

Financial Statements for the Year Ended 31 December 2019

for

Naxos Music UK Limited

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for the Year Ended 31 December 2019**

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Naxos Music UK Limited
Company Information
for the Year Ended 31 December 2019

DIRECTORS:	K Heymann B D Blake
SECRETARY:	J Francis
REGISTERED OFFICE:	Unit 8, Salbrook Industrial Estate Salbrook Road Salfords Redhill Surrey RH1 5GJ
REGISTERED NUMBER:	02619679 (England and Wales)
SENIOR STATUTORY AUDITOR:	Richard Young
AUDITORS:	Deeks Evans Audit Services Limited Statutory Auditor 3 Boyne Park Tunbridge Wells Kent TN4 8EN

Naxos Music UK Limited (Registered number: 02619679)

**Balance Sheet
31 December 2019**

	Notes	2019 £	£	2018 £	£
FIXED ASSETS					
Tangible assets	3		335,097		332,057
Investments	4		<u>192,743</u>		<u>190,233</u>
			527,840		522,290
CURRENT ASSETS					
Stocks	5	761,592		736,092	
Debtors	6	2,779,743		3,358,570	
Cash at bank and in hand		<u>397,998</u>		<u>460,765</u>	
		3,939,333		4,555,427	
CREDITORS					
Amounts falling due within one year	7	<u>1,135,630</u>		<u>1,876,515</u>	
NET CURRENT ASSETS			<u>2,803,703</u>		<u>2,678,912</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,331,543</u>		<u>3,201,202</u>
CAPITAL & RESERVES					
Called up share capital	10		100,000		100,000
Retained earnings	11		<u>3,231,543</u>		<u>3,101,202</u>
SHAREHOLDERS' FUNDS			<u>3,331,543</u>		<u>3,201,202</u>

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

In accordance with Section 444 of the Companies Act 2006, the Statement of Comprehensive Income has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 26 May 2020 and were signed on its behalf by:

B D Blake - Director

**Notes to the Financial Statements
for the Year Ended 31 December 2019**

1. STATUTORY INFORMATION

Naxos Music UK Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Critical accounting estimates and judgements

Estimates and assumptions concerning the future and judgements are made by the management in the preparation of the financial statements. They affect the application of the Company's accounting policies, reported amounts of assets, liabilities, income and expenses and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable in the period of revision and future periods, in case the revision also effects future periods.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue and costs, if applicable, can be measured reliably and on the following bases:

Sales of products is recognised on transfer of risks and rewards of ownership, which generally coincides with the time when products are delivered to customers and the title has passed.

Handling and distribution fees, download, streaming income and service income are recognised when services are rendered.

Subscription income is recognised when services are provided under the terms of the online subscription agreements. Payments received in advance of providing services are recorded as deferred revenue and amortised to revenue over the term of agreement.

Licencing income and royalty income are recognised as revenue based on the contract terms.

Interest income from bank deposits and loans to fellow subsidiaries is accrued on a time basis, by reference to the principal outstanding and at the interest rate applicable

Tangible fixed assets

Depreciation is provided on the straight line method in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is shorter, as follows:

Plant & machinery	- 3 & 5 years
Fixtures & fittings	- over the period of the lease
Motor vehicles	- 4 years
Computer equipment	- 3 years
Improvements to property	- over the period of the lease

Stocks

Stocks of finished goods have been valued at the lower of cost and estimated selling price less costs to sell, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

2. ACCOUNTING POLICIES - continued

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Recording costs

Production costs are written off evenly over a 12 month period from the date when new recordings are first released for sale.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

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

Pension costs and other post-retirement benefits

The company operates defined contribution pension schemes. The assets of the schemes are held and controlled by independently administered funds. Contributions payable for the year are charged in the profit and loss account.

Royalties

Royalties and licensing income is recognised on an accruals basis.

Short term debtors & creditors

Short term debtors and creditors with no stated interest rate are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account.

3. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant & machinery £	Fixtures & fittings £
COST			
At 1 January 2019	61,277	37,953	296,371
Additions	-	507	-
Disposals	-	-	-
At 31 December 2019	<u>61,277</u>	<u>38,460</u>	<u>296,371</u>
DEPRECIATION			
At 1 January 2019	5,617	18,439	55,871
Charge for year	6,128	3,785	27,018
Eliminated on disposal	-	-	-
At 31 December 2019	<u>11,745</u>	<u>22,224</u>	<u>82,889</u>
NET BOOK VALUE			
At 31 December 2019	<u>49,532</u>	<u>16,236</u>	<u>213,482</u>
At 31 December 2018	<u>55,660</u>	<u>19,514</u>	<u>240,500</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

3. **TANGIBLE FIXED ASSETS - continued**

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2019	12,890	350,275	758,766
Additions	17,890	44,763	63,160
Disposals	(12,890)	(20,557)	(33,447)
At 31 December 2019	<u>17,890</u>	<u>374,481</u>	<u>788,479</u>
DEPRECIATION			
At 1 January 2019	8,847	337,935	426,709
Charge for year	2,974	18,215	58,120
Eliminated on disposal	(10,890)	(20,557)	(31,447)
At 31 December 2019	<u>931</u>	<u>335,593</u>	<u>453,382</u>
NET BOOK VALUE			
At 31 December 2019	<u>16,959</u>	<u>38,888</u>	<u>335,097</u>
At 31 December 2018	<u>4,043</u>	<u>12,340</u>	<u>332,057</u>

4. **FIXED ASSET INVESTMENTS**

	Unlisted investments £
COST	
At 1 January 2019	190,233
Additions	2,510
At 31 December 2019	<u>192,743</u>
NET BOOK VALUE	
At 31 December 2019	<u>192,743</u>
At 31 December 2018	<u>190,233</u>

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Ondine OY

Registered office: Vanha Helsingintie 18A, 00700 Helsinki, Finland.

Nature of business: Recording & sales of music goods

	% holding	2019 £	2018 £
Class of shares:			
Ordinary	97.67		
Aggregate capital and reserves		444,232	442,204
Profit for the year		<u>25,728</u>	<u>35,419</u>

5. **STOCKS**

	2019 £	2018 £
Goods for resale	<u>761,592</u>	<u>736,092</u>

In addition to its own stocks detailed above, the company holds stock on consignment of £2,281,001 (2018: £2,050,526) valued at current selling prices less the company's margin. Title to the goods remains with the consignors and the company bears no liability until the stock has been sold.

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

6. **DEBTORS**

	2019 £	2018 £
Amounts falling due within one year:		
Trade debtors	806,240	957,753
Other debtors	2,500	3,048
Parent company	2,892	1,966
Other group companies	1,549,484	1,933,884
Deferred tax asset		
Accelerated capital allowances	3,643	31,390
Accrued income	283,291	297,915
Prepayments	55,541	56,462
	<u>2,703,591</u>	<u>3,282,418</u>
Amounts falling due after more than one year:		
Other debtors	<u>76,152</u>	<u>76,152</u>
Aggregate amounts	<u>2,779,743</u>	<u>3,358,570</u>

Other debtors due after more than one year includes a rent deposit of £76,152 (2018: £76,152) relating to a 10 year lease on a property which expires in October 2027.

7. **CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2019 £	2018 £
Trade creditors	538,893	604,942
Corporation tax	7,033	-
Social security & other taxes	255,570	189,175
Other creditors	43,332	16,311
Parent company	-	146,133
Other group companies	220,900	853,454
Accruals	69,902	66,500
	<u>1,135,630</u>	<u>1,876,515</u>

8. **LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2019 £	2018 £
Within one year	120,574	120,574
Between one and five years	482,296	482,296
In more than five years	<u>337,277</u>	<u>457,851</u>
	<u>940,147</u>	<u>1,060,721</u>

9. **DEFERRED TAX**

	£
Balance at 1 January 2019	(31,390)
Accelerated capital allowances	4,000
Movement in losses carried for	<u>23,747</u>
Balance at 31 December 2019	<u>(3,643)</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2019

10. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2019 £	2018 £
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

11. **RESERVES**

	Retained earnings £
At 1 January 2019	3,101,202
Profit for the year	<u>130,341</u>
At 31 December 2019	<u>3,231,543</u>

12. **DISCLOSURE UNDER SECTION 444(5B) OF THE COMPANIES ACT 2006**

The Report of the Auditors was unqualified.

Richard Young (Senior Statutory Auditor)
for and on behalf of Deeks Evans Audit Services Limited

13. **PENSION COMMITMENTS**

The company operates defined contribution pension schemes. Contributions due and paid for the year amounted to £35,837 (2018: £33,013).

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

14. RELATED PARTY DISCLOSURES

The company is a wholly owned subsidiary of Naxos Global Distribution Limited, a company registered in Hong Kong. The ultimate controlling parties are Mr K Heymann & Mrs T Heymann.

The value of group products and services purchased by the company during the year was £1,475,083 (2018: £1,857,707). Sales to companies within the group amounted to £1,151,546 (2018: £1,500,303). Interest has been charged on amounts owing by parent and other group companies totalling £38,147 (2018: £45,211).

Balances outstanding at 31 December 2019 were as follows: -

	2019	2018
	£	£
Amounts due from parent company:-		
Trade Accounts	<u>2,892</u>	<u>1,966</u>
Amounts due from other group companies:-		
Naxos Rights International Limited		
Current account	651,868	630,943
Trade accounts	<u>72,633</u>	<u>72,633</u>
	724,501	703,576
Other trade accounts: -		
Naxos Audio Books (UK) Limited	19,536	12,163
Naxos Rights (Europe) Ltd	245,714	76,015
Naxos Global Logistics GmbH	457,435	477,456
Naxos International (Far East) Limited	-	148,563
Naxos of America Inc.	59,632	98,855
Naxos Sweden AB	948	-
Online	1,239	899
Naxos Rights international US Inc	16,456	346,479
Naxos Digital Services US Inc	-	9,433
HNH International Ltd	24,023	59,441
Naxos Deutschland	<u>-</u>	<u>1,004</u>
	<u>1,549,484</u>	<u>1,933,884</u>
Amounts due to parent company:-		
Loan account	<u>-</u>	<u>146,133</u>
Amounts due to other group companies:-		
Naxos Rights (Europe) Ltd		
Current accounts	-	5,621
Other trade accounts:-		
Naxos Global Logistics GmbH	151,990	258,336
Online	-	511
Orfeo International Music GmbH	1,550	459
Oehms Classics Musikproduktion GmbH	432	127
Naxos Deutschland	260	407
Naxos Digital Services US Inc	25,888	210,292
Naxos Rights US Inc	28,157	367,781
Naxos Sweden AB	10,979	7,164
Naxos Global Distribution ROHQ	<u>1,644</u>	<u>2,756</u>
	<u>220,900</u>	<u>853,454</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2019**

15. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Naxos Global Distribution Limited, a company registered in Hong Kong. The ultimate controlling parties are Mr K Heymann & Mrs T Heymann.

16. ULTIMATE PARENT COMPANY

The ultimate parent company is Naxos Global distribution Limited, a company registered in Hong Kong.

The results for the year of the company are included in the group financial statements of Naxos Global Distribution Limited for the year ended 31 December 2019. The group financial statements are not publicly available.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.