

Company No: 01414045

**BEGGARS GROUP LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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BEGGARS GROUP LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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BEGGARS GROUP LIMITED  
COMPANY INFORMATION  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**Directors**

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

**Company number**

01414045

**Registered Office**

17-19 Alma Road  
London  
SW18 1AA

**Auditors**

SRLV Audit Limited  
89 New Bond Street  
London  
W1S 1DA

BEGGARS GROUP LIMITED  
DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their report and the financial statements for the year ended 31 December 2017.

**Principal activity**

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

**Results and dividends**

The results for the year are set out on page 7.

An interim ordinary dividend was paid amounting to £nil (2016 - £10,000,000).

**Directors**

The following directors have held office since 1 January 2017:

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

**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 management policies the group will achieve continued successes in the years ahead.

**Events after the balance sheet date**

During 2018, dividends totalling £8,000,000 have been declared and paid by the company to its shareholders.

**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 group strategic report.

**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 the director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- the 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 12 July 2018 and signed on behalf of the board.



**Neela Ebbett**  
Director

BEGGARS GROUP LIMITED  
GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017

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The directors present their annual report and the audited financial statements for the year ended 31 December 2017.

**Principal activities and business review**

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

**Business review**

Beggars Group had another successful trading year, finding and introducing an exciting range of new artists, and benefitting from the growth in streaming, particularly across its broad catalogue. Of particular note is the access that streaming has allowed us to emerging markets, and the growing success of our American business. Revenues from our European territories remain very strong and are a significant part of our success.

Among the year's highlights were:

- XL released Radiohead's 'OK Computer OKNOTOK 1997 2017' which coincided with a headline slot at Glastonbury, exactly 20 years after their legendary performance at the time of the original release of 'OK Computer'.
- 4AD achieved commercial success with The National's 'Sleep Well Beast', a record that also won a Grammy award for Best Alternative Music Album.
- Matador released Queens of the Stone Age's 'Villains', which reached 3 in the Billboard album chart and achieved a Grammy nomination (Best Rock Album).
- Rough Trade Records signed Sleaford Mods and released their label debut 'English Tapas'.
- Young Turks Recordings artist, Sampha, won the Mercury Prize for his album 'Process', and was also nominated for a Brit Award (British Breakthrough Act).
- Young Turks Recordings achieved critical and commercial success with The XX's 'I see you'. This led to their fifth Brit award nomination (this one for Best British Group) and a Mercury Prize shortlisting.

Beggars Group continues to seek, identify and sign new artists. The company'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. We remain committed to promoting artists through whichever licensed channels music fans choose to listen.

The business continues to invest in IT infrastructure to deal with the complexity of formats, channels and territories, and the parallel marketing strategies to support those.

**Principal risks and uncertainties**

Revenues from the EU are a critical element of the business. Therefore, it is of some concern that the arrival of Brexit may hold back further growth. As an international business based in London, we have several areas for concern: these include restrictions on passage for staff and artists, additional costs of tariffs, duties and withholding taxes on royalties, time and cost of compliance with two sets of border regulations and trading standards.

Beggars Group has always maintained strong community links with fellow EU-based independents, and we value the effectiveness of collective European regulatory influence over powerful US technology companies. We are concerned with the uncertainty around post -Brexit plans for adopting EU Directives and Regulations that currently serve to protect our IP rights.

We continue to work hard on behalf of our artists to ensure that the independent sector is heard and represented.

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.

BEGGARS GROUP LIMITED  
GROUP STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**Key performance indicators**

The group uses a number of performance indicators to monitor and manage the business effectively. The financial and non-financial key performance indicators for the year ended 31 December 2017, with comparatives for the year ended 31 December 2016, are laid out below.

	2017 £	2016 £
Turnover including share of associates and joint ventures	72,425,671	70,624,136
Total operating profit	8,237,852	12,541,320
Number of releases	<u>41</u>	<u>39</u>

This report was approved by the board on 12 July 2018 and signed on its behalf.



**Neela Ebbett**  
Director

BEGGARS GROUP LIMITED  
DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**Statement of directors' responsibilities**

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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;
- notify the company's shareholders in writing about the use of disclosure exemptions, if any, of Financial Reporting Standard 102 used in preparation of 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 to 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 the group 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 2017

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**Opinion**

We have audited the financial statements of Beggars Group Limited for the year ended 31 December 2017, set out in the Consolidated Profit and Loss account, Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

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 2017 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.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

**Other information**

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the group strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.



BEGGARS GROUP LIMITED  
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BEGGARS GROUP LIMITED  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the group strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

**Responsibilities of directors**

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

**Auditors' responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

**Use of our report**

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 for the opinions we have formed.

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

Chartered Accountants  
Statutory Auditor

89 New Bond Street  
London  
W1S 1DA

Date: **13 JUL 2018**

BEGGARS GROUP LIMITED  
CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Notes	2017 £	2016 £
<b>Turnover including share of associates and joint ventures</b>		<b>72,425,671</b>	70,624,136
<i>Less share of turnover of:</i>			
Joint ventures		(34,907,007)	(36,936,467)
Associates		-	(448,952)
<b>Group turnover</b>	5	<b>37,518,664</b>	33,238,717
Cost of sales		(14,712,042)	(13,633,703)
<b>Gross profit</b>		<b>22,806,622</b>	19,605,014
Distribution expenses		(3,489,202)	(1,834,561)
Administrative expenses		(15,601,026)	(13,931,401)
Other operating income		37,140	71,070
<b>Group operating profit</b>	6	<b>3,753,534</b>	3,910,122
Share of profit of joint ventures	10	4,484,318	8,728,881
Share of profit of associates	10	-	28,999
Amounts written off investments		-	(110,901)
Loss on disposal of fixed asset investments		-	(15,781)
<b>Total operating profit</b>		<b>8,237,852</b>	12,541,320
Interest receivable	11	1,788	13,724
<b>Profit on ordinary activities before taxation</b>		<b>8,239,640</b>	12,555,044
Tax charge on profit on ordinary activities	12	(1,267,996)	(701,820)
<b>Profit for the financial year</b>		<b>6,971,644</b>	11,853,224
<b>Profit attributable to:</b>			
Owners of the parent		6,642,847	11,751,826
Non-controlling interests		328,797	101,398
		<b>6,971,644</b>	<b>11,853,224</b>

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

The notes on pages 15 to 36 form part of these financial statements.

BEGGARS GROUP LIMITED  
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
Profit for the financial year	<u>6,971,644</u>	<u>11,853,224</u>
<b>Other comprehensive income</b>		
Currency translation (loss)/gain on net investments in foreign operations	(812,417)	2,052,622
Share of joint venture currency translation (loss)/gain	(23,291)	71,794
Disposal of associate	-	(57,358)
<b>Other comprehensive income for the year</b>	<u>(835,708)</u>	<u>2,067,058</u>
<b>Total comprehensive income for the year</b>	<u><b>6,135,936</b></u>	<u><b>13,920,282</b></u>
<b>Total comprehensive income attributable to:</b>		
Owners of the parent company	5,807,139	13,818,884
Non-controlling interests	328,797	101,398
	<u><b>6,135,936</b></u>	<u><b>13,920,282</b></u>

The notes on pages 15 to 36 form part of these financial statements.

BEGGARS GROUP LIMITED  
CONSOLIDATED BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Intangible assets	14		893,293		1,435,338
Tangible assets	15		11,570,135		12,486,187
Investment properties	16		450,000		450,000
Investments:					
Joint ventures	17	12,071,043		17,639,375	
Other investments	17	<u>1,870,947</u>		<u>1,943,723</u>	
			<u>13,941,990</u>		<u>19,583,098</u>
			26,855,418		33,954,623
<b>Current assets</b>					
Stocks	18	758,376		1,184,904	
Debtors: amounts falling due within one year	19	18,375,461		18,364,684	
Cash at bank and in hand	20	<u>32,685,688</u>		<u>29,361,944</u>	
			51,819,525		48,911,532
<b>Creditors: amounts falling due within one year</b>	21		<u>(22,500,282)</u>		<u>(32,821,495)</u>
<b>Net current assets</b>			29,319,243		16,090,037
<b>Total assets less current liabilities</b>			56,174,661		50,044,660
Provisions for liabilities	23		<u>(1,958,185)</u>		<u>(1,717,090)</u>
<b>Net assets</b>			<u>54,216,476</u>		<u>48,327,570</u>
<b>Capital and reserves</b>					
Called up share capital	24		200		200
Revaluation reserve	25		285,040		285,040
Profit and loss account			54,726,763		48,919,624
<b>Equity attributable to owners of the parent</b>			55,012,003		49,204,864
<b>Non-controlling interests</b>			(795,527)		(877,294)
<b>Total equity</b>			<u>54,216,476</u>		<u>48,327,570</u>

The notes on pages 15 to 36 form part of these financial statements.

Approved by the board of directors and authorised for issue on 12 July 2018.



Martin Mills  
Director

Company Registration Number: 01414045

BEGGARS GROUP LIMITED  
COMPANY BALANCE SHEET  
AS AT 31 DECEMBER 2017

	Notes	£	2017 £	£	2016 £
<b>Fixed assets</b>					
Intangible assets	14		695,143		1,190,241
Tangible assets	15		1,793,892		1,696,263
Investment properties	16		450,000		450,000
Investments	17		<u>6,267,283</u>		<u>6,340,059</u>
			9,206,318		9,676,563
<b>Current assets</b>					
Debtors: amounts falling due within one year	19	31,483,131		33,599,761	
Cash at bank	20	<u>9,988,098</u>		<u>10,221,091</u>	
			41,471,229		43,820,852
<b>Creditors: amounts falling due within one year</b>	21		<u>(19,258,891)</u>		<u>(30,529,611)</u>
<b>Net current assets</b>			22,212,338		13,291,241
<b>Total assets less current liabilities</b>			<u>31,418,656</u>		<u>22,967,804</u>
Provisions for liabilities	23		(141,366)		(164,163)
<b>Net assets</b>			<u>31,277,290</u>		<u>22,803,641</u>
<b>Capital and reserves</b>					
Called up share capital	24		200		200
Revaluation reserve	25		285,040		285,040
Profit and loss account			30,992,050		22,518,401
<b>Shareholders' funds</b>			<u>31,277,290</u>		<u>22,803,641</u>

The notes on pages 15 to 36 form part of these financial statements.

Approved by the board of directors and authorised for issue on 12 July 2018.



**Martin Mills**  
Director

**Company Registration Number: 01414045**

BEGGARS GROUP LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company £
	£	£	£	£
At 1 January 2017	200	285,040	48,919,624	49,204,864
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	6,642,847	6,642,847
Other comprehensive income for the year	-	-	(835,708)	(835,708)
<b>Total comprehensive income for the year</b>	-	-	5,807,139	5,807,139
<b>Total transactions with owners recognised in equity</b>	-	-	-	-
<b>At 31 December 2017</b>	<b>200</b>	<b>285,040</b>	<b>54,726,763</b>	<b>55,012,003</b>

	Equity attributable to owners of parent company £	Non- controlling interest £	Total equity £
At 1 January 2017	49,204,864	(877,294)	48,327,570
<b>Comprehensive income for the year</b>			
Profit for the year	6,642,847	328,797	6,971,644
Other comprehensive income for the year	(835,708)	-	(835,708)
<b>Total comprehensive income for the year</b>	<b>5,807,139</b>	<b>328,797</b>	<b>6,135,936</b>
Non-controlling interest share of joint ventures share of retained losses	-	(247,030)	(247,030)
<b>Total transactions with owners recognised in equity</b>	-	(247,030)	(247,030)
<b>At 31 December 2017</b>	<b>55,012,003</b>	<b>(795,527)</b>	<b>54,216,476</b>

BEGGARS GROUP LIMITED  
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2016

	Share capital	Other reserves	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company
	£	£	£	£	£
At 1 January 2016	200	57,358	285,040	45,043,382	45,385,980
<b>Comprehensive income for the year</b>					
Profit for the year	-	-	-	11,751,826	11,751,826
Other comprehensive income for the year	-	(57,358)	-	2,124,416	2,067,058
<b>Total comprehensive income for the year</b>	-	(57,358)	-	13,876,242	13,818,884
Dividends: equity capital	-	-	-	(10,000,000)	(10,000,000)
<b>Total transactions with owners recognised in equity</b>	-	-	-	(10,000,000)	(10,000,000)
<b>At 31 December 2016</b>	<b>200</b>	<b>-</b>	<b>285,040</b>	<b>48,919,624</b>	<b>49,204,864</b>

	Equity attributable to owners of parent company	Non-controlling interest	Total equity
	£	£	£
At 1 January 2016	45,385,980	(963,355)	44,422,625
<b>Comprehensive income for the year</b>			
Profit for the year	11,751,826	101,398	11,853,224
Other comprehensive income for the year	2,067,058	-	2,067,058
<b>Total comprehensive income for the year</b>	<b>13,818,884</b>	<b>101,398</b>	<b>13,920,282</b>
Dividends: equity capital	(10,000,000)	-	(10,000,000)
Non-controlling interest share of joint ventures share of retained losses	-	(15,337)	(15,337)
<b>Total transactions with owners recognised in equity</b>	<b>(10,000,000)</b>	<b>(15,337)</b>	<b>(10,015,337)</b>
<b>At 31 December 2016</b>	<b>49,204,864</b>	<b>(877,294)</b>	<b>48,327,570</b>

BEGGARS GROUP LIMITED  
COMPANY STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company £
	£	£	£	£
At 1 January 2017	200	285,040	22,518,401	22,803,641
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	8,473,649	8,473,649
<b>Total comprehensive income for the year</b>	-	-	8,473,649	8,473,649
<b>At 31 December 2017</b>	<b>200</b>	<b>285,040</b>	<b>30,992,050</b>	<b>31,277,290</b>

	Share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company £
	£	£	£	£
At 1 January 2016	200	285,040	21,751,781	22,037,021
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	10,766,620	10,766,620
Dividends paid	-	-	(10,000,000)	(10,000,000)
<b>Total comprehensive income for the year</b>	-	-	766,620	766,620
<b>At 31 December 2016</b>	<b>200</b>	<b>285,040</b>	<b>22,518,401</b>	<b>22,803,641</b>



BEGGARS GROUP LIMITED  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED 31 DECEMBER 2017

	2017 £	2016 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	6,971,644	11,853,224
<b>Adjustments for:</b>		
Tax on profit on ordinary activities	1,267,996	701,820
Net interest income	(1,788)	(13,724)
Share of (profit) from joint ventures	(4,484,318)	(8,728,881)
Share of (profit) from associates	-	(28,999)
Loss on disposal of fixed asset investments	-	15,781
Loss on disposal of fixed assets	371,910	142,410
Amounts written off investments	-	110,901
Amortisation of intangible assets	333,835	361,958
Depreciation of tangible assets	529,510	523,891
Loss on foreign exchange movements	157,010	280,813
Decrease/(increase) in stock	426,528	(524,797)
(Increase)/decrease in debtors	(328,291)	36,943,800
(Decrease) in creditors	(11,022,656)	(42,291,026)
Increase in net pension liability	-	9,000
<b>Net cash used in operating activities</b>	<b>(5,778,620)</b>	<b>(643,829)</b>
<b>Tax paid</b>	<b>(271,835)</b>	<b>(556,512)</b>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(494,989)	(1,214,817)
Purchase of intangible assets	(162,660)	(363,010)
Purchase of investments	-	(181,000)
Dividends received	10,030,060	10,057,302
Interest received	1,788	13,724
<b>Net cash from investing activities</b>	<b>9,374,199</b>	<b>8,312,199</b>
<b>Cash flows from financing activities</b>		
Dividends paid	-	(10,000,000)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(10,000,000)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>3,323,744</b>	<b>(2,888,142)</b>
Cash and cash equivalents at beginning of the year	29,361,944	32,250,086
<b>Cash and cash equivalents at the end of the year</b>	<b>32,685,688</b>	<b>29,361,944</b>
<b>Cash and cash equivalents at the end of the year comprise:</b>		
Cash at bank and in hand	32,685,688	29,361,944
	<b>32,685,688</b>	<b>29,361,944</b>

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**1. General information**

Beggars Group Limited and its subsidiaries (together "the group") are principally engaged in the production and exploitation of sound recordings.

The company is a private company limited by shares and is registered in England and Wales. The address of its registered office and principal place of business is 17/19 Alma Road, London, SW18 1AA.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

**2.2 Basis of consolidation**

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings together with the group's share of the results of associates and joint ventures made up to 31 December.

A subsidiary is an entity controlled by the group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Where a subsidiary has different accounting policies from the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

As associate is an entity, being neither a subsidiary nor a joint venture, in which the group hold a long-term interest and where the group has significant influence. The group considers it has significant influence where it has the power to participate in the financial and operating decisions of the associate. The results of associates are accounted for using the equity method of accounting.

The consolidated financial statements present the results of the group and its own subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

**2.3 Foreign currency**

**(i) Functional and presentation currency**

The group financial statements are presented in pound sterling.

The company's functional and presentation currency is pound sterling.

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rate at the dates of the transactions.

At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

**(iii) Translations**

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'other comprehensive income' and allocated to non-controlling interest as appropriate.

**2.4 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the group and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, net of discounts, excluding rebates, value added tax and other sales taxes. The following criteria must be met before revenue is recognised:

**(i) Physical sales**

Revenues from the physical sale of recorded music are recognised on despatch. Where goods are sold on the group's behalf by third party distributors, revenue is recognised when the distributor reports sales to the group.

**(ii) Digital sales**

Revenues relating to digital products are recognised when the products are sold based on reports from digital service providers. Where revenue cannot be reliably estimated for the period, it is recognised on a receipts basis.

**(iii) Royalties**

Royalty income is included on a receivable basis calculated on sales of records arising during each financial year as reported by licencees. Where royalty income cannot be reliably estimated for the period, it is recognised on a receipts basis. Where income is received but not accompanied by sufficient data to attribute to a recognisable project, the income is recognised on subsequent receipt of that data. Royalties payable are charged against relevant income of the same period except where they are paid in advance, carried forward and recognised as an asset where such advances relate to current released and unreleased products and where it is estimated that sufficient future royalties will be earned from recoupment from those products.

Advances received are carried forward and recognised over the expected life of each individual licence.

**(iv) Management charges**

Revenues from management charges are recognised in relation to services provided to group and related companies during the period.

**(v) Interest income**

Interest income is recognised using the effective interest rate method.

**(vi) Dividends**

Dividend income is recognised when the right to receive payment is established.

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**2.5 Intangible fixed assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Software and development costs	20% - 33% straight line
Catalogue	10 years

Amortisation is charged to administrative expenses in the profit and loss account.

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.

**2.6 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the group assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The group adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their useful economic lives, using the straight-line method. The estimated useful lives range as follows:

Freehold property	2% straight-line
Leasehold property	In equal instalments over the period of the lease
Fixtures, fittings and equipment	20% straight line
Motor vehicles	25% straight line
Computer equipment	20% - 33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised with 'other operating income' in the profit and loss account.

**2.7 Operating leases**

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

The group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard on 31 December 2014 to continue to be charged over the period to the first market rent review rather than the term of the lease.

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**2.8 Investment properties**

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in the profit and loss account.

Depreciation is not provided in respect of freehold investment properties. The directors consider that this accounting policy, which represents a departure from the Companies Act 2006, is necessary to provide a true and fair view as required under Section 16 of FRS 102. The financial effect of this departure is not material to the financial statements.

**2.9 Investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

Joint ventures are held at cost less impairment.

Investments in unlisted company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the profit and loss account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

**2.10 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimate selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

**2.12 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.

**2.13 Cash and cash equivalents**

Cash is represented by cash in hand and deposit with financial institutions repayable without penalty on notice of not more than 24 hours.

**2.14 Financial instruments**

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other accounts receivable and payable and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments that are payable or receivable within one year, typically trade payables and receivables, are measured, initially and subsequently, at the undiscounted amount of the cash and other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an outright short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

**2.14 Financial instruments (continued)**

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the profit and loss account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.15 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

**2.16 Financial liabilities**

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

The group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

**(i) Interest bearing loans and borrowings**

Obligations for loans and borrowings are recognised when the group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

**(ii) Derecognition of financial liabilities**

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

**2.17 Finance costs**

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

**2.18 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

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**2.19 Pensions**

**(i) Defined contribution pension plan**

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 plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the group has no further payments obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

**2.20 Provisions for liabilities**

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the profit and loss account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

**2.21 Interest income**

Interest income is recognised in the profit and loss account using the effective interest method.

**2.22 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantially enacted at the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- the recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

**2.23 Current and deferred taxation**

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

**3. Judgements in applying accounting policies and key sources of estimation uncertainty**

In applying the group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent sensitivity involved in making judgements, estimates and assumptions, the actual results and outcomes may differ.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

**a) Critical judgements in applying the group's accounting policies**

***Assessing indicators of impairment***

In assessing whether there have been any indicators of impairment to assets, including goodwill, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability.

***Assessing the functional currency***

The directors are required to identify the functional currency of the company and each subsidiary undertaking. In making this judgement the directors have considered factors such as the currency which mainly influences both sales and cost prices, and the countries whose competitive forces and regulations affect those prices.

**b) Key accounting estimates and assumptions**

***Recoverability of receivables, including advances to artists***

The group establishes a provision for receivables that are estimated not to be recoverable or recoupable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of the debtor. When assessing if artist balances are recoupable the directors consider factors such as the current and likely future sales performance.

***Determining residual values useful economic lives of property, plant and equipment***

The group depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value, management aim to assess the amount that the group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

***Provisions against slow moving inventory***

The group establishes a provision for slow moving inventory. When determining the provision, the directors consider factors such as the amount of the inventory holding and subsequent sales.



BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

**4. Parent company profit for the year**

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent company for the year was £8,473,649 (2016 – profit £10,766,620).

**5. Analysis of turnover**

Analysis of turnover by category:

	2017 £	2016 £
Sales and licensing of sound recordings	31,017,195	27,439,595
Management charges	6,501,469	5,799,122
	<u>37,518,664</u>	<u>33,238,717</u>

Analysis of turnover by country of destination:

	2017 £	2016 £
UK	8,573,657	8,120,314
Rest of world	28,945,007	25,118,403
	<u>37,518,664</u>	<u>33,238,717</u>

**6. Group operating profit**

The operating profit is stated after charging/(crediting):

	2017 £	2016 £
Depreciation of tangible fixed assets	529,510	523,891
Amortisation of intangible assets, including goodwill	333,835	361,958
Loss on disposal of fixed assets	371,910	20,047
Operating lease costs – land and buildings	698,117	816,309
Defined contribution pension cost	204,343	317,039
Exchange differences	357,095	(906,616)

**7. Auditors' remuneration**

	2017 £	2016 £
Fees payable to the company's auditor for the audit of the group's annual accounts	<u>112,500</u>	<u>112,500</u>
	<u>112,500</u>	<u>112,500</u>
<b>Fees payable to the company's auditor in respect of:</b>		
Taxation services	20,000	20,000
Accountancy services	17,500	17,500
	<u>150,000</u>	<u>150,000</u>

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.

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

**8. Employees**

Staff costs, including directors' remuneration, were as follows

	2017 £	2016 £
Wages and salaries	9,445,316	8,016,123
Social security costs	914,513	777,835
Pension costs	204,343	317,039
	<u>10,564,172</u>	<u>9,110,997</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2017 No.	2016 No.
Management	11	11
A&R, Marketing & Operations	108	101
	<u>119</u>	<u>112</u>

**9. Directors' emoluments**

	2017 £	2016 £
Directors' emoluments	2,504,784	1,933,231
Company pension contributions to pension schemes on behalf of current and former directors	<u>93,119</u>	<u>172,836</u>
	<u>2,597,903</u>	<u>2,106,067</u>

During the year, retirement benefits were accruing to 4 directors in respect of defined contribution pension schemes (2016: 4).

**Emoluments of highest paid director:**

Emoluments	635,674	389,923
Company pension contributions to pension schemes	<u>13,377</u>	<u>-</u>
	<u>649,051</u>	<u>389,923</u>

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

**10. Share of profits from other fixed asset investments**

	2017 £	2016 £
Net share of operating profit of joint ventures	4,484,318	8,728,881
Net share of operating profit of associates	-	28,999
	<u>4,484,318</u>	<u>8,757,880</u>

The share of operating profits/(loss) of the associates relates to:

- Consolidated Independent Limited: £nil (2016 - £28,999)

The share of operating profit/(loss) of joint ventures relates to:

- Remote Control Records Pty Limited: £99,916 (2016 - £117,069)
- Matador Recordings LLC: £5,097 (2016 - (£74,448))
- Matador Records Limited: £37,301 (2016 - (£80,390))
- Popstock Distribuciones S. L.: (£1,810) (2016 - £7,785)
- XL Recordings Limited: £4,634,814 (2016 - £8,771,324)
- Rough Trade Records Limited: (£291,000) (2016 - (£12,459))

**11. Interest receivable**

	2017 £	2016 £
Bank interest receivable	825	19
Other similar interest receivable	963	13,705
	<u>1,788</u>	<u>13,724</u>

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

**12. Taxation**

	2017 £	2016 £
<b>Corporation tax</b>		
Current tax on profits for the year	(57,176)	683,931
Adjustments in respect of prior years	-	(72,744)
	<u>(57,176)</u>	<u>611,187</u>
Double taxation relief	(48,145)	(70,818)
Consortium relief	-	14,095
	<u>(48,145)</u>	<u>(56,723)</u>
Foreign tax for current year	1,396,114	53,257
<b>Total current tax</b>	<u>1,290,793</u>	<u>607,721</u>
<b>Deferred tax</b>		
Fixed asset timing differences	(41)	(12,654)
Tax losses	(22,756)	126,589
Prior year adjustment	-	(19,836)
<b>Total deferred tax</b>	<u>(22,797)</u>	<u>94,099</u>
<b>Tax on profit on ordinary activities</b>	<u>1,267,996</u>	<u>701,820</u>

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than (2016 – lower than) the standard rate of corporation tax in the UK of 19.25% (2016 – 20%). The differences are explained below:

Profit on ordinary activities before tax	8,239,640	12,555,044
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19.25% (US - 34%) (2016 – 20% (US - 34%))	1,586,131	2,722,459
<b>Effects of:</b>		
Expenses not deductible for tax purposes	(1,274,741)	373,440
Depreciation in excess of capital allowances	-	32,612
Non-taxable expense/(income)	1,066,975	(1,742,562)
Foreign tax	-	(80,010)
Difference in tax rates	(1,070)	-
Adjustment in research and development tax credit	(105,321)	(92,244)
Adjustment in respect of prior periods	-	(92,580)
Deferred tax movements	(3,971)	113,935
Group relief	-	14,095
Utilisation of tax losses	-	(140,684)
Other tax adjustments	(7)	(406,641)
<b>Total tax charge for the year</b>	<u>1,267,996</u>	<u>701,820</u>

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges.

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

**13. Dividends**

	2017 £	2016 £
Dividends paid on equity capital	<u>-</u>	<u>10,000,000</u>

**14. Intangible fixed assets**

Group	Goodwill £	Catalogue £	Software £	Total £
<b>Cost</b>				
At 1 January 2017	2,149,477	-	1,494,058	3,643,535
Additions	-	76,754	85,906	162,660
Disposals	-	-	(414,286)	(414,286)
<b>At 31 December 2017</b>	<u><b>2,149,477</b></u>	<u><b>76,754</b></u>	<u><b>1,165,678</b></u>	<u><b>3,391,909</b></u>
<b>Amortisation</b>				
At 1 January 2017	1,904,380	-	303,817	2,208,197
Charge for the year	122,422	1,279	210,134	333,835
Disposals	-	-	(43,416)	(43,416)
<b>At 31 December 2017</b>	<u><b>2,026,802</b></u>	<u><b>1,279</b></u>	<u><b>470,535</b></u>	<u><b>2,498,616</b></u>
<b>Net book value</b>				
<b>At 31 December 2017</b>	<u><b>122,675</b></u>	<u><b>75,475</b></u>	<u><b>695,143</b></u>	<u><b>893,293</b></u>
At 31 December 2016	<u>245,097</u>	<u>-</u>	<u>1,190,241</u>	<u>1,435,338</u>

**Company**

	Software £
<b>Cost</b>	
At 1 January 2017	1,494,058
Additions	85,906
Disposals	(414,286)
<b>At 31 December 2017</b>	<u><b>1,165,678</b></u>
<b>Amortisation</b>	
At 1 January 2017	303,817
Charge for the year	210,134
Disposals	(43,416)
<b>At 31 December 2017</b>	<u><b>470,535</b></u>
<b>Net book value</b>	
<b>At 31 December 2017</b>	<u><b>695,143</b></u>
At 31 December 2016	<u>1,190,241</u>

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

**14. Intangible fixed assets (continued)**

The individual intangible assets, excluding goodwill, which are material to the financial statements are:

	Carrying value		Remaining amortisation period (years)	
	2017 £	2016 £	2017	2016
IT systems	<u>695,143</u>	<u>1,190,241</u>	<u>1.5</u>	<u>2.5</u>

**15. Tangible fixed assets**

Group	Freehold land & buildings £	Leasehold properties £	Fixtures & fittings £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 2017	11,872,377	662,524	1,983,792	193,657	14,712,350
Foreign exchange	(865,852)	(12,648)	(46,189)	-	(924,689)
Additions	73,721	-	393,883	27,385	494,989
Disposals	-	-	(180,400)	(21,950)	(202,350)
<b>At 31 December 2017</b>	<b><u>11,080,246</u></b>	<b><u>649,876</u></b>	<b><u>2,151,086</u></b>	<b><u>199,092</u></b>	<b><u>14,080,300</u></b>
<b>Depreciation</b>					
At 1 January 2017	705,550	144,669	1,182,287	193,657	2,226,163
Foreign exchange	(16,731)	(3,838)	(23,629)	-	(44,198)
Charge for year	229,803	11,020	285,574	3,113	529,510
Disposals	-	-	(179,360)	(21,950)	(201,310)
<b>At 31 December 2017</b>	<b><u>918,622</u></b>	<b><u>151,851</u></b>	<b><u>1,264,872</u></b>	<b><u>174,820</u></b>	<b><u>2,510,165</u></b>
<b>Net book value</b>					
<b>At 31 December 2017</b>	<b><u>10,161,624</u></b>	<b><u>498,025</u></b>	<b><u>886,214</u></b>	<b><u>24,272</u></b>	<b><u>11,570,135</u></b>
At 31 December 2016	<u>11,166,827</u>	<u>517,855</u>	<u>801,505</u>	<u>-</u>	<u>12,486,187</u>
<b>Company</b>					
<b>Cost</b>					
At 1 January 2017	948,064	516,538	1,363,964	117,394	2,945,960
Additions	11,159	-	303,498	-	314,657
Disposals	-	-	(59,025)	-	(59,025)
<b>At 31 December 2017</b>	<b><u>959,223</u></b>	<b><u>516,538</u></b>	<b><u>1,608,437</u></b>	<b><u>117,394</u></b>	<b><u>3,201,592</u></b>
<b>Depreciation</b>					
At 1 January 2017	182,530	100,374	849,399	117,394	1,249,697
Charge for year	19,184	9,131	188,191	-	216,506
Disposals	-	-	(58,503)	-	(58,503)
<b>At 31 December 2017</b>	<b><u>201,714</u></b>	<b><u>109,505</u></b>	<b><u>979,087</u></b>	<b><u>117,394</u></b>	<b><u>1,407,700</u></b>
<b>Net book value</b>					
<b>At 31 December 2017</b>	<b><u>757,509</u></b>	<b><u>407,033</u></b>	<b><u>629,350</u></b>	<b><u>-</u></b>	<b><u>1,793,892</u></b>
At 31 December 2016	<u>765,534</u>	<u>416,164</u>	<u>514,565</u>	<u>-</u>	<u>1,696,263</u>

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

**16. Investment properties**

	£
<b>Group and company</b>	
<b>Valuation</b>	
At 31 December 2017 and 1 January 2017	<u>450,000</u>
<b>Net book value</b>	
<b>At 31 December 2017</b>	<u>450,000</u>
At 31 December 2016	<u>450,000</u>

Investment properties were valued on an open market basis as at 31 December 2017 by Neela Ebbett (director).

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

**17. Investments**

Group	Joint ventures £	Other £	Total £
<b>Cost</b>			
At 1 January 2017	17,639,375	2,054,559	19,693,934
Change in value	(5,568,332)	-	(5,568,332)
Additions	-	-	-
Foreign exchange	-	(72,776)	(72,776)
<b>At 31 December 2017</b>	<u>12,071,043</u>	<u>1,981,783</u>	<u>14,052,826</u>
<b>Impairment</b>			
At 1 January 2017	-	110,836	110,836
<b>At 31 December 2017</b>	<u>-</u>	<u>110,836</u>	<u>110,836</u>
<b>Net book value</b>			
<b>At 31 December 2017</b>	<u>12,071,043</u>	<u>1,870,947</u>	<u>13,941,990</u>
At 31 December 2016	<u>17,639,375</u>	<u>1,943,723</u>	<u>19,583,098</u>

Included in fixed asset investments is £700,000 of working capital loans that are considered to be interest free and repayable on demand. However, the directors have no current intention of recalling the loan.

The share of assets of joint ventures in a net asset position (including unamortised goodwill) is £12,071,043 and joint ventures in a net liabilities position (including unamortised goodwill) is £1,816,819 (note 23).

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

**17. Investments (continued)**

The following table shows the total joint venture position:

	Joint ventures
	£
<b>Group joint ventures</b>	
<b>Share of net assets/(liabilities)/cost</b>	
At 1 January 2017	15,012,781
Share of retained profit for the year	4,665,767
Dividends paid	(10,030,060)
Minority interest share of profit for the year	(247,030)
Foreign currency translation movements	(39,452)
	<b>9,362,006</b>
<b>Goodwill</b>	
At 1 January 2017	1,073,667
Amortisation	(181,449)
<b>At 31 December 2017</b>	<b>892,218</b>
<b>Net book value</b>	
<b>At 31 December 2017</b>	<b>10,254,224</b>
At 31 December 2016	<b>16,086,448</b>

**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 2017.

Name	Nature of business	Country of incorporation	Class of shares held	% of shares held
Beggars Group Media Limited <sup>1</sup>	Licensing of sound recordings	England and Wales	Ordinary	76%
Beggars UK Limited <sup>1</sup>	Wholesale promotion and marketing	England and Wales	Ordinary	76%
Wiliija Records Limited <sup>1</sup>	Production and exploitation of sound recordings	England and Wales	Ordinary	100%
Mantra Recordings Limited <sup>1</sup>	Dormant	England and Wales	Ordinary	76%
Too Pure Limited <sup>1</sup>	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Beggars Group Holding (USA) Inc. <sup>3</sup>	Holding company	United States of America	Ordinary	100%
Beggars Group (USA) Inc. <sup>3</sup>	Production and exploitation of sound recordings	United States of America	Ordinary	100%
Beggars Capital LLC <sup>3</sup>	Property holding company	United States of America	Ordinary	100%
Beggars Group Digital Limited <sup>1</sup>	Management and exploitation of digital rights	England and Wales	Ordinary	100%
4AD Limited <sup>1</sup>	Production and exploitation of sound recordings	England and Wales	Ordinary	100%
Playluderecordings Limited <sup>1</sup>	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Bidcall Limited <sup>1</sup>	Holding company	England and Wales	Ordinary	75%
Playlouder Limited <sup>1</sup>	Holding company	England and Wales	Ordinary	75%
				<i>Indirect</i>



BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

**17. Investments (continued)**

**Associates and joint ventures**

Remote Control Records Pty Limited <sup>4</sup>	Promotion and marketing of sound recordings	Australia	Ordinary	50%
Popstock Distribuciones S.L. <sup>5</sup>	Distribution of sound recordings	Spain	Ordinary	50%
Everlasting Records S.L. <sup>5</sup>	Production and exploitation of sound recordings	Spain	Ordinary	50% <i>Indirect</i>
Matador Recordings LLC <sup>3</sup>	Production and exploitation of sound recordings	United States of America	Ordinary	50%
Matador Records Limited <sup>1</sup>	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
XL Recordings Limited <sup>1</sup>	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
XL Recordings (USA) Inc. <sup>3</sup>	Property holding	United States of America	Ordinary	50% <i>Indirect</i>
Mowax Labels Limited <sup>1</sup>	Production and exploitation of sound recordings	England and Wales	Ordinary	25% <i>Indirect</i>
Young Turks Recordings Limited <sup>1</sup>	Production and exploitation of sound recordings	England and Wales	Ordinary	37.51% <i>Indirect</i>
Rough Trade Records Limited <sup>1</sup>	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
Mattitude Music LLC <sup>3</sup>	Music publishing	United States of America	Ordinary	50%
Independent Distribution Cooperative LLC <sup>6</sup>	Negotiation and execution of one or more Physical Distribution Agreements	United States of America	Ordinary	20%
Rough Trade Retail Group Limited <sup>7</sup>	Sale and distribution of music goods	England and Wales	Ordinary	19% <i>Indirect</i>
Rise Bristol Limited <sup>8</sup>	Retail sale of music	England and Wales	Ordinary	19% <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 37% of Rough Trade Retail Group Limited, which in turn owns 100% of Rough Trade Retail (USA) Holdings Inc.<sup>9</sup> and 65% of Rough Trade Retail LLC<sup>9</sup>. XL Recordings Limited owns 50% of the issued share capital of Mowax Labels Limited and 75% of the issued share capital of Young Turks Recordings Limited.

On 28 March 2017, The Album Club Limited and Rough Trade Limited were struck off and dissolved.

On 25 April 2017, Young Turks Limited was struck off and dissolved.

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

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

**Registered office**

- 1 – 17/19 Alma Road, London, SW18 1AA
- 2 – 5<sup>th</sup> Floor, 89 New Bond Street, London, W1S 1DA
- 3 – 134 Grand Street, New York, NY 10013, United States of America
- 4 – 20 Wreckyn Street, North Melbourne, Victoria 3051, Australia
- 5 – Calle Azcona 33, 3<sup>o</sup>, 28028 Madrid, Spain
- 6 – PO Box 3306, Durham, NC 27702, United States of America
- 7 – 10 Cheyne Walk, Northampton, Northamptonshire, NN1 5PT
- 8 – 5 Broad Street, Nottingham, NG1 3AJ
- 9 – 64 North 9<sup>th</sup> Street, Brooklyn, New York, NY 11249, United States of America

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

Company	Subsidiary companies	Associated undertakings and joint ventures	Other investments	Loans	Total
	£	£	£	£	£
<b>Cost</b>					
At 1 January 2017	2,248,295	2,614,510	995,699	700,000	6,558,504
Foreign exchange	-	-	(72,776)	-	(72,776)
At 31 December 2017	<u>2,248,295</u>	<u>2,614,510</u>	<u>922,923</u>	<u>700,000</u>	<u>6,485,728</u>
<b>Amounts provided</b>					
At 1 January 2017 and 31 December 2017	<u>1,764</u>	<u>216,681</u>	<u>-</u>	<u>-</u>	<u>218,445</u>
<b>Net book value</b>					
At 31 December 2017	<u>2,246,531</u>	<u>2,397,829</u>	<u>922,923</u>	<u>700,000</u>	<u>6,267,283</u>
At 31 December 2016	<u>2,246,531</u>	<u>2,397,829</u>	<u>995,699</u>	<u>700,000</u>	<u>6,340,059</u>

Included in fixed asset investments is £700,000 of working capital loans that are considered to be interest free and repayable on demand. However, the directors have no current intention of recalling the loan.

**18. Stocks**

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
Finished goods for resale	<u>758,376</u>	<u>1,184,904</u>	<u>-</u>	<u>-</u>

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

**19. Debtors**

	Group		Company	
	2017 £	2016 £	2017 £	2016 £
<b>Due within one year</b>				
Trade debtors	10,407,444	10,409,408	88,033	95,684
Amounts owed by subsidiary undertakings	-	-	23,806,498	28,351,040
Amounts owed by associated undertakings and joint ventures	3,871,717	4,882,863	3,871,717	4,882,863
Other debtors	3,718,761	2,432,494	3,443,306	180,574
Corporation tax recoverable	105,321	422,836	105,321	-
Prepayments and accrued income	272,218	217,083	168,256	89,600
	<u>18,375,461</u>	<u>18,364,684</u>	<u>31,483,131</u>	<u>33,599,761</u>

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 DECEMBER 2017

**20. Cash and cash equivalents**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>32,685,688</b>	29,361,944	<b>9,988,098</b>	10,221,091
	<b><u>32,685,688</u></b>	<u>29,361,944</u>	<b><u>9,988,098</u></b>	<u>10,221,091</u>

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

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade creditors	<b>1,403,444</b>	2,791,290	<b>322,061</b>	178,875
Amounts owing to subsidiary undertakings	-	-	<b>6,472,097</b>	7,278,828
Amounts owing to associated undertakings and joint ventures	<b>11,695,499</b>	21,676,036	<b>11,695,499</b>	21,676,036
Corporation tax	<b>901,316</b>	199,875	-	-
Other taxation and social security	<b>506,473</b>	744,750	<b>506,473</b>	470,892
Other creditors	<b>5,131,157</b>	4,589,049	-	-
Accruals and deferred income	<b>2,862,393</b>	2,820,495	<b>262,761</b>	924,980
	<b><u>22,500,282</u></b>	<u>32,821,495</u>	<b><u>19,258,891</u></b>	<u>30,529,611</u>

**22. Financial instruments**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Financial assets that are debt instruments measured at amortised cost	<b>17,997,922</b>	17,724,765	<b>31,209,554</b>	33,510,161
Financial assets measured at fair value through the profit or loss	<b>32,685,688</b>	29,361,944	<b>9,988,098</b>	10,221,091
	<b><u>50,683,610</u></b>	<u>47,086,709</u>	<b><u>41,197,652</u></b>	<u>43,731,252</u>
Financial liabilities measured at amortised cost	<b><u>21,092,493</u></b>	<u>32,621,620</u>	<b><u>18,752,418</u></b>	<u>30,529,611</u>

Financial assets measured at amortised cost comprise trade debtors, amounts owed by subsidiary undertakings, amounts owed by associated undertakings and joint ventures, other debtors and accrued income.

Financial assets measured at fair value through the profit or loss comprise cash.

Financial liabilities measured at amortised cost comprise bank overdrafts, trade creditors, amounts owing to subsidiary undertakings, amounts owing to associated undertakings and joint ventures, other creditors and accruals.

**23. Provisions for liabilities**

	<b>Group</b>		<b>Company</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Share of net liabilities of joint ventures	<b>1,816,819</b>	1,552,927	-	-
Deferred tax	<b>141,366</b>	164,163	<b>141,366</b>	164,163
Provision carried forward	<b><u>1,958,185</u></b>	<u>1,717,090</u>	<b><u>141,366</u></b>	<u>164,163</u>

**Share of net liabilities of joint ventures**

See note 17 for movements on the provision for share of liabilities of joint ventures.

In 2017 and 2016, the share of liabilities in joint ventures arose on the holdings in Rough Trade Records Limited, Popstock Distribuciones S.L., Matador Records Limited and Matador Recordings LLC.

BEGGARS GROUP LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)  
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**23. Provisions for liabilities (continued)**

**Deferred taxation**

	Group Deferred tax £	Company Deferred tax £
At 1 January 2017	164,163	164,163
Charged to the profit and loss account	(22,797)	(22,797)
<b>At 31 December 2017</b>	<b><u>141,366</u></b>	<b><u>141,366</u></b>

	Group 2017 £	2016 £	Company 2017 £	2016 £
Short term timing differences	54,158	57,008	54,158	57,008
Fixed asset timing differences	109,965	107,155	109,965	107,155
Tax losses	(22,757)	-	(22,757)	-
	<b><u>141,366</u></b>	<b><u>164,163</u></b>	<b><u>141,366</u></b>	<b><u>164,163</u></b>

**24. Share capital**

	2017 No	2017 £	2016 No	2016 £
<b>Company</b>				
<b>Allotted, called up and fully paid:</b>				
Ordinary 'A' shares of £1.00 each	198	198	198	198
Preferred 'C' shares of £1.00 each	2	2	2	2
	<b><u>200</u></b>	<b><u>200</u></b>	<b><u>200</u></b>	<b><u>200</u></b>

There are no differences in rights assigned to 'A' and 'C' class shares and they rank pari passu. There are no restrictions on the distribution of dividends and the repayment of capital.

**25. Reserves**

**Revaluation reserve**

The revaluation reserve arises from revaluations to fair value in respect of investment properties held by the company and group.

**26. Commitments under operating leases**

At 31 December 2017, the group had future minimum lease payments under non-cancellable operating leases as follows:

	Land and buildings 2017 £	2016 £
Group		
Not later than one year	220,480	264,096
Later than one year and not later than five years	286,378	9,720
	<b><u>506,858</u></b>	<b><u>273,816</u></b>

**BEGGARS GROUP LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**  
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**27. 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 2017 was a loan of £50,221 (2016 - £50,221) to Yvonne Damont, the wife of Martin Mills. The loan is interest free, unsecured and repayable on demand. Yvonne Damont uses the investment property disclosed in note 16 and pays no rent for this use.

£871,045 (2016 - £502,789) 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 £nil (2016 - £10,000,000).

**28. Related party transactions**

**Group**

During the year, rent of £48,500 (2016 - £60,000) 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. 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:

	2017		2016	
Beggars UK Limited:	Turnover £	Costs £	Turnover £	Costs £
Mowax Labels Limited	191	747	285	258
Matador Records Limited	2,631,314	1,474,517	818,434	546,675
XL Recordings Limited	8,972,516	4,247,208	12,419,510	8,094,008
Rough Trade Records Limited	911,270	377,522	1,365,720	780,879
Young Turks Recordings Limited	2,329,142	1,422,444	577,804	530,609

	2017		2016	
Beggars Group Digital Limited:	Turnover £	Costs £	Turnover £	Costs £
Mowax Labels Limited	4,981	191	4,634	(8)
Matador Records Limited	3,213,329	101,904	2,094,978	(7,336)
XL Recordings Limited	17,710,510	704,162	22,667,018	31,106
Rough Trade Records Limited	2,383,173	97,667	2,474,896	(11,790)
Young Turks Recordings Limited	5,183,883	205,828	2,901,168	(19,166)

	2017		2016	
Beggars Group Media Limited:	Turnover £	Costs £	Turnover £	Costs £
Mowax Labels Limited	3,028	46	2,868	(47)
Matador Records Limited	212,596	21,724	300,149	(4,454)
XL Recordings Limited	6,546,889	524,366	7,154,293	(115,006)
Rough Trade Records Limited	1,062,686	54,000	938,816	(11,589)
Young Turks Recordings Limited	807,014	44,088	678,612	(8,414)

**BEGGARS GROUP LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**28. 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:	2017 £	2016 £
Mowax Labels Limited	7,500	7,500
Matador Records Limited	765,484	584,532
XL Recordings Limited	2,181,364	2,141,134
Rough Trade Records Limited	808,709	781,046
Young Turks Recordings Limited	629,836	509,327
Beggars UK Limited:	2017 £	2016 £
Mowax Labels Limited	2,500	2,500
Matador Records Limited	377,257	291,225
XL Recordings Limited	656,691	704,145
Rough Trade Records Limited	340,218	314,276
Young Turks Recordings Limited	234,607	185,939

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

Amount due from/(to):	2017 £	2016 £
Mowax Labels Limited	2,858	(1,248)
Matador Records Limited	644,378	(811,835)
XL Recordings Limited	(11,405,849)	(19,827,798)
Rough Trade Records Limited (trade debt)	1,184,001	847,686
Rough Trade Records Limited (other)	700,000	700,000
Young Turks Recordings Limited	(289,650)	(1,035,155)
Matador Recordings LLC	1,557,841	3,496,217
Mattitude Music LLC	160,031	160,031

Beggars Group Limited holds fixed and floating charges over the assets of Rough Trade Records Limited in respect of the balances due from Rough Trade Records Limited.

During the year, royalties were paid by Beggars Group (USA) Inc. in respect of US sales, to the following companies. Beggars Group (USA) Inc. in turn recharged that company for label staff located in the US:

	2017		2016	
	Royalties £	Overhead £	Royalties £	Overhead £
Mowax Labels Limited	909	-	858	-
XL Recordings Limited	3,178,052	543,417	4,177,877	674,993
Rough Trade Records Limited	317,965	65,107	420,342	52,549
Young Turks Recordings Limited	1,525,468	164,056	1,028,187	68,708

During the year, commission was paid by Beggars Group (USA) Inc. in respect of US sales, to the following companies:

	2017 £	2016 £
Mowax Labels Limited	194	175
XL Recordings Limited	132,956	46,793
Rough Trade Records Limited	17,571	11,320
Young Turks Recordings	64,335	4,487

**BEGGARS GROUP LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

**28. Related party transactions (continued)**

During the year, the group incurred rental costs from XL Recordings (USA) Inc. of £53,266 (2016 - £53,129).

During the year, payments were made to Remote Control Records Pty of £66,233 (2016 - £55,522) in respect of commission. Also during the year, sales of £289,270 (2016 - £180,597) were made by Beggars Group Media Limited to Remote Control Records Pty Limited.

During the year, net sales of £360,295 (2016 - £275,979) were made by the group to Popstock Distribuciones SL in respect of distributed sales. At the year end, the group was owed £669,710 (2016 - £709,397) by Popstock Distribuciones SL. A provision for bad and doubtful debts of £602,590 (2016 - £380,005) was recognised against the balance at the year end.

During the year, net sales of £279,654 (2016 - £273,188) were made by the group to Beggars Music Limited, a company under common control. At the year end, there was a balance due to the group from Beggars Music Limited of £180,656 (2016 - £174,330).

At the year end, there was a balance due to the group from 4AD Music Limited, a company subject to common control, of £25,000 (2016 - £25,000).

Other than as disclosed within directors' emoluments in note 9, there was no remuneration in relation to key management personnel in the current or prior year.

**Company**

Other than the transactions disclosed above, the company's related party transactions with wholly owned subsidiaries have not been disclosed in accordance with Section 33 of FRS 102. Related party transactions with subsidiaries that are not wholly owned were as follows:

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

	2017 £	2016 £
Playluderecordings Limited	5,000	5,000
Too Pure Limited	<u>16,000</u>	<u>16,000</u>

At the balance sheet date, the following balances existed between the company and subsidiaries that are not wholly owned:

	2017 £	2016 £
Playluderecordings Limited	237,752	352,977
Too Pure Limited	<u>1,744,329</u>	<u>1,865,256</u>

A provision for bad and doubtful debts of £231,065 (2016 - £352,977) was recognised in respect of the balance due from Playluderecordings Limited. A provision for bad and doubtful debts of £1,740,482 (2016 - £1,865,256) was recognised in respect of the balance due from Too Pure Limited.

**29. Controlling party**

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