

# **Dedicated Limited**

## **Director's report and financial statements**

**Registered number 02426030**

**31 March 2014**



## **Contents**

## **Pages**

Director's report	1 - 2
Independent auditors' report to the members of Dedicated Limited	3 - 4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 11

## Director's report

The director presents his report and the audited financial statements of the company for the year ended 31 March 2014.

### Principal activities

The principal activity of the company is the production and exploitation of musical recordings.

### Business review and results

The company made a loss for the financial year of £4,546 (2013: £25,430 profit). The director does not recommend the payment of a dividend (2013: £nil).

### Principal risks and uncertainties

The principal risks and uncertainties of the company are integrated with the risks of Sony Music Entertainment UK group and are not managed separately. These risks are discussed in the Sony Music Entertainment UK Limited annual report of the year ended 31 March 2014 which does not form part of this report.

### Key performance indicators (KPIs)

Given the straightforward nature of the business, the director is of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business.

### Going concern

The director believes that preparing the financial statements on the going concern basis is appropriate due to the continued financial support of Sony Corporation. The director has received confirmation that Sony Corporation intends to support the company for at least one year after these financial statements are signed.

### Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were:

Michael Smith

Nicholas Gatfield (resigned 26 February 2014)

The director did not hold an interest in the shares of the company or any other group undertaking at 31 March 2014 (2013: none).

### Company Secretary

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

## **Director's report** *(continued)*

### **Statement of director's responsibilities**

The director is responsible for preparing the Director's 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 prepared 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

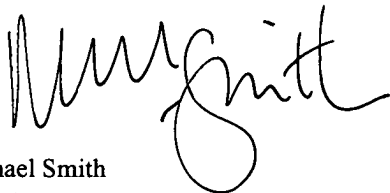
The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies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

### **Disclosure of information to auditors**

The director who held office at the date of approval of this director's report confirms that, so far as he is aware, there is no relevant audit information of which the Company's auditors are unaware; and he has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

By order of the Board on 10 December 2014



Michael Smith  
**Director**

## **Independent auditors' report to the members of Dedicated Limited**

### **Report on the financial statements**

#### *Our opinion*

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

#### *What we have audited*

The financial statements, which are prepared by Dedicated Limited, comprise:

- the Balance sheet as at 31 March 2014;
- the Profit and loss account for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

In applying the financial reporting framework, the director has made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, he has made assumptions and considered future events.

#### *What an audit of financial statements involves*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the director; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the Director's Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Independent auditors' report to the members of Dedicated Limited *(continued)***

### **Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Other matters on which we are required to report by exception**

#### *Adequacy of accounting records and information and explanations received*

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

#### *Director's remuneration*

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of director's remuneration specified by law are not made. 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 director was 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.

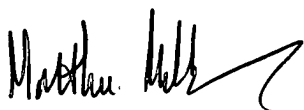
### **Responsibilities for the financial statements and the audit**

#### *Our responsibilities and those of the director*

As explained more fully in the Statement of director's responsibilities set out on page 2, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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.



Matthew Mullins (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans  
11 December 2014

## Profit and loss account

*for the year ended 31 March 2014*

	<i>Notes</i>	<b>Year ended 31 March 2014 £</b>	<b>Year ended 31 March 2013 £</b>
<b>Turnover</b>	<b>2</b>	<b>5,154</b>	24,195
Cost of sales		<b>(1,453)</b>	7,422
<b>Gross profit</b>		<b>3,701</b>	31,617
<b>Operating profit</b>		<b>3,701</b>	31,617
Interest payable and similar charges	<b>6</b>	<b>(10,710)</b>	(7,940)
<b>(Loss) / profit on ordinary activities before taxation</b>	<b>3</b>	<b>(7,009)</b>	23,677
Tax on (loss) / profit on ordinary activities	<b>7</b>	<b>2,463</b>	1,753
<b>(Loss) / profit for the financial year</b>	<b>12</b>	<b>(4,546)</b>	25,430

Turnover and (loss) / profit on ordinary activities before taxation for the year and prior year relate exclusively to continuing operations.

There is no difference between the result as disclosed in the profit and loss account and the result on a historical cost basis.

A statement of total recognised gains and losses has not been presented as there are no gains or losses other than those dealt within the profit and loss account.

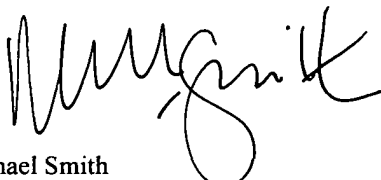
The notes on pages 7 to 11 form part of these financial statements.

**Balance sheet**  
*as at 31 March 2014*

	<i>Notes</i>	<b>31 March 2014 £</b>	<b>31 March 2013 £</b>
<b>Current assets</b>			
Stocks	8	-	584
Debtors	9	7,043	4,580
		<hr/>	<hr/>
		7,043	5,164
<b>Creditors: amounts falling due within one year</b>	10	<b>(506,122)</b>	<b>(499,697)</b>
		<hr/>	<hr/>
<b>Net current liabilities / net liabilities</b>		<b>(499,079)</b>	<b>(494,533)</b>
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	11	6,000,100	6,000,100
Profit and loss account	12	(6,499,179)	(6,494,633)
		<hr/>	<hr/>
<b>Total shareholders' deficit</b>	13	<b>(499,079)</b>	<b>(494,533)</b>
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006 and with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements on pages 5 to 11 were approved by the Director on 10 December 2014 and signed on its behalf by:



Michael Smith  
**Director**



## Notes to the financial statements

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***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 and applicable accounting standards in the United Kingdom, and in accordance with the Financial Reporting Standards for Smaller Entities (effective April 2008) as applicable to financial statements prepared in accordance with the small companies regime of the Companies Act 2006.

#### ***Cash flow exemption***

The company is exempt from the requirement of Financial Reporting Standard 1 (1996), Cash Flow Statements, being a wholly owned subsidiary of Sony Corporation, a company incorporated in Japan and which prepares consolidated financial statements in English containing a consolidated cash flow statement dealing with the cash flows of the group and of the company.

#### ***Going concern***

The management of Sony Corporation has informed the company that it is their intention to provide such financial support as is required by the company to meet its liabilities as they fall due for payment for a period not less than one year from the date of approval of these financial statements. In view of this confirmed support, the director has prepared these financial statements on a going concern basis.

#### ***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.

#### ***Royalties***

Royalty income is included on a receivable basis calculated on sales of records arising during each accounting period as reported by licensees. Royalties payable are expensed on an accruals basis except when they are 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 for recoupment from those products. Advances for overseas licences received in respect of individual albums are carried forward and recognised as income over the expected life of each individual licence.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. Cost represents production costs charged by manufacturers.

## Notes to the financial statements *(continued)*

### 1 Accounting policies *(continued)*

#### ***Royalty advances and recording costs***

Advances paid to artists in respect of future royalties together with recording costs recoverable from future royalties are carried forward as an asset pending recovery through royalties earned on future record sales. When full recovery is uncertain, these costs are written down to estimated recoverable amounts. If recovery is made in subsequent periods of advances previously written off, the recoupment is reflected in cost of sales.

#### ***Foreign currencies***

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

#### ***Taxation***

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

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.

### 2 Turnover

The turnover for the year is attributable to the principal activities of the company and is sourced within the UK.

### 3 Auditors' remuneration

The audit fee for the company of £2,000 (2013: £2,000) was borne by the immediate parent undertaking, Sony Music Entertainment UK Limited.

### 4 Remuneration of directors

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

Retirement benefits accruing to 2 directors (2013: 2) under a money purchase pension scheme are charged in the financial statements of Sony Music Entertainment UK Limited.

### 5 Staff numbers and costs

There were no persons employed by the company during the year (2013: nil) and consequently no staff costs (2013: £nil).

## Notes to the financial statements *(continued)*

### 6 Interest payable and similar charges

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Interest payable to group undertakings	10,710	7,940

Intercompany balances carried a rate of interest of 2.02% in the year (2013: 1.40%).

### 7 Tax on (loss) / profit on ordinary activities

#### *Analysis of tax credit for the year*

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
<i>Current tax:</i>		
<i>United Kingdom</i>		
Corporation tax at 23% (2013: 24%)	(2,463)	(1,906)
Adjustments in respect of previous years	-	153
<b>Tax on (loss) / profit on ordinary activities</b>	<b>(2,463)</b>	<b>(1,753)</b>

The tax assessed for the year is lower (2013: *lower*) than the standard rate of corporation tax in the UK of 23% (2013: 24%) applied to the pre-tax loss of the company. The differences are explained below:

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
<b>(Loss) / profit on ordinary activities before tax</b>	<b>(7,009)</b>	<b>23,677</b>
(Loss) / profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23% (2013: 24%)	(1,612)	5,682
<i>Effects of:</i>		
Adjustment in respect of previous years	-	153
Capital allowances	(119)	(151)
Utilisation of tax losses and other deductions	(732)	(7,437)
<b>Total current tax credit</b>	<b>(2,463)</b>	<b>(1,753)</b>

## Notes to the financial statements *(continued)*

### 7 Tax on (loss) / profit on ordinary activities *(continued)*

*Factors affecting current and future tax charges:*

Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015 was substantively enacted on 2 July 2013.

The company has trading losses carried forward of £341,859 (2013: £345,042). No deferred tax asset has been recognised in respect of these losses as at 31 March 2014 (2013: *£nil*), as it is considered more likely than not that there will not be suitable profits in the future years against which to relieve them. Relief for these deficits will only be obtained if there are suitable profits in future periods.

The corresponding potential deferred tax asset unrecognised as at 31 March 2014 is £68,372 (2013: £80,021).

### 8 Stocks

	31 March 2014 £	31 March 2013 £
Finished goods and goods held for resale	-	584
	<u>          </u>	<u>          </u>

### 9 Debtors

	31 March 2014 £	31 March 2013 £
Group relief debtor	7,043	4,580
	<u>          </u>	<u>          </u>

### 10 Creditors: amounts falling due within one year

	31 March 2014 £	31 March 2013 £
Royalties and licences	5,012	3,385
Amounts owed to group undertakings	501,110	496,312
	<u>          </u>	<u>          </u>
	506,122	499,697
	<u>          </u>	<u>          </u>

## Notes to the financial statements (continued)

### 11 Called up share capital

	31 March 2014 £	31 March 2013 £
<i>Allotted and fully paid</i>		
100 (Year ended 31 March 2013: 100) ordinary shares of £1 each	100	100
6,000,000 (Year ended 31 March 2013: 6,000,000) preference shares of £1 each	6,000,000	6,000,000
	<hr/> 6,000,100 <hr/>	<hr/> 6,000,100 <hr/>

The preference shares are redeemable at the option of the company in lots of 500 once the company makes a profit available for distribution. On a winding up, they would have a priority over the ordinary shares. These shares do not carry any voting rights or rights to a dividend.

### 12 Profit and loss account

	31 March 2014 £	31 March 2013 £
Opening balance	(6,494,633)	(6,520,063)
(Loss) / profit for the financial year	(4,546)	25,430
	<hr/> (6,499,179) <hr/>	<hr/> (6,494,633) <hr/>

### 13 Reconciliation of movement in shareholders' deficit

	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Opening shareholders' deficit	(494,533)	(519,963)
(Loss) / profit for the financial year	(4,546)	25,430
	<hr/> (499,079) <hr/>	<hr/> (494,533) <hr/>

### 14 Immediate 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.

### 15 Related party disclosures

The company is exempt under the terms of Financial Reporting Standard No 8 from disclosing related party transactions with entities that are part of the Sony Corporation group of companies. The company has no other related party transactions.