

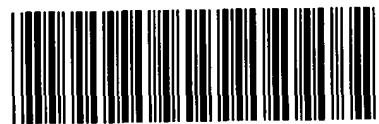
LONDON MUSIC STREAM LIMITED

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DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2019

TUESDAY



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LONDON MUSIC STREAM LIMITED
REGISTERED NUMBER:02512549

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Intangible assets	5	45,049	53,118
Tangible assets	6	2,910	-
		<u>47,959</u>	<u>53,118</u>
Current assets			
Stocks	7	90,806	73,816
Debtors: amounts falling due within one year	8	1,978,815	1,275,341
Cash at bank and in hand	9	2,449,624	1,436,573
		<u>4,519,245</u>	<u>2,785,730</u>
Creditors: amounts falling due within one year	10	(1,587,259)	(1,283,314)
Net current assets		<u>2,931,986</u>	<u>1,502,416</u>
Total assets less current liabilities		<u>2,979,945</u>	<u>1,555,534</u>
Net assets		<u><u>2,979,945</u></u>	<u><u>1,555,534</u></u>
Capital and reserves			
Called up share capital	12	100	100
Profit and loss account		2,979,845	1,555,434
		<u><u>2,979,945</u></u>	<u><u>1,555,534</u></u>

The company's financial statements have been prepared in accordance with the provisions applicable to entities subject to the small companies regime.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 29/7/2020


E Bielsa
 Director

The notes on pages 3 to 12 form part of these financial statements.

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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2018	100	519,994	520,094
Comprehensive income for the year			
Profit for the year	-	<u>1,535,440</u>	<u>1,535,440</u>
Total comprehensive income for the year	-	<u>1,535,440</u>	<u>1,535,440</u>
Contributions by and distributions to owners			
Dividends: Equity capital	-	<u>(500,000)</u>	<u>(500,000)</u>
Total transactions with owners	-	<u>(500,000)</u>	<u>(500,000)</u>
At 1 January 2019	100	1,555,434	1,555,534
Comprehensive income for the year			
Profit for the year	-	<u>1,974,411</u>	<u>1,974,411</u>
Total comprehensive income for the year	-	<u>1,974,411</u>	<u>1,974,411</u>
Contributions by and distributions to owners			
Dividends: Equity capital	-	<u>(550,000)</u>	<u>(550,000)</u>
Total transactions with owners	-	<u>(550,000)</u>	<u>(550,000)</u>
At 31 December 2019	100	<u><u>2,979,845</u></u>	<u><u>2,979,945</u></u>

LONDON MUSIC STREAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

1. General information

The company is a private company, limited by shares and is registered in England and Wales. The address of its registered office is Elsley Court, 20-22 Great Titchfield Street, W1W 8BE. The principal place of business is 118 Commercial Street, Unit 202, London, E1 6NF.

The principal activity of the company is that of the distribution and marketing of recorded music.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial reporting standard 101 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions under FRS 101:

- the requirements of paragraphs 45(b) and 46-52 of IFRS 2 Share based payment
- the requirements of paragraphs 62, B64(d), B64(e), B64(g), B64(h), B64(j) to B64(m), B64(n)(ii), B64(o)(ii), B64(p), B64(q)(ii), B66 and B67 of IFRS 3 Business Combinations
- the requirements of paragraph 33(c) of IFRS 5 Non Current Assets Held For Sale and Discontinued Operations
- the requirements of IFRS 7 Financial Instruments: Disclosures
- the requirements of paragraphs 91-99 of IFRS 13 Fair Value Measurement
- the requirements of the second sentence of paragraph 110 and paragraphs 113(a), 114, 115, 118, 119(a) to (c), 120 to 127 and 129 of IFRS 15 Revenue from Contracts with Customers
- the requirements of paragraph 52, the second sentence of paragraph 89, and paragraphs 90, 91 and 93 of IFRS 16 Leases. The requirements of paragraph 58 of IFRS 16, provided that the disclosure of details in indebtedness relating to amounts payable after 5 years required by company law is presented separately for lease liabilities and other liabilities, and in total
- the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of:
 - paragraph 79(a)(iv) of IAS 1;
 - paragraph 73(e) of IAS 16 Property, Plant and Equipment;
 - paragraph 118(e) of IAS 38 Intangible Assets;
 - paragraphs 76 and 79(d) of IAS 40 Investment Property; and
 - paragraph 50 of IAS 41 Agriculture
- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D, 111 and 134-136 of IAS 1 Presentation of Financial Statements
- the requirements of IAS 7 Statement of Cash Flows
- the requirements of paragraphs 30 and 31 of IAS 8 Accounting Policies, Changes in

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.2 Financial reporting standard 101 - reduced disclosure exemptions (continued)

Accounting Estimates and Errors

- the requirements of paragraph 17 and 18A of IAS 24 Related Party Disclosures
- the requirements in IAS 24 Related Party Disclosures to disclose related party transactions entered into between two or more members of a group, provided that any subsidiary which is a party to the transaction is wholly owned by such a member
- the requirements of paragraphs 130(f)(ii), 130(f)(iii), 134(d)-134(f) and 135(c)-135(e) of IAS 36 Impairment of Assets.

2.3 Going concern

The directors have assessed the impact of global business uncertainty arising from the COVID-19 virus. The directors have reviewed the financial circumstances of the company and are satisfied that the company will be able to satisfy its financial obligations for at least 12 months from the date of signature of the financial statements, which have been prepared on the going concern basis.

2.4 Impact of new international reporting standards, amendments and interpretations

IFRS 16

The company has applied IFRS 16 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1 January 2019.

There have been no material impacts on the company's financial statements as a result of adopting IFRS 16 from 1 January 2019.

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is GBP.

Transactions and balances

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

At each period 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 from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income

Foreign exchange gains and losses are presented in the Statement of Comprehensive Income within administrative expenses.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.6 Revenue

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

Recorded music

Revenues from the physical sale of recorded music, net of a provision for estimated returns and rebates, are recognised upon shipment to third parties, at the shipping point for product sold free on board and on delivery for products sold free on destination.

Revenues from the digital sale of recorded music including royalty streams, sync usage and compilation advances, for which the company has sufficient, accurate and reliable data from certain distributors, are recognised based on their estimate at the end of the month in which those sales were made to the final customer. In the absence of such data, revenues are recognised upon notification by the distribution platform (online or mobile music distributor) to the company of a sale to the final customer.

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

2.7 Finance costs

Finance costs are charged to the Statement of Comprehensive Income 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.8 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the statement of comprehensive income 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.

2.9 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except that a charge 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.

LONDON MUSIC STREAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

2. Accounting policies (continued)

2.9 Current and deferred taxation (continued)

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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; and
- Any deferred tax balances are reversed if and when all conditions for retained associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2.10 Intangible 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 any accumulated impairment losses.

The estimated useful lives range as follows:

Catalogues	-	8 years straight line
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2.11 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.

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

Depreciation is provided on the following basis:

Fixtures and fittings	-	25% straight line
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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 in the Statement of Comprehensive Income.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out 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.

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.13 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.14 Cash and cash equivalents

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

2.15 Creditors

Creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers.

Creditors are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.16 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.

LONDON MUSIC STREAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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

In preparing these financial statements, the directors have made the following judgements:

Determining whether there are indicators of impairment of the company's intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Other key sources of estimation uncertainty are as follows:

Stock

Stock provisions are estimated using management judgement based on the success of releases and residual stock.

Revenue recognition

Management's judgement is involved in the estimate of revenue recognition and costs and their completeness.

Parts of the company's revenue and costs are received and paid post the accounting year end and managerial judgement is applied if revenue and costs should be recognised in the current period.

Estimates of revenue earned but received post year end is included in the accounts based upon success of the artist and their releases in the current period, audio visual performance of those releases as well as actuals produced post year end. As at the year end, an estimate of £621,485 (2018 - £375,359) was included within revenue using this basis.

An estimate of royalties payable is also included in the accounts based upon revenue recognised in the current period and the rate of pay away to the artists per income stream.

Estimates are also necessary in evaluation of contractual performance of an artist for assessing whether any loss provisions are to be made against artist advances and costs incurred on behalf of the artists. The provisions are estimated using managerial judgement and based upon the success of the artist releases and the level of the advance recouped at the balance sheet date.

4. Employees

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

	2019 No.	2018 No.
Employees	1	1

The average monthly number of directors was two (2018 - two).

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

5. Intangible assets

	Catalogues £
Cost	
At 1 January 2019	64,549
At 31 December 2019	64,549
Amortisation	
At 1 January 2019	11,431
Charge for the year	8,069
At 31 December 2019	19,500
Net book value	
At 31 December 2019	45,049
At 31 December 2018	53,118

The intangible asset above relates to the back catalogue of an artist which was acquired during the prior period. The carrying value of the intangible asset at the year end amounts to £45,049 and this is amortised over its remaining life of 5 years and 7 months.

6. Tangible fixed assets

	Fixtures and fittings £
Cost	
Additions	3,582
At 31 December 2019	3,582
Depreciation	
Charge for the year	672
At 31 December 2019	672
Net book value	
At 31 December 2019	2,910
At 31 December 2018	-

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**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

7. Stocks

	2019	2018
	£	£
Finished goods and goods for resale	90,806	73,816

8. Debtors

	2019	2018
	£	£
Trade debtors	529,001	312,599
Amounts owed by group undertakings	78,480	78,480
Other debtors	335,308	2,782
Prepayments and accrued income	1,029,742	875,359
Tax recoverable	90	90
Deferred taxation	6,194	6,031
	1,978,815	1,275,341

9. Cash and cash equivalents

	2019	2018
	£	£
Cash at bank and in hand	2,449,624	1,436,573

10. Creditors: Amounts falling due within one year

	2019	2018
	£	£
Trade creditors	123,465	67,912
Amounts owed to group undertakings	457,210	443,757
Corporation tax	116,032	190,898
Other taxation and social security	74,918	76,365
Other creditors	155,668	55,965
Accruals and deferred income	659,966	448,417
	1,587,259	1,283,314

LONDON MUSIC STREAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

11. Deferred taxation

	2019 £
At beginning of year	6,031
Profit and loss account movement	163
At end of year	6,194

The deferred tax asset is made up as follows:

	2019 £	2018 £
Fixed asset timing differences	6,153	6,007
Short term timing differences	41	24
	6,194	6,031

12. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
100 (2018 - 100) Ordinary shares of £1 each	100	100

There is a single class of ordinary shares. There are no restrictions on the distribution of dividends and the repayment of capital.

13. Pension commitments

The company operates a defined contributions scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pensions cost charge represents contributions payable by the company to the fund and amounted to £1,148 (2018 - £598). The balance outstanding at the year end was £244 (2018 - £139).

14. Related party transactions

The company has taken advantage of FRS 101 - Reduced Disclosure Framework available to the subsidiaries which are 100% controlled by the group not to disclose transactions with other group companies of the group qualifying as related parties.

15. Post balance sheet events

Dividends of £350,000 were declared and paid after the balance sheet date.

After the year end the COVID-19 virus has caused significant uncertainty surrounding the future economic climate, which the directors are assessing on a daily basis.

LONDON MUSIC STREAM LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

16. Controlling party

The directors consider the company's ultimate controlling party to be a trust whose potential beneficiaries are E de Buretel's family.

The immediate parent company is Because Music Holdings Limited, a company registered in England and Wales. The ultimate parent company is OEE Limited, a company registered in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by OEE Limited. The consolidated accounts of that company are available to the public and may be obtained from Elsley Court, 20-22 Great Titchfield Street, London, W1W 8BE.

17. Auditor's information

The audit report provided to the members of London Music Stream Limited on the financial statements for the year ended 31 December 2019 was not qualified, although did contain the following emphasis of matter paragraph:

In relation to the impact of COVID-19 on the basis of preparation of the financial statements, we draw attention to note 20 which details the basis of preparation of the financial statements, note 20 which discloses the non-adjusting post balance sheet events, and the directors' report on page 1.

Our opinion is not modified in respect of this matter.

The audit report was signed by Richard Gilbert (Senior Statutory Auditor) for and on behalf of SRLV Audit Limited, Chartered Accountants and Statutory Auditor.