

Registration number: 01880120

Creation Records Limited

Annual Report and Financial Statements

for the Year Ended 31 March 2018



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Director's Report for the Year Ended 31 March 2018

The director presents his report and the audited financial statements of the company for the year ended 31 March 2018.

Principal activity

The company ceased to trade on 1 April 2017.

Business review and results

The company did not trade during the financial year (2017: profit of £149,000). The net assets of the company at 31 March 2018 were £2,240,000 (2017 : £2,240,000).

Future developments and prospects

The company ceased to trade on 1 April 2017 and this is not expected to change in the foreseeable future.

Dividends

The director does not recommend a dividend payment be made in respect of the financial year ended 31 March 2018 (2017: £2,444,000).

Director of the company

The director who held office during the year and up to the date of signing the financial statements was as follows:

Michael Smith

The director held no interest in the shares of the company or any other group undertaking at 31 March 2018 (2017: none).

Company Secretary

Abogado Nominees Limited and Simon Jenkins acted jointly and severally as company secretary during the year.

Director's Report for the Year Ended 31 March 2018 (continued)

Financial risk management

The company is exposed to various financial risks that arise as a normal part of its trading activities. The main such risks are considered to be foreign exchange risk, credit risk and liquidity risk.

Market risk - Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euros and US Dollars. Management monitor exchange rate movements closely and ensure adequate funds are maintained in appropriate currencies to meet known foreign currency liabilities.

Credit risk

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Liquidity risk

Management monitors rolling forecasts of the company's cash flow requirements and maintains committed credit facilities to cover its expected needs.

Director's Report for the Year Ended 31 March 2018 (continued)

Statement of Director's Responsibilities

The director acknowledges his responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and 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 company will continue in business.

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

Director's Report for the Year Ended 31 March 2018 (continued)

Disclosure of information to the auditors

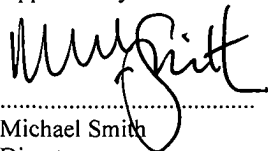
The directors who held office at the date of approval of this directors' report confirm that:

- so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Reappointment of independent auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the director on 18 December 2018 and signed on its behalf by:



Michael Smith
Director

Independent Auditors' Report to the Members of Creation Records Limited

Opinion

In our opinion, Creation Records Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2018 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the balance sheet as at 31 March 2018; the profit and loss account, the statement of comprehensive income, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

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

- 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 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.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

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

Independent Auditors' Report to the Members of Creation Records Limited (continued)

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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Director's Report for the year ended 31 March 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Director's Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Director's Responsibilities set out on page 3, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they 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 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 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Independent Auditors' Report to the Members of Creation Records Limited (continued)

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP, Statutory Auditor

St Albans

18 December 2018

Profit and Loss Account for the Year Ended 31 March 2018

	Note	2018 £	2017 £
Turnover	4	-	788,057
Cost of sales		-	<u>(600,102)</u>
Operating profit	5	-	187,955
Interest payable and similar expenses	7	-	<u>(1,725)</u>
Profit before taxation		-	186,230
Tax on profit	8	-	<u>(37,246)</u>
Profit for the financial year		<u>-</u>	<u>148,984</u>

The company ceased to trade on 1 April 2017.

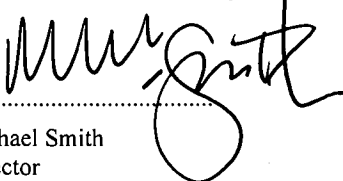
Statement of Comprehensive Income for the Year Ended 31 March 2018

	2018	2017
	£	£
Profit for the financial year	<u>-</u>	<u>148,984</u>
Total comprehensive income for the year	<u><u>-</u></u>	<u><u>148,984</u></u>

Registration number: 01880120
Balance Sheet as at 31 March 2018

	Note	2018 £	2017 £
Current assets			
Debtors: amounts falling due within one year	9	2,410,306	2,558,536
Creditors: amounts falling due within one year	10	<u>(170,089)</u>	<u>(318,319)</u>
Net assets		<u><u>2,240,217</u></u>	<u><u>2,240,217</u></u>
Capital and reserves			
Called up share capital	11	1,000	1,000
Retained earnings		<u>2,239,217</u>	<u>2,239,217</u>
Total equity		<u><u>2,240,217</u></u>	<u><u>2,240,217</u></u>

Approved and authorised by the director on 18 December 2018



 Michael Smith
 Director

Statement of Changes in Equity for the Year Ended 31 March 2018

	Called up share capital £	Retained earnings £	Total equity £
At 1 April 2017	<u>1,000</u>	<u>2,239,217</u>	<u>2,240,217</u>
At 31 March 2018	<u><u>1,000</u></u>	<u><u>2,239,217</u></u>	<u><u>2,240,217</u></u>

	Called up share capital £	Retained earnings £	Total equity £
At 1 April 2016	1,000	4,534,233	4,535,233
Profit for the financial year	-	148,984	148,984
Dividends	<u>-</u>	<u>(2,444,000)</u>	<u>(2,444,000)</u>
At 31 March 2017	<u><u>1,000</u></u>	<u><u>2,239,217</u></u>	<u><u>2,240,217</u></u>

Notes to the Financial Statements for the Year Ended 31 March 2018

1 General information

The company is a private company limited by share capital, incorporated in England.

The address of its registered office is:

9 Derry Street
London
W8 5HY

These financial statements were authorised for issue by the director on 18 December 2018.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Statement of compliance

The individual financial statements of Creation Records Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

2 Accounting policies (continued)

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland”:

- The requirements of Section 4 Statement of Financial Positions paragraph 4.12(a)(iv);
- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sony Corporation as at 31 March 2018 and these financial statements may be obtained from 7-1, Konan 1-chome, Minato-ku, Tokyo, 108-0075.

Turnover and revenue recognition

Turnover comprises the value of sales (excluding VAT and net of trade discounts) of physical goods, digital products, royalty income and of services sold in the normal course of business. Turnover relating to goods is recognised when the product has been dispatched. Turnover relating to digital products is recognised when the products are sold based on reports from digital service providers. Turnover relating to services is recognised once the services have been performed.

Taxation

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Sony Music UK entities which include this company are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. Such losses will be purchased and paid for by the recipient company. Where there is reasonable certainty that taxable losses can be utilised the group relief receivable is included in the taxation charge or credit for the year.

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

2 Accounting policies (continued)

Financial instruments

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The director has concluded that there are no material judgements or estimations to disclose.

4 Turnover

The company did not trade during the financial year. Turnover for the prior year was attributable to the principal activity of the company.

A geographical analysis of the company's turnover for the prior year is as follows:

	2018	2017
	£	£
UK	-	669,386
Rest of world	-	118,671
	<u>-</u>	<u>788,057</u>

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

5 Operating profit

The auditors' remuneration of £2,208 (2017: £2,000) has been borne by Sony Music Entertainment UK Limited, immediate parent company, and not recharged to the company.

6 Employees and Director's remuneration

The director who served during the year received emoluments from the group for his services to the company and certain other subsidiaries in the group. The total emoluments are charged in the financial statements of the company's immediate parent company, Sony Music Entertainment UK Limited.

Retirement benefits accruing to 1 director (2017: 1) under a money purchase pension scheme are charged in the financial statements of Sony Music Entertainment UK Limited.

There were no persons employed by the company during the year (2017: nil) and consequently no staff costs (2017: £nil).

7 Interest payable and similar expenses

	2018	2017
	£	£
Interest paid to third parties	<u>-</u>	<u>1,725</u>

8 Tax on profit

Tax charged in the income statement

	2018	2017
	£	£
Current taxation		
UK corporation tax	<u>-</u>	<u>37,246</u>

The tax assessed for the year is the same (2017 - the same) as the standard rate of corporation tax in the UK of 19% (2017 - 20%).

Legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020 was included in the Finance Act 2016 which received Royal Assent on 15 September 2016.

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

9 Debtors

	2018 £	2017 £
<i>Amounts falling due within one year:</i>		
Amounts owed by group undertakings	2,410,306	2,544,960
Taxation and social security	-	13,576
	<u>2,410,306</u>	<u>2,558,536</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

10 Creditors

	Note	2018 £	2017 £
<i>Amounts falling due within one year:</i>			
Amounts owed to group undertakings		170,089	170,089
Group relief payable	8	-	148,230
		<u>170,089</u>	<u>318,319</u>

Amounts owed to group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

11 Share capital

Allotted, called up and fully paid shares

	No.	2018 £	No.	2017 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

12 Dividends

	2018 £	2017 £
Final dividend of £Nil (2017 - £2,444.00) per ordinary share	-	2,444,000

Notes to the Financial Statements for the Year Ended 31 March 2018 (continued)

13 Parent and ultimate parent undertaking

The company's immediate parent undertaking is Sony Music Entertainment UK Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is Sony Corporation, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Sony Corporation consolidated financial statements can be obtained from 7-1, Konan 1-chome, Minato-ku, Tokyo, 108-0075.

14 Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group. The company has no other related party transactions.