6	12,475,385	21,337,813
Share of operating loss from associates	6	(81,593)	(40,239)
Loss on disposal of fixed asset investments		<u>(2,024)</u>	<u>(329)</u>
<b>Total operating profit</b>		15,110,736	23,046,631
Net finance income	7	<u>4,180</u>	<u>2,446</u>
<b>Profit on ordinary activities before taxation</b>		15,114,916	23,049,077
Tax charge on profit on ordinary activities	8	<u>(3,927,858)</u>	<u>(6,146,457)</u>
<b>Profit on ordinary activities after taxation</b>		11,187,058	16,902,620
Equity minority interests	24	(134,962)	(33,552)
<b>Profit for the financial year</b>	22	<u>11,052,096</u>	<u>16,869,068</u>

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



BEGGARS GROUP LIMITED  
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 31 DECEMBER 2012

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	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
<b>Profit for the financial year</b>	11,052,096	16,869,068
Issue of shares by associate	93,990	54,521
Currency translation difference on foreign currency net investments	(57,978)	(2,565)
<b>Total recognised gains and losses in the year</b>	<u>11,088,108</u>	<u>16,921,024</u>

BEGGARS GROUP LIMITED  
GROUP BALANCE SHEET  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Intangible assets	10		734,785		857,207
Tangible assets	11		6,505,234		2,080,256
Investments					
<i>Investment in joint ventures</i>					
Share of gross assets	12	29,856,275		32,407,517	
Share of gross liabilities	12	(10,821,127)		(22,459,015)	
Associated undertakings	12	194,756		192,192	
Other investments	12	<u>1,607,873</u>		<u>3,231,875</u>	
			<u>20,837,777</u>		<u>13,372,569</u>
			28,077,796		16,310,032
<b>Current assets</b>					
Stocks	13	255,952		234,525	
Debtors	14	13,026,492		36,123,136	
Cash at bank and in hand		<u>14,574,667</u>		<u>6,931,350</u>	
			27,857,111		43,289,011
<b>Creditors: amounts falling due within one year</b>	15		<u>(19,020,244)</u>		<u>(31,372,324)</u>
<b>Net current assets</b>			8,836,867		11,916,687
<b>Total assets less current liabilities</b>			<u>36,914,663</u>		<u>28,226,719</u>
<b>Provisions for liabilities and charges</b>					
<i>Investment in joint ventures</i>					
Share of gross assets		626,732		784,887	
Share of gross liabilities		<u>(1,582,434)</u>		<u>(1,767,006)</u>	
	16		(955,702)		(982,119)
Associated undertakings	16		-		(8,709)
<b>Net assets</b>			<u>35,958,961</u>		<u>27,235,891</u>
<b>Capital and reserves</b>					
Called up share capital	21		200		200
Other reserves	22		576,931		482,941
Revaluation reserve	22		235,040		235,040
Profit and loss account	22		36,315,855		27,821,737
<b>Total shareholders' funds</b>			<u>37,128,026</u>		<u>28,539,918</u>
<b>Equity minority interests</b>	24		(1,169,065)		(1,304,027)
<b>Total capital employed</b>			<u>35,958,961</u>		<u>27,235,891</u>

Approved by the board of directors and authorised for issue on 30 September 2013



**Martin Mills**  
Director

**Company Registration Number 01414045**

BEGGARS GROUP LIMITED  
COMPANY BALANCE SHEET  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	£	2012 £	£	2011 £
<b>Fixed assets</b>					
Tangible assets	11		1,285,921		1,274,005
Investments	12		<u>6,161,468</u>		<u>7,785,471</u>
			7,447,389		9,059,476
<b>Current assets</b>					
Debtors	14	21,858,795		27,425,230	
Cash at bank		<u>2,478,113</u>		<u>21,985</u>	
			24,336,908		27,447,215
<b>Creditors: amounts falling due within one year</b>	15		<u>(15,218,065)</u>		<u>(18,576,247)</u>
<b>Net current assets</b>			9,118,843		8,870,968
<b>Total assets less current liabilities</b>			<u>16,566,232</u>		<u>17,930,444</u>
<b>Net assets</b>			<u>16,566,232</u>		<u>17,930,444</u>
<b>Capital and reserves</b>					
Called up share capital	21		200		200
Revaluation reserve	22		235,040		235,040
Profit and loss account	22		16,330,992		17,695,204
<b>Shareholders' funds</b>	23		<u>16,566,232</u>		<u>17,930,444</u>

Approved by the board of directors and authorised for issue on 30 September 2013



**Martin Mills**  
Director

**Company Registration Number: 01414045**

BEGGARS GROUP LIMITED  
GROUP CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012

	Notes	£	2012 £	£	2011 £
<b>Net cash inflow/(outflow) from operating activities</b>	A		14,961,569		(3,563,375)
<b>Dividend from joint venture</b>			93,122		8,500,000
<b>Returns on investments and servicing of finance</b>					
Interest received		8,712		6,997	
Interest paid		<u>(4,532)</u>		<u>(4,551)</u>	
<b>Net cash inflow for returns on investments and servicing of finance</b>			4,180		2,446
<b>Corporation tax paid</b>			(102,227)		(1,229,794)
<b>Capital expenditure and financial investment</b>					
Proceeds from sale of tangible assets		49		23,218	
Payments to acquire tangible assets		<u>(4,684,798)</u>		<u>(533,233)</u>	
<b>Net outflow for capital expenditure</b>			(4,684,749)		(510,015)
<b>Equity dividends paid</b>			(2,500,000)		(1,020,000)
<b>Net cash inflow before management of liquid resourcing &amp; financing</b>	C		<u>7,771,895</u>		<u>2,179,262</u>
<b>Increase in cash in the year</b>			<u>7,771,895</u>		<u>2,179,262</u>

BEGGARS GROUP LIMITED  
NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £	
<b>A. Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit	2,718,967	1,749,386	
Depreciation of tangible assets	218,682	187,658	
Amortisation of intangible assets	122,422	148,302	
Foreign exchange gains	(19,129)	(14,492)	
Loss on disposal of tangible assets	40,887	13,530	
Increase in stock	(21,427)	(25,040)	
Decrease/(increase) in debtors	16,709,116	(14,352,557)	
(Decrease)/increase in creditors within one year	(4,807,949)	8,729,838	
<b>Net cash inflow/(outflow) from operating activities</b>	<b>14,961,569</b>	<b>(3,563,375)</b>	
<b>B. Analysis of net cash</b>	<b>At 1 Jan 2012</b>	<b>Cash Flow</b>	<b>At 31 Dec 2012</b>
Net cash			
Cash at bank and in hand	6,931,350	7,643,317	14,574,667
Bank overdrafts	(128,578)	128,578	-
<b>Net cash</b>	<b>6,802,772</b>	<b>7,771,895</b>	<b>14,574,667</b>
<b>C. Reconciliation of net cash flow to movement in the net cash</b>	<b>2012 £</b>	<b>2011 £</b>	
Increase in cash in the year	7,771,895	2,179,262	
<b>Movement in net cash in the year</b>	<b>7,771,895</b>	<b>2,179,262</b>	
Opening net cash	6,802,772	4,623,510	
<b>Closing net cash</b>	<b>14,574,667</b>	<b>6,802,772</b>	

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2012

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**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 £1,135,788 (2011 profit £9,232,980).

**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 artists**

Advances to artists, presented within debtors on the balance sheet, represent advances made direct to artists for recording and other costs incurred on behalf of artists 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.

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012

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**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 2012

**2 Turnover**

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

	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
Sales and licensing of sound recordings	19,667,478	21,970,915
Synchronisation and performance income	2,092,615	1,460,433
	<u>21,760,093</u>	<u>23,431,348</u>

Turnover is analysed by geographical markets as follows

	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
UK	6,015,637	4,793,515
Rest of world	15,744,456	18,637,833
	<u>21,760,093</u>	<u>23,431,348</u>

**3. Operating Profit**

	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
<b>Operating profit is stated after charging</b>		
Amortisation	122,564	148,302
Depreciation	218,682	187,658
Loss on disposal of fixed assets	40,887	13,530
Auditors remuneration – group and company		
Audit	160,000	155,000
Consultancy	13,770	1,825
Operating lease costs		
Land and buildings	356,181	360,971
Net loss on foreign currency translation	<u>624,838</u>	<u>295,293</u>

**4 Information regarding employees**

	<b>2012</b> <b>No</b>	<b>2011</b> <b>No</b>
<b>Average number of persons employed (including directors)</b>		
Management	13	11
Administration	86	89
	<u>99</u>	<u>100</u>

**The aggregate payroll costs of the above were:**

<b>Staff costs during the year</b>		
Wages and salaries	4,543,373	6,470,709
Social security costs	1,095,109	1,118,169
Pension costs	173,208	22,915
	<u>5,811,690</u>	<u>7,611,793</u>

**5. Directors' emoluments**

The directors' aggregate emoluments in respect of qualifying services were

	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
Emoluments	<u>731,238</u>	<u>1,618,250</u>

The number of directors for whom retirement benefits are paid into personal pension plans amounted to 1 (2011 0)

**Emoluments of highest paid director:**

Emoluments	<u>385,644</u>	<u>641,454</u>
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BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012

	2012 £	2011 £
<b>6. Share of profits from other fixed asset investments</b>		
Net share of operating loss of associates	(81,593)	(40,239)
Net share of operating profit of joint ventures	12,475,385	21,337,813
	<u>12,393,792</u>	<u>21,297,574</u>

The share of the operating profits/(losses) of the associates relates to Media Service Provider Limited – (£85,639), Consolidated Independent Limited – (£5,416), and Nation Records Limited – £9,462

The share of the operating profits/(losses) in joint ventures relates to Remote Control Records Pty Limited – (£9,938), Matador Recordings LLC – (£230,146), Matador Records Limited – £15,151, Popstock Distributions, S L – £4,750, XL Recordings Limited – £12,708,443, Ink Management Limited – £6,584 and Rough Trade Records Limited – (£19,459)

	2012 £	2011 £
<b>7. Finance charges (net)</b>		
<b>Interest receivable and similar income</b>		
Interest receivable – bank interest	8,712	6,619
Interest receivable – other	-	378
<b>Interest payable and similar charges</b>		
Interest payable on bank borrowing	(1,177)	(533)
Other similar charges payable	(3,355)	(4,018)
	<u>4,180</u>	<u>2,446</u>

	2012 £	2011 £
<b>8. Tax charge on profit on ordinary activities</b>		
<b>(a) Analysis of charge in period</b>		
<i>Current taxation</i>		
UK corporation tax for the year	(620,346)	(586,319)
Double taxation relief	<u>97,569</u>	<u>76,885</u>
	(522,777)	(509,434)
Foreign tax for current period	(175,425)	(98,539)
Share of joint ventures' tax	<u>(3,229,656)</u>	<u>(5,538,484)</u>
Total current tax charge on profit on ordinary activities	<u>(3,927,858)</u>	<u>(6,146,457)</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	15,114,916	23,049,077
Tax charge on ordinary activities at standard rate of tax 24 5%/20% (2011 – 26 5%/20%)	3,722,296	6,106,093
<i>Factors affecting charge for the period</i>		
Expenses not deductible for tax purposes	111,170	387,010
Depreciation in excess of capital allowances	1,862	(16,759)
Movement in short term timing differences	193,177	(105,374)
Tax losses utilised	-	(3,154)
Marginal relief	-	1,507
Foreign tax expensed	-	1,081
Other tax adjustments	(100,647)	(223,947)
Current tax charge	<u>3,927,858</u>	<u>6,146,457</u>

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012

**(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 £58,000

**9. Dividends**

The following dividends have been paid in respect of the year

	<b>2012</b> <b>£</b>	<b>2011</b> <b>£</b>
Dividends paid on ordinary equity shares of £12,500 (2011 £5,100) per share	<u>2,500,000</u>	<u>1,020,000</u>

**10. Intangible fixed assets**

	<b>Goodwill</b>	<b>Total</b>
	<b>£</b>	<b>£</b>
<b>Group</b>		
<b>Cost</b>		
At 1 January 2012 and 31 December 2012	<u>2,149,477</u>	<u>2,149,477</u>
<b>Amortisation</b>		
At 1 January 2012	1,292,270	1,292,270
Charge for the year	122,422	122,422
At 31 December 2012	<u>1,414,692</u>	<u>1,414,692</u>
<b>Net book value</b>		
At 31 December 2012	<u>734,785</u>	<u>734,785</u>
At 31 December 2011	<u>857,207</u>	<u>857,207</u>

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

	<b>Freehold land &amp; buildings £</b>	<b>Investment properties £</b>	<b>Leasehold properties £</b>	<b>Fixtures &amp; fittings £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Group Cost or Valuation</b>						
At 1 January 2012	1,383,480	400,000	194,458	977,236	193,294	3,148,468
Foreign exchange	-	-	(591)	(7,175)	-	(7,766)
Additions	4,434,366	-	-	196,051	54,381	4,684,798
Disposals	-	-	-	(230,660)	(33,495)	(264,155)
At 31 December 2012	<u>5,817,846</u>	<u>400,000</u>	<u>193,867</u>	<u>935,452</u>	<u>214,180</u>	<u>7,561,345</u>
<b>Depreciation</b>						
At 1 January 2012	357,668	-	70,055	589,447	51,041	1,068,211
Foreign exchange	-	-	(530)	(7,034)	-	(7,564)
Charge for year	27,670	-	4,540	142,915	43,558	218,683
Disposals	-	-	-	(192,806)	(30,413)	(223,219)
At 31 December 2012	<u>385,338</u>	<u>-</u>	<u>74,065</u>	<u>532,522</u>	<u>64,186</u>	<u>1,056,111</u>
<b>Net book value</b>						
At 31 December 2012	<u>5,432,508</u>	<u>400,000</u>	<u>119,802</u>	<u>402,930</u>	<u>149,994</u>	<u>6,505,234</u>
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>
<b>Company Cost or Valuation</b>						
At 1 January 2012	449,734	400,000	180,835	732,568	103,463	1,866,600
Additions	-	-	-	150,157	32,431	182,588
Disposals	-	-	-	(144,128)	(18,500)	(162,628)
At 31 December 2012	<u>449,734</u>	<u>400,000</u>	<u>180,835</u>	<u>738,597</u>	<u>117,394</u>	<u>1,886,560</u>
<b>Depreciation</b>						
At 1 January 2012	121,076	-	57,835	389,874	23,810	592,595
Charge for year	8,995	-	4,428	96,513	24,768	134,704
Disposals	-	-	-	(108,160)	(18,500)	(126,660)
At 31 December 2012	<u>130,071</u>	<u>-</u>	<u>62,263</u>	<u>378,227</u>	<u>30,078</u>	<u>600,639</u>
<b>Net book value</b>						
At 31 December 2012	<u>319,663</u>	<u>400,000</u>	<u>118,572</u>	<u>360,370</u>	<u>87,316</u>	<u>1,285,921</u>
At 31 December 2011	<u>328,658</u>	<u>400,000</u>	<u>123,000</u>	<u>342,694</u>	<u>79,653</u>	<u>1,274,005</u>

Investment properties were valued on an open market basis as at 31 December 2012 by Nigel Bolt (director)

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

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**12. Investments**

	<b>Associates</b>	<b>Joint ventures</b>	<b>Loans*</b>	<b>Other</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Group Cost</b>					
At 1 January 2012	192,192	9,948,502	2,324,003	907,872	13,372,569
Change in value	2,564	9,086,647	(1,624,003)	-	7,465,208
At 31 December 2012	<u>194,756</u>	<u>19,035,148</u>	<u>700,000</u>	<u>907,872</u>	<u>20,837,777</u>
<b>Net book value</b>					
At 31 December 2012	<u>194,756</u>	<u>19,035,148</u>	<u>700,000</u>	<u>907,872</u>	<u>20,837,777</u>
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>

\*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 £19,229,904 and associates and joint ventures in a net liabilities position (including unamortised goodwill) of £955,702 (note 16)

The following table shows the total associates and joint venture position

	<b>Associates</b>	<b>Joint ventures</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Group associates and joint ventures</b>			
<b>Share of net assets/(liabilities)/cost</b>			
At 1 January 2012	183,483	7,054,028	7,237,511
Disposals	(2,024)	-	(2,024)
Additions	-	1	1
Transfer	899	(899)	-
Share of retained (loss)/profit for the year	(81,592)	9,409,200	9,327,608
Share of dividends paid	-	(93,122)	(93,122)
Proceeds from the issue of shares	93,990	-	93,990
Foreign currency translation movements	-	(38,646)	(38,646)
	<u>194,756</u>	<u>16,330,562</u>	<u>16,525,318</u>
<b>Goodwill</b>			
At 1 January 2012	-	1,912,355	1,912,355
Amortisation	-	(163,471)	(163,471)
At 31 December 2012	<u>-</u>	<u>1,748,884</u>	<u>1,748,884</u>
<b>Net book value</b>			
At 31 December 2012	<u>194,756</u>	<u>18,079,446</u>	<u>18,274,202</u>
At 31 December 2011	<u>183,483</u>	<u>8,966,383</u>	<u>9,149,866</u>

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

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Fixed assets	3,047,588	3,144,429
Current assets	27,435,419	30,047,973
Liabilities due within one year	(12,195,438)	(23,684,697)
Liabilities due after one year	(208,123)	(541,322)

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
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**12. Investments (continued)**

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

	<b>XL Recordings Limited</b>	
	<b>2012 £</b>	<b>2011 £</b>
Turnover	39,283,339	55,848,502
Profit before tax	12,711,833	20,849,086
Taxation	(3,142,691)	(5,532,583)
Profit after tax	9,569,142	15,316,503
Fixed assets	1,014,362	956,121
Current assets	25,114,061	27,602,975
Share of gross assets	26,128,423	28,559,096
Liabilities due within one year	(8,240,450)	(20,239,989)
Share of gross liabilities	(8,240,450)	(20,239,989)
Share of net assets	17,887,973	8,319,107

	<b>Matador Recordings LLC</b>	
	<b>2012 £</b>	<b>2011 £</b>
Fixed assets	673,005	777,575
Current assets	1,373,443	1,203,246
Liabilities due within one year	(1,413,305)	(750,233)
Liabilities due after one year	-	(328,194)

**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 2012

<b>Name</b>	<b>Nature of business</b>	<b>Country of incorporation</b>	<b>Class of shares held</b>	<b>% of shares held</b>
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%
Wiiija Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	100%
Mantra Recordings Limited	Dormant	England and Wales	Ordinary	76%
Too Pure Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Beggars Group Holding (USA) Inc	Holding company	United States of America	Ordinary	100%
Beggars Group (USA) Inc	Production and exploitation of sound recordings	United States of America	Ordinary	100%
Beggars Capital LLC	Property holding company	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%

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
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<b>12. Investments (continued)</b>				
<b>Name</b>	<b>Nature of business</b>	<b>Country of incorporation</b>	<b>Class of shares held</b>	<b>% of shares held</b>
Playlouder recordings 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%
<b>Associates and joint ventures</b>				
Consolidated Independent Limited	Provision of information technology services	England and Wales	Ordinary	41 41% <i>Indirect</i>
Media Service Provider Limited	Broadband ISP Provider	England and Wales	Ordinary	15 82% <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	50% <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 2012. The consolidated accounts include figures for the year ended to 31 March 2012. 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, Rough Trade Limited, Rough Trade Retail (USA) Holdings Inc. and Rough Trade Retail LLC.

4AD Limited owns 50.00% 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 March 2012.

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.

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012

**12. Investments (continued)**

	Subsidiary companies	Associated undertakings and joint ventures	Other investments	Loans	Total
Company	£	£	£	£	£
<b>Cost</b>					
As at 1 January 2012	2,245,455	2,669,510	819,948	2,324,003	8,058,916
Transfer	-	-	-	(1,624,003)	(1,624,003)
Disposal	-	(55,000)	-	-	(55,000)
	<u>2,245,455</u>	<u>2,614,510</u>	<u>819,948</u>	<u>700,000</u>	<u>6,379,913</u>
<b>Amounts written off</b>					
At 1 January 2012	1,764	271,681	-	-	273,445
Disposal	-	(55,000)	-	-	(55,000)
	<u>1,764</u>	<u>216,681</u>	<u>-</u>	<u>-</u>	<u>218,445</u>
<b>Net book value</b>					
At 31 December 2012	<u>2,243,691</u>	<u>2,397,829</u>	<u>819,948</u>	<u>700,000</u>	<u>6,161,468</u>
At 31 December 2011	<u>2,243,691</u>	<u>2,397,829</u>	<u>819,948</u>	<u>2,324,003</u>	<u>7,785,471</u>

**13. Stocks**

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Finished goods for resale	<u>255,952</u>	<u>234,525</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	
	2012 £	2011 £	2012 £	2011 £
Trade debtors	5,851,534	5,893,555	696	28,824
Amounts owed by subsidiary undertakings	-	-	20,687,921	26,954,622
Amounts owed by associated undertakings and joint ventures	222,802	160,031	673,476	160,031
Other debtors	6,090,235	29,390,481	404,356	222,833
Prepayments and accrued income	861,921	679,069	92,346	58,920
	<u>13,026,492</u>	<u>36,123,136</u>	<u>21,858,795</u>	<u>27,425,230</u>

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

	Group		Company	
	2012 £	2011 £	2012 £	2011 £
Bank loans and overdrafts	-	128,578	-	128,578
Trade creditors	4,003,834	5,814,516	222,696	151,049
Amounts owing to subsidiary undertakings	-	-	2,649,436	-
Amounts owing to participating interests	10,200,726	16,678,247	11,783,091	16,968,432
Other taxation and social security	407,791	1,189,263	404,529	1,164,031
Corporation taxation	343,041	224,202	-	-
Other creditors	2,984,018	5,750,113	1,153	2,266
Accruals and deferred income	1,080,834	1,587,405	157,160	161,891
	<u>19,020,244</u>	<u>31,372,324</u>	<u>15,218,065</u>	<u>18,576,247</u>

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012

**16. Provisions for liabilities and charges**

	<b>Group</b>		<b>Company</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Share of net liabilities of associates	-	8,709	-	-
Share of net liabilities of joint ventures	955,702	982,119	-	-
Provision carried forward	<u>955,702</u>	<u>990,828</u>	<u>-</u>	<u>-</u>

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

In 2012 and 2011 the share of liabilities in joint ventures has arisen on the holdings in Popstock Distribuciones S L and Matador Records Limited

**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.

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>173,208</u>	<u>22,915</u>

**18. Commitments under operating leases**

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

<b>Group</b>	<b>Plant and machinery</b>		<b>Land and buildings</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire				
In less than one year	15,385	16,082	19,313	20,079
Between two and five years	7,808	8,162	57,000	-
In more than five years	-	-	208,429	274,870
	<u>23,193</u>	<u>24,244</u>	<u>284,742</u>	<u>294,949</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 2012 was a loan of £50,221 (2011 £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.

£355,000 (2011 £522,094) 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 £2,500,000 (2011 £1,020,000).



**BEGGARS GROUP LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

**20. Related party transactions**

During the year, rent of £57,000 (2011 £57,000) was charged by the Beggars Banquet Executive Pension Scheme, of which 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

	<b>2012</b>		<b>2011</b>	
	<b>Turnover</b>	<b>Costs</b>	<b>Turnover</b>	<b>Costs</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Mowax Labels Limited	444	150	1,124	6,377
Matador Records Limited	1,043,822	788,359	686,550	347,248
XL Recordings Limited	27,109,248	13,333,806	75,939,552	31,392,757
Nation Records Limited	5,249	584	9,283	332
Rough Trade Records Limited	<u>1,610,773</u>	<u>974,500</u>	<u>2,319,779</u>	<u>1,081,299</u>

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

	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Mowax Labels Limited	10,000	10,000
Matador Records Limited	573,633	436,000
XL Recordings Limited	2,415,850	3,770,500
Rough Trade Records Limited	<u>907,033</u>	<u>880,000</u>

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

<b>Amount due from/(to)</b>	<b>2012</b>	<b>2011</b>
	<b>£</b>	<b>£</b>
Mowax Labels Limited	(4,138)	(2,676)
Matador Records Limited	14,963	15,251
XL Recordings Limited	(11,778,953)	(16,134,853)
Rough Trade Records Limited (other loans)	700,000	(488,523)
Rough Trade Records Limited (trade debt)	498,565	(574,433)
Mattitude Music LLC	<u>222,802</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

	<b>2012</b>		<b>2011</b>	
	<b>Royalties</b>	<b>Overhead</b>	<b>Royalties</b>	<b>Overhead</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Mowax Labels Limited	1,251	-	2,077	-
XL Recordings Limited	2,029,876	57,563	1,895,608	51,599
Rough Trade Records Limited	<u>158,240</u>	<u>10,399</u>	<u>207,347</u>	<u>16,671</u>

During the year, payments were made to Remote Control Records Pty Limited of £516,983 (2011 £946,863) in respect of commission

During the year, payments were made to Consolidated Independent Limited in respect of services provided of £157,608 (2011 £167,077)

At the year end the group was owed £317,954 (2011 - £902,420) by Popstock Distribuciones SL in respect of distributed sales

At the year end there was a balance due from Mattitude LLC of £222,802 (2011 - £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 £98,624 (2011 £81,875) and other services of £nil (2011 £22,317). At the year end there was a balance due to the group of £25,000 (2011 £25,000)

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012

**21. Share capital**

	<b>2012 No</b>	<b>2012 £</b>	<b>2011 No</b>	<b>2011 £</b>
<b>Company</b>				
<b>Allotted, called up and fully paid:</b>				
Ordinary 'A' shares of £1 00 each	98	98	98	98
Ordinary 'B' shares of £1 00 each	100	100	100	100
Preferred 'C' Shares of £1 00 each	2	2	2	2
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

**22. Reserves**

	<b>Profit and loss account £</b>	<b>Other reserves £</b>	<b>Revaluation reserve £</b>	<b>Total £</b>
<b>Group</b>				
Balance at 1 January 2012	27,821,737	482,941	235,040	28,539,718
Issue of shares by associate	-	93,990	-	93,990
Retained profit for the year	11,052,096	-	-	11,052,096
Dividends paid	(2,500,000)	-	-	(2,500,000)
Currency translation difference on foreign currency net investments	(57,978)	-	-	(57,978)
Balance at 31 December 2012	<u>36,315,855</u>	<u>576,931</u>	<u>235,040</u>	<u>37,127,826</u>
	<b>Profit and loss account £</b>	<b>Revaluation reserve £</b>		
<b>Company</b>				
Balance at 1 January 2012	17,695,204	235,040		
Profit for the year	1,135,788	-		
Dividends paid	(2,500,000)	-		
Balance at 31 December 2012	<u>16,330,992</u>	<u>235,040</u>		

**23 Reconciliation of movement in shareholders' funds**

	<b>2012 £</b>	<b>2011 £</b>
<b>Group</b>		
<b>Equity shareholders' funds</b>		
Profit for the financial year	11,052,096	16,869,068
Dividends	(2,500,000)	(1,020,000)
Proceed from the issue of shares	93,990	54,521
Currency translation difference on foreign currency net investments	(57,978)	(2,565)
Net addition to shareholders' funds	8,588,108	15,901,024
Opening shareholders' funds	<u>28,539,916</u>	<u>12,638,892</u>
Closing shareholders' funds	<u>37,128,024</u>	<u>28,539,916</u>
Opening and closing shareholders non-equity funds	2	2
Total shareholders' funds	<u>37,128,026</u>	<u>28,539,918</u>

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2012

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

Company	2012 £	2011 £
Profit for the financial year	1,135,788	9,232,980
Dividends	<u>(2,500,000)</u>	<u>(1,020,000)</u>
Net Addition to shareholders' funds	(1,364,212)	8,212,980
Opening shareholders' funds	<u>17,930,442</u>	<u>9,717,462</u>
Closing shareholders' funds	16,566,2320	17,930,442
Opening and closing shareholders' non-equity funds	2	2
Total shareholders' funds	<u>16,566,232</u>	<u>17,930,444</u>

**24. Equity minority interests**

	2012 £
At 1 January 2012	(1,304,027)
Share of retained profits for the year	134,962
At 31 December 2012	<u>(1,169,065)</u>

**25. Events after the Balance Sheet Date**

Dividends of £1,000,000 and £9,000,000 were paid on 1 May 2013 and 28 June 2013 respectively

**26. Controlling party**

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