

Company No: 01414045

BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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BEGGARS GROUP LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2014

Directors

Martin Mills
Andrew Heath
James Wyllie
Paul Redding
Neela Ebbett
Rupert Skellett

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 2014

The directors present their annual report and the audited financial statements for the year ended 31 December 2014.

Principal activities

The group is principally engaged in the production and exploitation of sound recordings. The Beggars stable of labels, including joint ventures, includes XL Recordings, 4AD, Rough Trade Records, Matador and Young Turks.

Results and dividends

The results for the year are set out on page 6.

An interim ordinary dividend was paid amounting to £2,000,000 (2013 - £10,000,000). The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 January 2014:

Martin Mills
Andrew Heath
James Wyllie
Paul Redding
Neela Ebbett
Rupert Skellett (appointed 17 January 2014)

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.

Future developments

The directors are confident that by pursuing the above management policies the group will achieve continued successes in the years ahead.

Events after the balance sheet date

There were no material events after the balance sheet date.

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.

Matters covered in the group strategic report

The principal risks and uncertainties facing the group and the company have been considered in the Strategic Report.

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 2014

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 5 October 2015 and signed on behalf of the board.



Neela Ebbett
Director

BEGGARS GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014

Business review

In 2014 the global music market has seen a huge growth in streaming at the expense of physical sales, and to some extent, downloads. Beggars Group Limited ('Beggars Group') too has experienced a similar shift to streaming. We remain committed to supporting physical formats, and vinyl sales in particular have exceeded our expectations.

The business has adapted, with appropriate marketing strategies to support the diversity in formats, channels and territories. We have invested significantly in our internal systems to help deal with the increasing complexity and volume of data being collected. Whichever way fans choose to listen to music, this leaves us well equipped to support and promote our artists.

Beggars Group has a portfolio approach to A&R and continues to seek, identify and sign new artists. During 2014 we had notable successes from recent signings such as Jungle, Warpaint, FKA Twigs and Future Islands. The group's future is dependent on its ability to achieve success with new acts as well as its ability to continue to exploit successfully its prestigious and growing catalogue.

Principal risks and uncertainties

Market dynamics outlined above may impact on the long term business model and underlying profitability, in particular the uncertainty of the effectiveness of regulatory influence over powerful global digital service providers. However we continue to work hard on behalf of our artists to ensure that the independent sector is heard and represented.

The group's key focus remains the discovery and promotion of new music, irrespective of format. We believe our labels' independence and artist focussed approach give us a significant advantage.

The group relies on the financial success of a number of key artists. As such we continue to identify and sign new artists. The group's future is dependent on its ability to achieve success with these new artists, and build on and promote our catalogue.

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.

Financial 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 2014, with comparatives for the year ended 31 December 2013, are laid out below.

	2014 £	2013 £
Turnover including share of associates and joint ventures	42,008,256	52,881,264
Total operating profit	5,009,800	5,891,945
Number of releases	44	40

This report was approved by the board on 5 October 2015 and signed on its behalf.



Neela Ebbett
Director

BEGGARS GROUP LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2014

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report, the Strategic Report and the 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; and
- 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 company and 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.

BEGGARS GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BEGGARS GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of Beggars Group Limited for the year ended 31 December 2014 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 members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or the opinions we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 and the Strategic Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. 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 2014 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 and Strategic 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

27 October 2015

89 New Bond Street
London
W1S 1DA

BEGGARS GROUP LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	2014 £	2013 £
Turnover including share of associates and joint ventures		42,008,256	52,881,264
<i>Less share of turnover of:</i>			
Joint ventures		(17,989,498)	(26,770,332)
Associates		(535,857)	(523,624)
Group turnover	1,2	23,482,901	25,587,308
Cost of sales		(10,222,958)	(9,693,741)
Gross profit		13,259,943	15,893,567
Distribution expenses		(1,433,162)	(2,157,089)
Administrative expenses		(10,073,818)	(13,697,110)
Group operating profit	3	1,752,963	39,368
Share of operating profit from joint ventures	6	2,768,463	5,674,247
Share of operating (loss)/profit from associates	6	(21,353)	28,612
Profit on disposal of fixed asset investments	13	509,727	149,718
Total operating profit		5,009,800	5,891,945
Net finance income	7	4,275	9,580
Profit on ordinary activities before taxation		5,014,075	5,901,525
Tax charge on profit on ordinary activities	8	(1,170,510)	(1,768,150)
Profit on ordinary activities after taxation		3,843,565	4,133,375
Equity minority interests	25	(35,550)	(95,510)
Profit for the financial year	23	3,808,015	4,037,865

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 2014

		2014 £	2013 £
Profit for the financial year		3,808,015	4,037,865
Issue of shares by associate		-	2,538
Repurchase of shares by associate		(64,792)	-
Currency translation difference on foreign currency net investments		181,359	(59,881)
Actuarial loss related to pension scheme	18	(55,000)	-
Unrealised surplus on revaluation of investment properties		50,000	-
Total recognised gains and losses relating to the year		3,919,582	<u>3,980,522</u>
Prior year adjustment		(242,135)	
Total recognised gains and losses since last financial statements		<u>3,677,447</u>	

BEGGARS GROUP LIMITED
GROUP BALANCE SHEET
AS AT 31 DECEMBER 2014

	Notes	£	2014 £	£	2013 £
Fixed assets					
Intangible assets	10		489,941		612,363
Tangible assets	11		8,626,801		6,546,634
Investment properties	12		450,000		400,000
Investments					
<i>Investment in joint ventures:</i>					
Share of gross assets	13	12,126,019		16,234,002	
Share of gross liabilities	13	(6,153,617)		(6,249,723)	
Goodwill	13	1,420,560		1,586,861	
Minority interests in joint ventures	13	11,376		-	
Associated undertakings	13	191,887		225,625	
Other investments	13	1,607,872		1,607,872	
			9,204,097		13,404,637
			18,770,839		20,963,634
Current assets					
Stocks	14	484,187		433,716	
Debtors	15	9,862,838		8,589,202	
Cash at bank and in hand		15,277,085		12,909,402	
			25,624,110		21,932,320
Creditors: amounts falling due within one year	16		(11,848,300)		(12,018,779)
Net current assets			13,775,810		9,913,541
Total assets less current liabilities			32,546,649		30,877,175
Provisions for liabilities and charges					
<i>Investment in joint ventures:</i>					
Share of gross assets	13	509,019		670,304	
Share of gross liabilities	13	(1,855,433)		(1,868,542)	
	17		(1,346,414)		(1,198,238)
Net assets excluding pension liability			31,200,235		29,678,937
Defined benefit pension liability	18		(51,400)		-
Net assets			31,148,835		29,678,937

BEGGARS GROUP LIMITED
GROUP BALANCE SHEET (CONTINUED)
AS AT 31 DECEMBER 2014

	Notes	2014 £	2013 £
Capital and reserves			
Called up share capital	22	200	200
Other reserves	23	57,358	579,469
Revaluation reserve	23	285,040	235,040
Profit and loss account	23	31,807,365	29,937,783
Total shareholders' funds	24	<u>32,149,963</u>	<u>30,752,492</u>
Equity minority interests	25	(1,001,128)	(1,073,555)
Total capital employed		<u>31,148,835</u>	<u>29,678,937</u>

Approved by the board of directors and authorised for issue on 5 October 2015



Martin Mills
Director

Company Registration Number: 01414045

BEGGARS GROUP LIMITED
PARENT COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2014

	Notes	£	2014 £	£	2013 £
Fixed assets					
Tangible assets	11		1,426,970		1,202,215
Investment properties	12		450,000		400,000
Investments	13		6,164,308		6,164,308
			8,041,278		7,766,523
Current assets					
Debtors	15	16,940,277		16,237,038	
Cash at bank		6,846,284		2,395,243	
			23,786,561		18,632,281
Creditors: amounts falling due within one year	16		(9,894,646)		(7,952,143)
Net current assets			13,891,915		10,680,138
Total assets less current liabilities			21,933,193		18,446,661
Defined benefit pension scheme liability	18		(51,400)		-
Net assets			21,881,793		18,446,661
Capital and reserves					
Called up share capital	22		200		200
Revaluation reserve	23		285,040		235,040
Profit and loss account	23		21,596,553		18,211,421
Shareholders' funds	24		21,881,793		18,446,661

Approved by the board of directors and authorised for issue on 5 October 2015.



Martin Mills
Director

Company Registration Number: 01414045

BEGGARS GROUP LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Notes	£	2014 £	£	2013 £
Net cash inflow/(outflow) from operating activities	A		969,590		(2,387,167)
Dividend from joint venture			6,500,000		12,000,000
Returns on investments and servicing of finance					
Interest received		18,883		10,766	
Interest paid		(9,208)		(1,186)	
Net cash inflow for returns on investments and servicing of finance			9,675		9,580
Corporation tax paid			(1,079,072)		(480,745)
Capital expenditure and financial investment					
Proceeds from sale of tangible assets		910		2,085	
Payments to acquire tangible assets		(2,033,420)		(809,018)	
Net outflow for capital expenditure			(2,032,510)		(806,933)
Equity dividends paid			(2,000,000)		(10,000,000)
Increase/(decrease) in cash in the year			2,367,683		(1,665,265)

BEGGARS GROUP LIMITED
NOTES TO THE GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2014

	2014 £	2013 £
A. Reconciliation of operating profit to net cash inflow/(outflow) from operating activities		
Operating profit	1,752,962	39,368
Depreciation of tangible assets	235,095	255,287
Amortisation of intangible assets	122,422	122,422
Foreign exchange (gains)/losses	(153,246)	24,032
Loss on disposal of tangible assets	-	19,588
Increase in stock	(50,472)	(177,764)
Increase in debtors	(1,074,061)	(1,423,925)
Decrease/(increase) in creditors within one year	145,890	(1,246,175)
Increase in net pension liability	(9,000)	-
Net cash inflow/(outflow) from operating activities	969,590	(2,387,167)
B. Analysis of changes in net funds	At 1 Jan 2014	Cash flow At 31 Dec 2014
Cash at bank and in hand	12,909,402	15,277,085
Net funds	12,909,402	15,277,085
C. Reconciliation of net cash flow to movement in the net funds	2014 £	2013 £
Increase/(decrease) in cash in the year	2,367,683	(1,665,265)
Movement in net funds in the year	2,367,683	(1,665,265)
Opening net funds	12,909,402	14,574,667
Closing net funds	15,277,085	12,909,402

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified for revaluation of investment properties, and in accordance with the applicable United Kingdom law and accounting standards, which have been applied consistently in the current and prior year.

1.2 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 joint ventures and associated undertakings. 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 amortised over ten or twenty years from the year of acquisition.

The results of companies acquired or disposed 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 £5,385,132 (2013: £11,880,429).

1.3 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.

1.4 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.

1.5 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 amortised on a straight line basis over its useful economic life, which is 10 or 20 years. Provision is made for any impairment.

1.6 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 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	25-33% per annum on a reducing balance basis

1.7 Investment property

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

1. Accounting policies (continued)

1.8 Stock

Stock is valued at the lower of cost and net realisable value. Cost includes all direct costs.

1.9 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.

1.10 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.

The group operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

The company operates defined benefits pension schemes and the pension charge is based on a full actuarial valuation dated 8 May 2015.

1.11 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.

1.12 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.

1.13 Prior year adjustment

During the year ended 31 December 2014, the directors amended the accounting policy in respect of the recognition of revenue from one licensee royalty income stream to an accruals basis which, in the opinion of the directors, is a more appropriate reflection of the underlying terms of the licence. Comparative figures have been restated accordingly. The effect of this change in brought forward is to decrease turnover recognised in the prior year by £242,135, to decrease share of joint ventures liabilities brought forward by £212,914, to increase accruals and deferred income brought forward by £456,944, to increase prepayments and accrued income brought forward by £1,896 and to increase the value of reserves brought forward by the same amount.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

2. Turnover

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

	2014 £	2013 £
Sales and licensing of sound recordings	23,482,901	25,587,308
	<u>23,482,901</u>	<u>25,587,308</u>

Turnover is analysed by geographical markets as follows:

UK	7,686,394	6,476,792
Rest of world	15,796,507	19,110,516
	<u>23,482,901</u>	<u>25,587,308</u>

3. Group operating profit

	2014 £	2013 £
Group operating profit is stated after charging		
Amortisation	122,422	122,422
Depreciation	235,095	255,287
Loss on disposal of fixed assets	-	19,588
Auditors remuneration – group and company		
Audit	138,500	148,000
Tax	21,500	17,000
Consultancy	11,200	7,465
Operating lease costs		
Land and buildings	422,325	369,982
Net (gain)/loss on foreign currency translation	(265,841)	446,948

The audit and tax fees for the current and prior year have been borne by the company on behalf of subsidiaries and certain joint ventures.

4. Information regarding employees

	2014 No	2013 No
Average number of persons employed (including directors)		
Management	16	13
A&R, Marketing & Operations	102	88
	<u>118</u>	<u>101</u>

The aggregate payroll costs of the above were:

Staff costs during the year

Wages and salaries	6,453,416	6,166,102
Social security costs	1,506,929	1,436,184
Pension costs	471,903	19,506
	<u>8,432,248</u>	<u>7,621,792</u>

5. Directors' emoluments

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

	2014 £	2013 £
Emoluments	1,546,610	2,125,013
Company pension contributions to pension schemes on behalf of current and former directors	414,063	-

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

5. Directors' emoluments (continued)

During the year, retirement benefits were accruing to 2 directors in respect of defined contribution pension schemes (2013: nil) and 1 former director in respect of defined benefit schemes (2013: nil).

Emoluments of highest paid director:

Emoluments	401,063	871,854
Company pension contributions to pension schemes	-	-
	401,063	871,854

6. Share of profits from other fixed asset investments

	2014	2013
	£	£
Net share of operating profit of joint ventures	2,768,463	5,674,247
Net share of operating (loss)/profit of associates	(21,353)	28,612
	2,747,110	5,702,859

The share of operating losses of the associates relates to Consolidated Independent Limited – (£21,353).

The share of operating profit of joint ventures relates to Remote Control Records Pty Limited – £17,993; Matador Recordings LLC – (£477,657); Matador Records Limited – (£143,725); Popstock Distribuciones S. L. – (£43,101); XL Recordings Limited – £3,548,376; Ink Management Limited – (£233) and Rough Trade Records Limited – (£133,190).

7. Finance charges (net)

	2014	2013
	£	£
Interest receivable and similar income		
Interest receivable – bank interest	19,042	10,766
Other similar interest receivable	1,931	-
Interest payable and similar charges		
Interest payable – bank interest	(16,698)	(1,167)
Other similar charges payable	-	(19)
	4,275	9,580

8. Tax charge on profit on ordinary activities

(a) Analysis of charge in year

Current taxation

UK corporation tax for the year	(309,674)	(19,255)
Adjustments in respect of prior years	-	(30,716)
	(309,674)	(49,971)

Double taxation relief	31,416	19,255
Consortium relief	(30,447)	(48,516)
	(308,705)	(79,232)

Foreign tax for current year	(41,511)	(315,034)
Adjustments in respect of prior years foreign tax	-	52,938
Share of joint ventures' tax	(820,294)	(1,426,822)

Total current tax charge on profit on ordinary activities	(1,170,510)	(1,768,150)
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BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

8. Tax charge on profit on ordinary activities (continued)	2014	2013
	£	£
(b) Factors affecting tax charge for year		
The actual tax charge for the current and the previous year differs from the standard rate for the reasons set out in the following reconciliation:		
Profit on ordinary activities before tax	5,014,075	5,901,525
Tax charge on ordinary activities at standard rate of tax 21.5%/34% (2013- 20%/23.25%/34%)	1,163,682	1,493,233
<i>Factors affecting charge for the period</i>		
Expenses not deductible for tax purposes	(80,346)	156,487
Depreciation in excess of capital allowances	(58,091)	12,155
Tax losses utilised	-	147,138
Adjustments in respect of prior years foreign tax	-	(52,938)
Foreign tax expense/(unrelieved)	(2,196)	-
Other tax adjustments	147,461	12,075
Current tax charge	<u>1,170,510</u>	<u>1,768,150</u>

(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 £61,000.

9. Dividends

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

	2014	2013
	£	£
Dividends paid on ordinary equity shares of £10,000 (2013: £50,000) per share	<u>2,000,000</u>	<u>10,000,000</u>

10. Intangible fixed assets

Goodwill

Group

£

Cost

At 1 January 2014 and 31 December 2014

2,149,477

Amortisation

At 1 January 2014

1,537,114

Charge for the year

122,422

At 31 December 2014

1,659,536

Net book value

At 31 December 2014

489,941

At 31 December 2013

612,363

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

11. Tangible fixed assets

	Freehold land & buildings £	Leasehold properties £	Fixtures & fittings £	Motor vehicles £	Total £
Group					
Cost or Valuation					
At 1 January 2014	5,971,504	494,704	1,108,673	214,180	7,789,061
Foreign exchange	282,672	788	10,962	-	294,422
Additions	1,572,433	6,406	454,581	-	2,033,420
Disposals	-	-	-	(5,698)	(5,698)
At 31 December 2014	<u>7,826,609</u>	<u>501,898</u>	<u>1,574,216</u>	<u>208,482</u>	<u>10,111,207</u>
Depreciation					
At 1 January 2014	413,007	78,362	649,331	101,727	1,242,427
Foreign exchange	-	719	10,953	-	11,672
Charge for year	46,664	559	159,758	28,114	235,095
Disposals	-	-	-	(4,788)	(4,788)
At 31 December 2014	<u>459,671</u>	<u>79,640</u>	<u>820,042</u>	<u>125,053</u>	<u>1,484,406</u>
Net book value					
At 31 December 2014	<u>7,366,938</u>	<u>422,258</u>	<u>754,174</u>	<u>83,429</u>	<u>8,626,801</u>
At 31 December 2013	<u>5,558,497</u>	<u>416,342</u>	<u>459,342</u>	<u>112,453</u>	<u>6,546,634</u>
Company					
Cost or Valuation					
At 1 January 2014	449,734	481,938	827,991	117,394	1,877,057
Additions	-	-	392,500	-	392,500
At 31 December 2014	<u>449,734</u>	<u>481,938</u>	<u>1,220,491</u>	<u>117,394</u>	<u>2,269,557</u>
Depreciation					
At 1 January 2014	139,066	66,692	417,177	51,907	674,842
Charge for year	16,995	10,994	122,288	16,372	166,649
At 31 December 2014	<u>156,061</u>	<u>77,686</u>	<u>540,561</u>	<u>68,279</u>	<u>842,587</u>
Net book value					
At 31 December 2014	<u>293,673</u>	<u>404,252</u>	<u>679,930</u>	<u>49,115</u>	<u>1,426,970</u>
At 31 December 2013	<u>310,668</u>	<u>415,246</u>	<u>410,814</u>	<u>65,487</u>	<u>1,202,215</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

12. Investment properties

Group and company

£

Valuation

At 1 January 2014	400,000
Revaluation gain in the year	50,000
At 31 December 2014	<u>450,000</u>

Net book value

At 31 December 2014	<u>450,000</u>
At 31 December 2013	<u>400,000</u>

Investment properties were valued on an open market basis as at 31 December 2014 by Neela Ebbett (director).

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

13. Investments

	Associates	Joint ventures	Loans*	Other	Total
	£	£	£	£	£
Group Cost					
At 1 January 2014	225,625	11,571,140	700,000	907,872	13,404,637
Change in value	(33,738)	(4,166,802)	-	-	(4,200,540)
At 31 December 2014	<u>191,887</u>	<u>7,404,338</u>	<u>700,000</u>	<u>907,872</u>	<u>9,204,097</u>
Net book value					
At 31 December 2014	<u>191,887</u>	<u>7,404,338</u>	<u>700,000</u>	<u>907,872</u>	<u>9,204,097</u>
At 31 December 2013	<u>225,625</u>	<u>11,571,140</u>	<u>700,000</u>	<u>907,872</u>	<u>13,404,637</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 £7,596,225 and joint ventures in a net liabilities position (including unamortised goodwill) of £1,346,414 (note 17).

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

13. Investments (continued)

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 2014	225,625	8,786,042	9,011,667
Profit on disposal	509,727	-	509,727
Movement in other reserves on disposal	(522,111)	-	(522,111)
Share of retained profit for the year	(21,354)	2,114,470	2,093,116
Prior year adjustment	-	212,914	212,914
Share of dividends paid	-	(6,500,000)	(6,500,000)
Minority interest share of profit for the year	-	37,117	37,117
Repurchase of shares by associate	-	(64,792)	(64,792)
Foreign currency translation movements	-	51,613	51,613
	<u>191,887</u>	<u>4,637,364</u>	<u>4,829,251</u>
Goodwill			
At 1 January 2014	-	1,586,861	1,586,861
Amortisation	-	(166,301)	(166,301)
At 31 December 2014	<u>-</u>	<u>1,420,560</u>	<u>1,420,560</u>
Net book value			
At 31 December 2014	<u>191,887</u>	<u>6,057,924</u>	<u>6,249,811</u>
At 31 December 2013	<u>225,625</u>	<u>10,372,903</u>	<u>10,598,528</u>

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

	2014 £	2013 £
Fixed assets	3,703,336	3,575,416
Current assets	10,352,262	14,915,751
Liabilities due within one year	(7,810,031)	(7,905,937)
Liabilities due after one year	(199,019)	(212,328)

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

13. Investments (continued)

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

	XL Recordings Limited	
	2014	2013
	£	£
Turnover	11,526,530	18,099,420
Profit before tax	3,547,224	6,158,325
Taxation	(824,294)	(1,434,191)
Profit after tax	2,727,930	4,724,135
Fixed assets	1,828,826	1,808,640
Current assets	8,217,064	12,933,882
Share of gross assets	10,045,890	14,742,522
Liabilities due within one year	(3,009,176)	(3,890,840)
Share of gross liabilities	(3,009,176)	(3,890,840)
Share of net assets	7,036,714	10,851,682

	Rough Trade Records Limited		Matador Recordings LLC	
	2014	As restated 2013	2014	2013
	£	£	£	£
Fixed assets	1,031,882	1,115,159	554,585	498,146
Current assets	281,345	196,596	1,285,102	929,362
Liabilities due within one year	(1,326,106)	(1,184,514)	(1,782,165)	(923,389)
Liabilities due after one year	-	-	-	-

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 2014.

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%
Wiiiija 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 LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

13. Investments (continued)

Name	Nature of business	Country of incorporation	Class of shares held	% of shares held
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%
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>
Associates and joint ventures				
Consolidated Independent Limited	Provision of information technology services	England and Wales	Ordinary	50% <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>
Mowax Labels Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	25% <i>Indirect</i>
Young Turks Recordings Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	37.51% <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%
Independent Distribution Cooperative LLC	Negotiation and execution of one or more Physical Distribution Agreements	United States of America	Ordinary	20%
Ink Management Limited	Music management	England and Wales	Ordinary	50% <i>Indirect</i>
Rough Trade Retail Group Limited	Sale and distribution of music goods	England and Wales	Ordinary	28% <i>Indirect</i>
Rise Bristol Limited	Retail sale of music	England and Wales	Ordinary	18.76% <i>Indirect</i>

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 56% 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 65% of Rough Trade Retail LLC.

4AD Limited owns 50% of Ink Management Limited.

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

The accounting reference date for Consolidated Independent Limited and Rough Trade Retail Group Limited is 31 March and the latest financial statements are for the year ended 31 March 2014. The accounting reference date for Rise Bristol Limited is 28 February and the latest financial statements are for the year ended 28 February 2014.

Mattitude Music LLC and Independent Distribution Cooperative LLC are immaterial to the group, and have thus not been consolidated.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

13. Investments (continued)

	Subsidiary companies	Associated undertakings and joint ventures	Other investments	Loans	Total
Company	£	£	£	£	£
Cost					
At 1 January 2014 and 31 December 2014	<u>2,248,295</u>	<u>2,614,510</u>	<u>819,948</u>	<u>700,000</u>	<u>6,382,753</u>
Amounts written off					
At 1 January 2014 and 31 December 2014	<u>1,764</u>	<u>216,681</u>	<u>-</u>	<u>-</u>	<u>218,445</u>
Net book value					
At 31 December 2014	<u>2,246,531</u>	<u>2,397,829</u>	<u>819,948</u>	<u>700,000</u>	<u>6,164,308</u>
At 31 December 2013	<u>2,246,531</u>	<u>2,397,829</u>	<u>819,948</u>	<u>700,000</u>	<u>6,164,308</u>

14. Stocks

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Finished goods for resale	<u>484,187</u>	<u>433,716</u>	<u>-</u>	<u>-</u>

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

15. Debtors

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Trade debtors	6,669,067	5,924,218	10,408	56,579
Amounts owed by subsidiary undertakings	-	-	13,920,342	14,024,810
Amounts owed by associated undertakings and joint ventures	160,031	160,031	2,757,743	1,714,529
Other debtors	2,323,683	2,112,326	137,770	306,025
Corporation tax recoverable	446,276	-	-	-
Prepayments and accrued income	263,781	392,627	114,014	135,095
	<u>9,862,838</u>	<u>8,589,202</u>	<u>16,940,277</u>	<u>16,237,038</u>

16. Creditors: amounts falling due within one year

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Trade creditors	3,275,862	3,020,866	265,694	145,971
Amounts owing to subsidiary undertakings	-	-	736,049	60,310
Amounts owing to participating interests	3,861,941	4,139,085	7,682,129	6,483,067
Other taxation and social security	490,342	386,214	387,312	386,214
Corporation taxation	-	252,136	-	-
Other creditors	3,405,679	2,904,463	19,045	1,155
Accruals and deferred income	814,476	1,316,015	804,417	875,426
	<u>11,848,300</u>	<u>12,018,779</u>	<u>9,894,646</u>	<u>7,952,143</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

17. Provisions for liabilities and charges

	Group		Company	
	2014 £	2013 £	2014 £	2013 £
Share of net liabilities of joint ventures	1,346,414	1,198,238	-	-
Provision carried forward	<u>1,346,414</u>	<u>1,198,238</u>	<u>-</u>	<u>-</u>

See note 13 for movements on the provision for share of liabilities of joint ventures.

In 2014 and 2013, the share of liabilities in joint ventures has arisen on the holdings in Popstock Distribuciones S.L. and Matador Records Limited.

18. Pension and other post-retirement benefit commitments

The company operates two defined benefit pension schemes. The funds are administered by an independent trustee and are independent from the group's finances. The last full valuation was carried out by the scheme actuary as at 8 May 2015 on the projected unit method to assess the funding position on an ongoing basis. This showed a deficit of £51,400 (2013: scheme not in use).

The results used for FRS 17 purposes have been based on calculations from the 8 May 2015 valuation, updated by the scheme actuary to take account of changes in market conditions and scheme membership. On an FRS 17 basis the pre-tax deficit in the scheme at 31 December 2014 is £51,400. Scheme assets are stated at their mid-market value at 31 December 2014.

The amounts recognised in the balance sheet are as follows:

	2014 £	2013 £
Fair value of scheme assets	339,090	-
Present value of funded obligations	<u>(390,490)</u>	<u>-</u>
Deficit in the scheme	(51,400)	-
Related deferred tax asset	-	-
Net obligation	<u>(51,400)</u>	<u>-</u>

The amounts recognised in profit or loss are as follows:

	2014 £	2013 £
Past service cost	73,000	-
Current service cost	265,000	-
Interest cost	7,490	-
Expected return on scheme assets	(2,090)	-
Expenses	<u>11,000</u>	<u>-</u>
Total	<u>354,400</u>	<u>-</u>

Movements in the present value of the defined benefit obligation were as follows:

	2014 £	2013 £
Opening defined benefit obligation	-	-
Past service cost	73,000	-
Current service cost	265,000	-
Interest on scheme liabilities	7,490	-
Benefits paid	(10,000)	-
Actuarial loss	<u>55,000</u>	<u>-</u>
Total	<u>390,490</u>	<u>-</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

18. Pension and other post-retirement benefit commitments (continued)

Changes in the fair value of scheme assets were as follows:

	2014 £	2013 £
Opening fair value of scheme assets	-	-
Expected return on scheme assets	2,090	-
Expenses	(11,000)	-
Contributions by employer	358,000	-
Benefits paid	(10,000)	-
Total	<u>339,090</u>	<u>-</u>

The cumulative amount of actuarial gains and losses recognised in the statement of total recognised gains and losses was £55,000 (2013: scheme not in use).

The company expects to contribute £16,298 to its defined benefit scheme in 2015.

The fair value of the total scheme assets consists of 100% cash. The expected rate of return on these assets is 1%, and is not affected by the actuarial assumptions for future accounting periods.

Principal actuarial assumptions at the balance sheet date:

	2014
Discount rate at 31 December	3.4%
Consumer price inflation	2.7%
Retail price inflation	3.4%
Expected rate of return	1.0%
Future salary increases	0.0%
Future pension increases	0.0%

The company also makes payments into personal pension plans and operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the company to the fund. There were no outstanding balances at the year end. Total pension contributions payable by the company for the year are shown below.

	2014 £	2013 £
Contributions payable by the company for the year	<u>471,903</u>	<u>19,506</u>

19. Commitments under operating leases

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

	Land and buildings	
Group	2014 £	2013 £
Operating leases which expire:		
In less than one year	127,471	61,217
Between two and five years	286,302	270,169
	<u>413,773</u>	<u>331,386</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

20. Transactions with directors

During the year, the company and group had the following transactions and balances arising with entities in which the directors had a material interest:

Included in other debtors at 31 December 2014, was a loan of £50,221 (2013: £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 12 and pays no rent for this use.

During the year, legal and business fees of £16,687 (2013: £nil) were charged to Beggars Group Limited by Helen Skellett, the wife of the director Rupert Skellett. An amount payable at the year end of £875 (2013: £nil) was included in trade creditors.

£647,596 (2013: £572,594) 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 amounting to £2,000,000 (2013: £10,000,000).

21. Related party transactions

The company has taken advantage of the exemption in FRS8 "Related party disclosures" whereby it has not disclosed transactions with group companies, which have been eliminated on consolidation. The company has also taken advantage of the exemption available in FRS8 "Related party disclosures" whereby it has not disclosed transactions with any wholly owned subsidiary undertaking of the group.

During the year, rent of £60,000 (2013: £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, Beggars Group Digital Limited and Beggars Group Media Limited operated in a central accounting role for Mowax Labels Limited, Matador Records Limited, XL Recordings Limited, Rough Trade Records Limited and Young Turks Recordings Limited. Export sales and production costs were passed through Beggars UK Limited, Beggars Group Digital Limited and Beggars Group Media Limited and transferred out at the year end as detailed below:

	2014		2013	
	Turnover	Costs	Turnover	Costs
	£	£	£	£
Beggars UK Limited:				
Mowax Labels Limited	429	145	674	370
Matador Records Limited	989,500	927,468	3,081,255	2,333,899
XL Recordings Limited	4,298,552	3,377,942	8,156,915	5,528,322
Rough Trade Records Limited	1,060,302	737,733	1,403,262	1,025,389
Young Turks Recordings Limited	518,568	462,251	-	-
Beggars Group Digital Limited:				
Mowax Labels Limited	3,430	45	6,096	122
Matador Records Limited	1,348,338	20,336	1,308,097	31,963
XL Recordings Limited	7,608,968	90,013	10,404,878	262,993
Rough Trade Records Limited	1,666,922	24,054	1,809,148	45,462
Young Turks Recordings Limited	651,744	4,828	-	-
Beggars Group Media Limited:				
Mowax Labels Limited	1,797	37	2,145	86
Matador Records Limited	388,094	29,477	263,841	19,029
XL Recordings Limited	4,520,756	86,757	6,805,239	201,214
Rough Trade Records Limited	995,385	26,865	1,185,185	33,266
Young Turks Recordings Limited	108,318	10,756	-	-

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

21. Related party transactions (continued)

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

Beggars Group Limited:	2014 £	2013 £
Mowax Labels Limited	7,500	7,500
Matador Records Limited	554,901	585,019
XL Recordings Limited	1,655,535	1,679,326
Rough Trade Records Limited	618,168	585,790
Young Turks Recordings Limited	275,426	-
Beggars UK Limited:	2014 £	2013 £
Mowax Labels Limited	2,500	2,500
Matador Records Limited	353,062	414,461
XL Recordings Limited	616,876	680,303
Rough Trade Records Limited	341,993	314,046
Young Turks Recordings Limited	175,186	-

At the balance sheet, date the following balances existed between the company and other related parties:

Amount due from/(to):	2014 £	2013 £
Mowax Labels Limited	(6,783)	(3,057)
Matador Records Limited	1,115,305	704,901
XL Recordings Limited	(7,584,022)	(6,480,010)
Rough Trade Records Limited (trade debt)	1,276,050	673,178
Rough Trade Records Limited (other)	700,000	700,000
Young Turks Recordings Limited	(91,234)	-
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:

	2014		2013	
	Royalties £	Overhead £	Royalties £	Overhead £
Mowax Labels Limited	620	-	417	-
XL Recordings Limited	1,317,070	49,212	3,341,875	45,673
Rough Trade Records Limited	164,627	14,939	95,164	9,424
Young Turks Recordings Limited	124,217	2,759	-	-

During the year, the group incurred rental costs from XL Recordings (USA) Inc. of £51,049 (2013: £48,399).

During the year, payments were made to Remote Control Records Pty of £145,331 (2013: £413,929) in respect of commission. Also during the year, sales of £274,168 were made by Beggars Group Media Limited to Remote Control Records Pty Limited.

During the year, payments were made to Consolidated Independent Limited in respect of services provided of £181,876 (2013: £159,493). At the year end there was a net balance due to the group of £7,851 (2013: £100,000).

During the year, net sales of £328,576 (2013: £688,694) were made by the group to Popstock Distribuciones SL in respect of distributed sales. At the year end, the group was owed £810,127 (2013: £670,516) by Popstock Distribuciones SL. A provision for bad and doubtful debts of £371,991 (2013: £260,911) was recognised against the balance at the year end.

During the year, the group charged 4AD Music Limited, a company subject to common control, management fees of £nil (2013: £nil). At the year end there was a balance due to the group of £25,000 (2013: £25,000).

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

22. Share capital

	2014 No	2014 £	2013 No	2013 £
Company				
Allotted, called up and fully paid:				
Ordinary 'A' shares of £1.00 each	198	198	198	198
Preferred 'C' Shares of £1.00 each	2	2	2	2
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

There are no differences in rights assigned to 'A' and 'C' shares and they rank pari passu.

23. Reserves

	Profit and loss account £	Other reserves £	Revaluation reserve £	Total £
Group				
Balance at 1 January 2014 (as previously stated)	30,179,918	579,469	235,040	30,994,427
Prior year adjustment	(242,135)	-	-	(242,135)
Balance at 1 January 2014 (as restated)	29,937,783	579,469	235,040	30,752,292
Disposal of associate	-	(522,111)	-	(522,111)
Retained profit for the year	3,808,015	-	-	3,808,015
Dividends paid	(2,000,000)	-	-	(2,000,000)
Currency translation difference on foreign currency net investments	181,359	-	-	181,359
Surplus on revaluation of property	-	-	50,000	50,000
Repurchase of shares by associate	(64,792)	-	-	(64,792)
Actuarial loss related to pension scheme	(55,000)	-	-	(55,000)
Balance at 31 December 2014	<u>31,807,365</u>	<u>57,358</u>	<u>285,040</u>	<u>32,149,763</u>

Included in the profit and loss account are net costs of £51,400 relating to the year end defined benefit scheme liability.

Other reserves relates to the issue of shares by associates.

	Profit and loss account £	Revaluation reserve £
Company		
Balance at 1 January 2014	18,211,421	235,040
Profit for the year	5,385,132	-
Dividends paid	(2,000,000)	-
Surplus on revaluation of property	-	50,000
Balance at 31 December 2014	<u>21,596,553</u>	<u>285,040</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2014

24. Reconciliation of movement in shareholders' funds

	2014 £	2013 £
Group		
Equity shareholders' funds		
Opening shareholders' funds (as previously stated)	30,994,625	37,128,022
Prior year adjustment	(242,135)	(356,056)
Opening shareholders' funds (as restated)	30,752,490	36,771,966
Profit for the financial year	3,808,015	4,037,865
Proceed from the issue of shares	-	2,538
Disposal of associate	(522,111)	-
Dividends paid	(2,000,000)	(10,000,000)
Currency translation difference on foreign currency net investments	181,359	(59,881)
Repurchase of shares by associate	(64,792)	-
Surplus on revaluation of property	50,000	-
Actuarial loss related to pension scheme	(55,000)	-
Closing shareholders' funds	32,149,961	30,752,488
Opening and closing shareholders' non-equity funds	2	2
Total shareholders' funds	<u>32,149,963</u>	<u>30,752,490</u>

	2014 £	2013 £
Company		
Opening shareholders' funds	18,446,659	16,566,230
Profit for the financial year	5,385,132	11,880,429
Dividends paid	(2,000,000)	(10,000,000)
Surplus on revaluation of property	50,000	-
Closing shareholders' funds	21,881,791	18,446,659
Opening and closing shareholders' non-equity funds	2	2
Total shareholders' funds	<u>21,881,793</u>	<u>18,446,661</u>

25. Equity minority interests

	2014 £
At 1 January 2014	(1,073,555)
Share of retained profits for the year	35,550
Non controlling interest share of joint ventures' share of retained losses	37,117
Disposal of minority interest	(240)
At 31 December 2014	<u>(1,001,128)</u>

26. Controlling party

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