

Company No: 1414045

BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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· BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

Directors

Martin Mills MBE
Nigel Bolt
Andrew Heath MBE
James Wyllie

Company number

1414045

Registered Office

17-19 Alma Road
London
SW18 1AA

Auditors

SRLV
89 New Bond Street
London
W1S 1DA

**BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

Contents	Page
Directors' report	1
Independent auditor's report	3
Group profit and loss account	4
Group statement of recognised gains and losses	5
Group balance sheet	6
Company balance sheet	7
Group cash flow statement	8
Notes forming part of the financial statements	10

BEGGARS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2009

The Directors present their annual report and the audited financial statements for the year ended 31 December 2009

Principal activities and business review

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

Business Review

Turnover decreased during the year by 29% in line with expectations. However there was an increase in profits as a result of reduced costs and increased margins.

Principal risks and uncertainties

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

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

The group's principal financial instruments comprise bank balances, bank overdrafts, 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 a balance between the continuity of funding and flexibility through the use of overdrafts at floating rates of interest.

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 2009, with comparatives for the year ended 31 December 2008, are laid out below.

	2009	2008
	£	£
Turnover including share of associates and joint ventures	34,977,364	44,444,049
Total operating profit	3,693,499	3,007,946
Number of releases	<u>69</u>	<u>74</u>

Future Developments

The directors will pursue their management policies and it is anticipated that there will be an effective response to the challenges of the ensuing year.

Directors

The following directors have held office since 1 January 2009.

Martin Mills
Nigel Bolt
Andrew Heath
James Wyllie

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.

BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

Donations

During the year the company made the following contributions

	2009 £	2008 £
Charitable	<u>1,568</u>	<u>17,332</u>

Auditors

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

Statement of the directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Statement of disclosure to auditor

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

Approved by the board of directors on 14 October 2010 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 2009

We have audited the financial statements of Beggars Group Limited for the year ended 31 December 2009 set out on pages 4 to 23. These financial statements have been prepared under the accounting policies set out herein.

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 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 company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion, the financial statements

- give a true and fair view of the state of the company's and the group's affairs as at 31 December 2009 and of its 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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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

Chartered Accountants
Statutory Auditor

25 October 2010

89 New Bond Street
London
W1S 1DA

BEGGARS GROUP LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	2009 £	2008 £
Turnover including share of associates and joint ventures		34,977,364	44,444,049
<i>Less share of turnover of</i>			
Joint ventures		(16,555,776)	(18,101,367)
Associates		(90,060)	(405,807)
Group turnover	1,2	18,331,528	25,936,875
Cost of sales		(4,724,156)	(11,625,937)
Gross profit		13,607,372	14,310,938
Distribution expenses		(1,876,636)	(2,560,404)
Administrative expenses		(8,965,393)	(8,619,697)
Other operating income		-	33,165
Group operating profit	3	2,765,343	3,164,002
Share of operating profit/(loss) from joint ventures	6	963,752	(39,659)
Share of operating loss from associates	6	(37,235)	(115,959)
Profit/(loss) on disposal of fixed asset investments		1,639	(538)
Total operating profit		3,693,499	3,007,946
Net finance charges	7	(10,463)	(135,822)
Profit on ordinary activities before taxation		3,683,036	2,872,124
Tax charge on profit on ordinary activities	8	(1,275,441)	(1,137,211)
Profit on ordinary activities after taxation		2,407,595	1,734,913
Equity minority interests	24	(27,036)	(89,973)
Profit for the financial year	22	2,380,559	1,644,940

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 2009

	2009 £	2008 £
Profit for the financial year	2,380,559	1,644,940
Issue of shares by associate	65,614	58,036
Currency translation difference on foreign currency net investments	(8,591)	68,997
Total recognised gains and losses in the year	<u>2,437,582</u>	<u>1,771,973</u>

BEGGARS GROUP LIMITED
GROUP BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	£	2009 £	£	2008 £
Fixed assets					
Intangible assets	10		1,129,628		960,860
Tangible assets	11		1,820,896		1,876,082
Investments					
<i>Investment in joint ventures</i>					
Share of gross assets	12	6,877,211		4,718,981	
Share of gross liabilities	12	(4,720,345)		(3,123,202)	
Associated undertakings	12	186,196		177,610	
Other investments	12	<u>3,231,700</u>		<u>908,962</u>	
			<u>5,574,762</u>		<u>2,682,351</u>
			8,525,286		5,519,293
Current assets					
Stocks	13	256,823		250,922	
Debtors	14	5,681,001		5,379,566	
Cash at bank and in hand		<u>3,640,854</u>		<u>2,568,706</u>	
			9,578,678		8,199,194
Creditors: amounts falling due within one year	15		(7,550,487)		(5,877,580)
Net current assets			2,028,191		2,321,614
Total assets less current liabilities			<u>10,553,477</u>		<u>7,840,907</u>
Provisions for liabilities and charges					
<i>Investment in joint ventures</i>					
Share of gross assets		675,379		3,041,517	
Share of gross liabilities		<u>(1,733,679)</u>		<u>(4,158,260)</u>	
	16		(1,058,300)		(1,116,743)
Associated undertakings	16		(16,933)		(38,364)
Net assets			<u>9,478,244</u>		<u>6,685,800</u>
Capital and reserves					
Called up share capital	21		200		200
Other reserves	22		387,554		321,940
Revaluation reserve	22		235,040		195,040
Profit and loss account	22		10,242,553		6,694,585
Total shareholders' funds			<u>10,865,347</u>		<u>7,211,765</u>
Equity minority interests	24		(1,387,103)		(525,965)
Total capital employed			<u>9,478,244</u>		<u>6,685,800</u>

Approved by the board of directors and authorised for issue on 14 October 2010



Martin Mills
Director

Company Registration Number: 1414045

BEGGARS GROUP LIMITED
COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	£	2009 £	£	2008 £
Fixed assets					
Tangible assets	11		1,019,665		1,044,602
Investments	12		<u>7,840,471</u>		<u>5,598,248</u>
			8,860,136		6,642,850
Current assets					
Debtors	14	2,570,145		358,152	
Cash at bank		<u>278,427</u>		<u>122,559</u>	
			2,848,572		480,711
Creditors: amounts falling due within one year	15		(2,893,346)		(1,275,811)
Net current liabilities			(44,774)		(795,100)
Total assets less current liabilities			<u>8,815,362</u>		<u>5,847,750</u>
Net assets			<u>8,815,362</u>		<u>5,847,750</u>
Capital and reserves					
Called up share capital	21		200		200
Share premium account	22		235,040		195,040
Profit and loss account	22		8,580,122		5,652,510
Shareholders' funds	23		<u>8,815,362</u>		<u>5,847,750</u>

Approved by the board of directors and authorised for issue on 14 October 2010


Martin Mills
Director

Company Registration Number: 1414045

BEGGARS GROUP LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	Notes	£	2009 £	£	2008 £
Net cash inflow from operating activities	A		2,322,631		3,945,235
Dividend from joint venture			-		1,000,000
Returns on investments and servicing of finance					
Interest paid		5,395		8,407	
Interest received		<u>(15,858)</u>		<u>(144,229)</u>	
Net cash outflow for returns on investments and servicing of finance			(10,463)		(135,822)
Corporation tax paid			(1,163,062)		(144,271)
Capital expenditure and financial investment					
Proceeds from sale of tangible assets		(75,200)		(150,097)	
Payments to acquire tangible assets		<u>4,844</u>		<u>4,947</u>	
Net outflow for capital expenditure			(70,356)		(145,150)
Acquisitions and disposals					
Purchase of interest in a joint venture		<u>-</u>		<u>(502,500)</u>	
Net cash flow from acquisitions & disposals			-		(502,500)
Equity dividends paid			-		(650,000)
Net cash inflow before management of liquid resourcing & financing	C		<u>1,078,750</u>		<u>3,367,492</u>
Increase in cash in the year			<u>1,078,750</u>		<u>3,367,492</u>

BEGGARS GROUP LIMITED
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009 £	2008 £	
A. Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit	2,765,343	3,164,002	
Depreciation of tangible assets	156,456	94,830	
Amortisation of intangible assets	124,119	172,814	
Foreign exchange losses	(3,835)	(149,751)	
Loss on disposal of tangible assets	9,575	8,150	
Increase in stock	(5,901)	(43,069)	
Decrease in debtors	1,524,634	166,373	
Increase in creditors within one year	76,243	531,886	
Increase in long term debtors	(2,324,003)	-	
Net cash inflow from operating activities	2,322,631	3,945,235	
B. Analysis of net cash	At 1 Jan 2009	Cash Flow	At 31 Dec 2009
Net cash			
Cash at bank and in hand	2,568,706	1,072,148	3,640,854
Bank overdrafts	(6,602)	6,602	-
Net cash	2,562,104	1,078,750	3,640,854
C. Reconciliation of net cash flow to movement in the net cash	2009 £	2008 £	
Increase in cash in the year	1,078,750	3,367,492	
Cash outflow/(inflow) from decrease/(increase) in debt	-	-	
Movement in net cash/(debt) in the year	1,078,750	3,367,492	
Opening net cash/(debt)	2,562,104	(805,388)	
Closing net cash	3,640,854	2,562,104	

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009

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

Change in accounting policy

In previous periods digital income received on behalf of joint ventures was recognised gross of royalties payable. The directors have reviewed this policy and have determined that it is more appropriate that the revenue should be recognised for commission retained only.

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 £2,927,612 (2008 profit £924,680).

Turnover

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

Advances to artistes

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

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life, which is 10 or 20 years. Provision is made for any impairment.

Tangible fixed assets and depreciation

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

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

Investment property

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

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

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 2009

2. Turnover

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

	2009 £	2008 £
Sales and licensing of sound recordings	17,025,184	23,140,689
Synchronisation and performance income	1,306,344	2,796,186
	<u>18,331,528</u>	<u>25,936,875</u>

Turnover is analysed by geographical markets as follows

	2009 £	2008 £
UK	6,980,040	6,706,212
Rest of world	11,351,488	19,230,663
	<u>18,331,528</u>	<u>25,936,875</u>

3. Operating Profit

	2009 £	2008 £
Operating profit is stated after charging/(crediting)		
Amortisation	122,564	93,275
Depreciation	156,456	172,813
Provision for diminution in value of intangibles		
Loss on disposal of fixed assets	9,575	7,612
Auditors remuneration – group and company		
Audit	121,646	162,550
Consultancy	-	-
Operating lease costs		
Land and buildings	268,433	287,394
Net loss/(gain) on foreign currency translation	<u>250,464</u>	<u>(379,063)</u>

4. Information regarding employees

	2009 No	2008 No
Average number of persons employed (including directors)		
Management	9	6
Administration	82	80
	<u>91</u>	<u>86</u>

The aggregate payroll costs of the above were:

Staff costs during the year		
Wages and salaries	4,227,892	3,240,703
Social security costs	342,345	322,139
Pension costs	31,660	5,640
	<u>4,601,897</u>	<u>3,568,482</u>

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were

	2009 £	2008 £
Emoluments	<u>1,516,163</u>	<u>926,987</u>
Emoluments of highest paid director:		
Emoluments	<u>375,555</u>	<u>374,200</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

	2009	2008
	£	£
6. Share of profits from other fixed asset investments		
Net share of operating loss of associates	(37,235)	(115,959)
Net share of operating profit/(loss) of joint ventures	963,752	(39,659)
	<u>926,517</u>	<u>(155,618)</u>

The share of the operating profits/(losses) of the associates relates to Media Service Provider Limited - (£48,693), Consolidated Independent Limited - £8,587, and Nation Records Limited - £2,871

The share of the operating profits/(losses) in joint ventures relates to Remote Control Records Pty Limited - (£2,373), Matador Recordings LLC - (£61,842), Matador Records Limited - £131,844, Popstock Distributions, S L - (£136,909), XL Recordings Limited - £1,128,504, and Rough Trade Records Limited - (£95,472)

	2009	2008
	£	£
7. Finance charges (net)		
Interest receivable and similar income		
Interest receivable - bank interest	5,395	8,407
Interest payable and similar charges		
Interest payable on bank borrowing	(2,274)	(144,229)
Other similar charges payable	(13,584)	-
	<u>(10,463)</u>	<u>(135,822)</u>

	2009	2008
	£	£
8. Tax charge on profit on ordinary activities		
(a) Analysis of charge in period		
<i>Current taxation</i>		
UK corporation tax for the year	(889,003)	(962,971)
Adjustment in respect of prior years	409	(2,871)
Double taxation relief	209,035	259,536
	<u>(679,559)</u>	<u>(706,306)</u>
Consortium relief	-	(12,580)
Foreign tax for current period	(260,691)	(259,629)
Share of joint ventures' tax	(335,191)	(158,696)
	<u>(1,275,441)</u>	<u>(1,137,211)</u>
Total current tax charge on profit on ordinary activities		

(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	3,683,036	2,872,124
Tax charge on ordinary activities at standard rate of tax 28% (2008 - 28.5%)	1,032,632	818,575
<i>Factors affecting charge for the period</i>		
Expenses not deductible for tax purposes	91,401	58,141
Depreciation in excess of capital allowances	10,721	(13,081)
Movement in short term timing differences	99,708	309,889
Tax losses utilised	(11,895)	(45,535)
Marginal relief	(822)	(6,555)
Foreign tax expensed	52,215	-
Other tax adjustments	1,890	12,906
Prior period adjustments	(409)	2,871
	<u>1,275,441</u>	<u>1,137,211</u>
Current tax charge		

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

(c) Factors that may affect future tax charges

In accordance with FRS19, no provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to dispose of this property. However, should the property be sold, the tax payable would be approximately £65,800.

A deferred tax asset for the group has not been recognised in respect of trading losses carried forward as there is insufficient evidence that the asset will be recovered. The amount of the asset not recognised is £12,900. 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

	2009 £	2008 £
Dividends paid on ordinary equity shares of £nil (2008 £3,250) per share	-	650,000

10. Intangible fixed assets

	Goodwill	Total
	£	£
Group		
Cost		
At 1 January 2009	1,856,590	1,856,590
Additions	292,887	292,887
At 31 December 2009	<u>2,149,477</u>	<u>2,149,477</u>
Amortisation		
At 1 January 2009	895,730	895,730
Charge for the year	124,119	124,119
At 31 December 2009	<u>1,019,849</u>	<u>1,019,849</u>
Net book value		
At 31 December 2009	<u>1,129,628</u>	<u>1,129,628</u>
At 31 December 2008	<u>960,860</u>	<u>960,860</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

11. Tangible fixed assets	Freehold land & buildings	Investment properties	Leasehold properties	Fixtures & fittings	Motor vehicles	Total
	£	£	£	£	£	£
Group Cost or Valuation						
At 1 January 2009	1,243,480	360,000	187,982	825,080	160,646	2,777,188
Foreign exchange	-	-	(681)	(11,335)	-	(12,016)
Additions	-	-	1,794	70,048	3,360	75,202
Revaluations	-	40,000	-	-	-	40,000
Disposals	-	-	-	(71,667)	(8,495)	(80,162)
At 31 December 2009	1,243,480	400,000	189,095	812,126	155,511	2,800,212
Depreciation						
At 1 January 2009	283,919	-	50,849	462,729	103,609	901,106
Foreign exchange	-	-	(600)	(10,638)	-	(11,238)
Charge for year	23,309	-	5,408	113,438	14,301	156,456
Disposals	-	-	-	(61,873)	(5,135)	(67,008)
At 31 December 2009	307,228	-	55,657	503,656	112,775	979,316
Net book value						
At 31 December 2009	936,252	400,000	133,438	308,470	42,736	1,820,896
At 31 December 2008	959,561	360,000	137,133	362,351	57,037	1,876,082
Company Cost or Valuation						
At 1 January 2009	309,734	360,000	180,835	639,300	93,993	1,583,862
Additions	-	-	-	51,274	-	51,274
Revaluations	-	40,000	-	-	-	40,000
Disposals	-	-	-	(66,663)	-	(66,663)
At 31 December 2009	309,734	400,000	180,835	623,911	93,993	1,608,473
Depreciation						
At 1 January 2009	101,792	-	44,552	320,371	72,545	539,260
Charge for year	6,195	-	4,428	91,770	5,362	107,755
Disposals	-	-	-	(58,207)	-	(58,207)
At 31 December 2009	107,987	-	48,980	353,934	77,907	588,808
Net book value						
At 31 December 2009	201,747	400,000	131,855	269,977	16,086	1,019,665
At 31 December 2008	207,942	360,000	136,283	318,929	21,448	1,044,602

Investment properties were valued on an open market basis as at 31 December 2009 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 2009

12. Investments

	Associates	Joint ventures	Loans*	Other	Total
	£	£	£	£	£
Group Cost					
At 1 January 2009	177,610	1,595,779	-	908,962	2,682,351
Transfer from liabilities	-	(3,805)	-	-	(3,805)
Additions	-	-	2,324,003	-	2,324,003
Disposals	-	-	-	(1,265)	(1,265)
Increase in value	8,586	564,892	-	-	573,478
At 31 December 2009	<u>186,196</u>	<u>2,156,866</u>	<u>2,324,003</u>	<u>907,697</u>	<u>5,574,762</u>
Net book value					
At 31 December 2009	<u>186,196</u>	<u>2,156,866</u>	<u>2,324,003</u>	<u>907,697</u>	<u>5,574,762</u>
At 31 December 2008	<u>177,610</u>	<u>1,595,779</u>	<u>-</u>	<u>908,962</u>	<u>2,682,351</u>

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

The share of assets of associates and joint ventures are split into associates and joint ventures in a net asset position (including unamortised goodwill) of £2,343,062 and associates and joint ventures in a net liabilities position (including unamortised goodwill) of £1,075,233 (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 2009	139,246	(1,930,747)	(1,791,501)
Disposals	1,639	-	1,639
Share of retained (loss)/profit for the year	(37,235)	792,698	755,463
Proceeds from the issue of shares	65,613	-	65,613
Foreign currency translation movements	-	(9,033)	(9,033)
	<u>169,263</u>	<u>(1,147,082)</u>	<u>(977,819)</u>
Goodwill			
At 1 January 2009	-	2,409,783	2,409,783
Amortisation	-	(164,136)	(164,136)
At 31 December 2009	<u>-</u>	<u>2,245,647</u>	<u>2,245,647</u>
Net book value			
At 31 December 2009	<u>169,263</u>	<u>1,098,565</u>	<u>1,267,828</u>
At 31 December 2008	<u>139,426</u>	<u>479,036</u>	<u>618,282</u>

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

	2009	2008
	£	£
Fixed assets	3,140,134	23,140,689
Current assets	4,412,455	4,328,449
Liabilities due within one year	(6,044,124)	(7,082,550)
Liabilities due after one year	(409,901)	(211,863)

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

12. Investments (continued)

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

	XL Recordings Limited		Rough Trade Records Limited	
	2009 £	2008 £	2009 £	2008 £
Turnover	8,620,937	10,568,546	3,671,043	2,329,758
Profit before tax	1,128,504	538,241	(95,472)	(379,800)
Taxation	(326,720)	(163,223)	(4,349)	(1,337)
Profit after tax	801,784	375,018	(99,821)	(381,137)
Fixed assets	633,117	639,556	1,446,072	1,529,766
Current assets	1,767,468	1,670,323	675,796	348,941
Share of gross assets	2,400,585	2,309,879	2,121,868	1,878,707
Liabilities due within one year	(1,602,606)	(2,313,683)	(1,639,591)	(1,296,609)
Share of gross liabilities	(1,602,606)	(2,313,683)	(1,639,591)	(1,296,609)
Share of net assets/(liabilities)	797,979	(3,804)	482,277	582,098

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 2009

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%
Wiiija 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%
Playloutderecordings Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Bidcall Limited	Holding company	England and Wales	Ordinary	75% <i>Indirect</i>
Playlouter 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 2009

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	22.55% <i>Indirect</i>
Remote Control Records Pty Limited	Promotion and marketing of sound recordings	Australia	Ordinary	50%
Popstock Distributiones S L	Distribution of sound recordings	Spain	Ordinary	50%
Everlasting Records S L	Production and exploitation of sound recordings	Spain	Ordinary	50% <i>Indirect</i>
Matador Recordings LLC	Production and exploitation of sound recordings	United States of America	Ordinary	50%
Matador Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
XL Recordings Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
XL Recordings (USA) Inc	Not commenced trade	United States of America	Ordinary	50% <i>Indirect</i>
Rough Trade Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
Mattitude Music LLC	Music publishing	United States of America	Ordinary	50%

The accounting reference date for Nation Records Limited is 31 March and the latest financial statements are for the year ended 31 March 2009. The consolidated accounts include figures for the year ended to 31 March 2009. In the opinion of the directors, the results of Nation Records Limited are not material to the results of the group.

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

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

The accounting reference date for Consolidated Independent Limited is 31 March and the latest financial statements are for the year ended 31 March 2009.

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

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

	Subsidiary companies	Associated undertakings and joint ventures	Other investments	Loans	Total
Company	£	£	£	£	£
Cost					
At 1 January 2009	2,240,430	2,669,510	821,068	-	5,731,008
Additions	5,025	-	-	2,324,003	2,329,028
Disposals	-	-	(1,120)	-	(1,120)
At 31 December 2009	<u>2,245,455</u>	<u>2,669,510</u>	<u>819,948</u>	<u>2,324,003</u>	<u>8,058,916</u>
Amounts written off					
At 1 January 2009	1,764	130,996	-	-	132,760
Additions	-	85,685	-	-	85,685
At 31 December 2009	<u>1,764</u>	<u>216,681</u>	<u>-</u>	<u>-</u>	<u>218,445</u>
Net book value					
At 31 December 2009	<u>2,243,691</u>	<u>2,452,829</u>	<u>819,948</u>	<u>2,324,003</u>	<u>7,840,471</u>
At 31 December 2008	<u>2,238,666</u>	<u>2,538,514</u>	<u>821,068</u>	<u>-</u>	<u>5,598,248</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

13. Stocks

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Finished good for resale	<u>256,823</u>	<u>250,922</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	
	2009	2008	2009	2008
	£	£	£	£
Trade debtors	1,090,300	964,847	421	16,082
Amounts owed by subsidiary undertakings	-	-	2,249,484	58,850
Amounts owed by associated undertakings and joint ventures	160,031	1,474,355	160,031	160,031
Other debtors	3,788,099	2,883,604	116,764	89,214
Prepayments and accrued income	642,571	56,760	43,445	33,975
	<u>5,681,001</u>	<u>5,379,566</u>	<u>2,570,145</u>	<u>358,152</u>

15. Creditors: amounts falling due within one year

	Group		Company	
	2009	2008	2009	2008
	£	£	£	£
Bank loans and overdrafts	-	6,602	-	-
Trade creditors	2,394,304	1,451,858	160,344	172,634
Amounts owing to participating interests	1,843,469	-	2,265,611	654,860
Other taxation and social security	331,005	275,403	313,094	214,519
Corporation taxation	637,428	860,239	37	4,180
Other creditors	2,188,672	2,901,457	6,069	3,679
Accruals and deferred income	155,609	382,021	148,191	225,939
	<u>7,550,487</u>	<u>5,877,580</u>	<u>2,893,346</u>	<u>1,275,811</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	
	2009	2008	2009	2008
	£	£	£	£
Share of net liabilities of associates	16,933	38,364	-	-
Share of net liabilities of joint ventures	1,058,300	1,116,743	-	-
Provision carried forward	<u>1,075,233</u>	<u>1,155,107</u>	<u>-</u>	<u>-</u>

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

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

In 2008 the above share of liabilities in joint ventures has arisen on the holdings in Popstock Distributiones S L , Matador Records Limited and XL Recordings Limited

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

17. 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	
	2009 £	2008 £	2009 £	2008 £
Operating leases which expire				
Between two and five years	-	-	12,000	12,000
In more than five years	21,390	-	200,655	255,847
	<u>21,390</u>	<u>-</u>	<u>212,655</u>	<u>267,847</u>

18. Contingencies

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

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

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 2009 was a loan of £50,221 (2008 £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.

£239,908 (2008 £155,203) 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.

20. Related party transactions

During the year, rent of £57,000 (2008 £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.

	2009		2008	
	Turnover £	Costs £	Turnover £	Costs £
Mowax Labels Limited	3,118	744	4,178	1,115
Matador Records Limited	1,431,092	800,662	1,610,111	794,119
XL Recordings Limited	7,580,264	3,816,143	8,246,098	4,921,054
Nation Records Limited	8,771	572	11,529	1,043
Rough Trade Records Limited	<u>4,820,850</u>	<u>2,267,810</u>	<u>1,711,926</u>	<u>1,074,584</u>

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

	2009 £	2008 £
Mowax Labels Limited	10,000	10,000
Matador Records Limited	335,750	397,500
XL Recordings Limited	2,081,750	2,319,250
Rough Trade Records Limited	<u>1,022,750</u>	<u>813,250</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

20. Related party transactions (continued)

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

Amount due from/(to)	2009 £	2008 £
Mowax Labels Limited	(3,929)	-
Matador Records Limited	(170,787)	(258,402)
XL Recordings Limited	(1,648,107)	(396,458)
Nation Records Limited	-	2,827
Rough Trade Records Limited (other loans)	2,324,003	1,558,108
Rough Trade Records Limited (trade debt)	(442,789)	-
Mattitude Music LLC	160,031	160,031

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

	2009		2008	
	Royalties £	Overhead £	Royalties £	Overhead £
Mowax Labels Limited	3,999	703	1,296	123
XL Recordings Limited	1,128,168	62,221	1,019,779	113,706
Rough Trade Records Limited	241,526	18,001	87,048	15,678

During the previous year Beggars Group Digital 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

Digital sales and costs were passed through Beggars Group Digital and transferred out at the year end as detailed below. In 2009, gross digital revenue was recognised by the relevant company only

	2009		2008	
	Turnover £	Costs £	Turnover £	Costs £
Mowax Labels Limited	-	-	5,394	156
Matador Records Limited	-	-	205,293	18,290
XL Recordings Limited	-	-	2,865,413	98,288
Rough Trade Records Limited	-	-	10,468	24,534

During the year, payments were made to Remote Control Records Pty Limited of £132,411 (2008 £121,573) in respect of commission

During the year, payments were made to Consolidated Independent Limited in respect of services provided of £163,891 (2008 £176,284)

At the year end the group was owed £290,427 (2008 - £161,973) by Popstock Distribuciones SL in respect of distributed sales

At the year end there was a balance due from Mattitude LLC of £160,032 (2008 - £160,032) by way of a loan made to the company

21 Share capital

	2009 No	2009 £	2008 No	2009 £
Company				
Allotted, called up and fully paid:				
Ordinary 'A' shares of £1 00 each	98	98	98	98
Ordinary 'B' shares of £1 00 each	100	100	100	100
Preferred 'C' Shares of £1 00 each	2	2	2	2
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

22. Reserves

	Profit and loss account £	Other reserves £	Revaluation reserve £	Total £
Group				
Balance at 1 January 2009	6,694,585	321,940	195,040	7,211,565
Issue of shares by associate	-	65,614	-	65,614
Retained profit for the year	2,380,559	-	-	2,380,559
Currency translation difference on foreign currency net investments	(8,591)	-	-	(8,591)
Dividend waived by minority interest	1,176,000	-	-	1,176,000
Revaluation of tangible fixed assets	-	-	40,000	40,000
Balance at 31 December 2009	<u>10,242,553</u>	<u>387,554</u>	<u>235,040</u>	<u>10,865,147</u>
	Profit and loss account £	Share premium account £		
Company				
Balance at 1 January 2009	5,652,510	195,040		
Profit for the year	2,927,612	-		
Revaluation of tangible fixed assets	-	40,000		
Balance at 31 December 2009	<u>8,580,122</u>	<u>235,040</u>		

23. Reconciliation of movement in shareholders' funds

	2009 £	2008 £
Group		
Equity shareholders' funds		
Profit for the financial year	2,380,559	1,644,940
Dividends	-	(650,000)
Proceed from the issue of shares	65,614	58,036
Currency translation difference on foreign currency net investments	(8,591)	68,997
Dividend waived by minority interest	1,176,000	-
Revaluation of tangible fixed assets	40,000	-
Net addition to shareholders' funds	3,653,582	1,121,973
Opening shareholders' funds	<u>7,211,763</u>	<u>6,089,790</u>
Closing shareholders' funds	<u>10,865,345</u>	<u>7,211,763</u>
Opening and closing shareholders non-equity funds	2	2
Total shareholders' funds	<u>10,865,347</u>	<u>7,211,765</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2009

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

Company	2009 £	2008 £
Profit for the financial year	2,927,612	924,680
Dividends	-	(650,000)
Revaluation of tangible fixed assets	40,000	-
Net Addition to shareholders' funds	2,967,612	274,680
Opening shareholders' funds	5,847,748	5,573,068
Closing shareholders' funds	8,815,360	5,847,748
Opening and closing shareholders' non-equity funds	2	2
Total shareholders' funds	8,815,362	5,847,750

24. Equity minority interests

	2009 £
At 1 January 2009	(525,965)
Disposal to the group	287,826
Share of retained profits for the year	27,036
Dividend waived**	(1,176,000)
At 31 December 2009	(1,387,103)

**The minority shareholder in Beggars Group Media Limited (Martin Mills) waived his right to participate in an interim dividend of £4,900,000

25. Controlling party

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