

REGISTERED NUMBER: 02619679 (England and Wales)

Financial Statements for the Year Ended 31 December 2018

for

**Select Music & Video Distribution
Limited**

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for the Year Ended 31 December 2018**

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**Company Information
for the Year Ended 31 December 2018**

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

**Select Music & Video Distribution
Limited (Registered number: 02619679)**

**Balance Sheet
31 December 2018**

	Notes	2018 £	£	2017 £	£
FIXED ASSETS					
Tangible assets	3		332,057		45,269
Investments	4		<u>190,233</u>		<u>190,232</u>
			522,290		235,501
CURRENT ASSETS					
Stocks	5	736,092		871,207	
Debtors	6	3,358,570		4,437,848	
Cash at bank and in hand		<u>460,765</u>		<u>67,613</u>	
		4,555,427		5,376,668	
CREDITORS					
Amounts falling due within one year	7	<u>1,876,515</u>		<u>2,275,550</u>	
NET CURRENT ASSETS			<u>2,678,912</u>		<u>3,101,118</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,201,202</u>		<u>3,336,619</u>
CAPITAL & RESERVES					
Called up share capital	10		100,000		100,000
Retained earnings	11		<u>3,101,202</u>		<u>3,236,619</u>
SHAREHOLDERS' FUNDS			<u>3,201,202</u>		<u>3,336,619</u>

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

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 on 4 June 2019 and were signed on its behalf by:

B D Blake - Director

**Notes to the Financial Statements
for the Year Ended 31 December 2018**

1. STATUTORY INFORMATION

Select Music & Video Distribution 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.

Licensing 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 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 2018**

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 2018	-	86,237	232,515
Additions	61,277	17,130	264,100
Disposals	-	(65,414)	(200,244)
At 31 December 2018	<u>61,277</u>	<u>37,953</u>	<u>296,371</u>
DEPRECIATION			
At 1 January 2018	-	77,108	228,188
Charge for year	5,617	3,870	27,927
Eliminated on disposal	-	(62,539)	(200,244)
At 31 December 2018	<u>5,617</u>	<u>18,439</u>	<u>55,871</u>
NET BOOK VALUE			
At 31 December 2018	<u>55,660</u>	<u>19,514</u>	<u>240,500</u>
At 31 December 2017	<u>-</u>	<u>9,129</u>	<u>4,327</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

3. TANGIBLE FIXED ASSETS - continued

	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2018	24,750	360,221	703,723
Additions	-	7,279	349,786
Disposals	(11,860)	(17,225)	(294,743)
At 31 December 2018	<u>12,890</u>	<u>350,275</u>	<u>758,766</u>
DEPRECIATION			
At 1 January 2018	13,725	339,433	658,454
Charge for year	4,366	15,727	57,507
Eliminated on disposal	(9,244)	(17,225)	(289,252)
At 31 December 2018	<u>8,847</u>	<u>337,935</u>	<u>426,709</u>
NET BOOK VALUE			
At 31 December 2018	<u>4,043</u>	<u>12,340</u>	<u>332,057</u>
At 31 December 2017	<u>11,025</u>	<u>20,788</u>	<u>45,269</u>

4. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2018	190,232
Additions	<u>1</u>
At 31 December 2018	<u>190,233</u>
NET BOOK VALUE	
At 31 December 2018	<u>190,233</u>
At 31 December 2017	<u>190,232</u>

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

Online OY

Registered office:

Nature of business: Recording & sales of music goods

	% holding
Class of shares:	
Ordinary	97.08

	2018 £	2017 £
Aggregate capital and reserves	442,204	409,897
Profit for the year	<u>35,419</u>	<u>38,086</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

5. STOCKS

	2018	2017
	£	£
Goods for resale	<u>736,092</u>	<u>871,207</u>

In addition to its own stocks detailed above, the company holds stock on consignment of £2,050,526 (2017: £9,606,072) 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.

6. DEBTORS

	2018	2017
	£	£
Amounts falling due within one year:		
Trade debtors	957,753	1,118,047
Other debtors	3,048	247,194
Recording costs	-	8,598
Parent company	1,966	-
Other group companies	1,933,884	2,367,411
Deferred tax asset		
Accelerated capital allowances	31,390	844
Accrued income	297,915	314,537
Prepayments	<u>56,462</u>	<u>305,065</u>
	<u>3,282,418</u>	<u>4,361,696</u>
Amounts falling due after more than one year:		
Other debtors	<u>76,152</u>	<u>76,152</u>
Aggregate amounts	<u>3,358,570</u>	<u>4,437,848</u>

Other debtors within one year includes a rent deposit of £nil (2017: £174,987) which was not returnable until the expiry of the relevant lease in March 2018.

Other debtors due after more than one year includes a rent deposit of £76,152 (2017: £76,152) relating to a 10 year lease on a property which expires in October 2027.

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2018	2017
	£	£
Trade creditors	604,942	1,093,821
Social security & other taxes	189,175	140,063
Other creditors	16,311	51,533
Parent company	146,133	146,133
Other group companies	853,454	434,332
Accruals	<u>66,500</u>	<u>409,668</u>
	<u>1,876,515</u>	<u>2,275,550</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

8. LEASING AGREEMENTS

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

	2018 £	2017 £
Within one year	120,574	183,790
Between one and five years	482,296	482,296
In more than five years	<u>457,851</u>	<u>578,425</u>
	<u>1,060,721</u>	<u>1,244,511</u>

9. DEFERRED TAX

	£
Balance at 1 January 2018	(844)
Accelerated capital allowances	31,154
Losses carried forward	<u>(61,700)</u>
Balance at 31 December 2018	<u>(31,390)</u>

10. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2018 £	2017 £
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

11. RESERVES

	Retained earnings £
At 1 January 2018	3,236,619
Deficit for the year	<u>(135,417)</u>
At 31 December 2018	<u>3,101,202</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 £33,013 (2017: £28,124).

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

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 £1,857,707 (2017 : £2,471, 435). Sales to companies within the group amounted to £1,500,303 (2017: £1,133,745). Interest has been charged on amounts owing by parent and other group companies totalling £45,211 (2017: £51,647).

Balances outstanding at 31 December 2018 were as follows: -

	2018	2017
	£	£
Amounts due from parent company:-		
Trade Accounts	<u>1,966</u>	<u>-</u>
Amounts due from other group companies:-		
Naxos Rights International Limited		
Current account	630,943	648,097
Trade accounts	<u>72,633</u>	<u>36,112</u>
	703,576	684,209
Naxos Audio Books (UK) Limited		
Current account	-	200,000
Trade accounts	<u>12,163</u>	<u>368,830</u>
	12,163	568,830
Naxos Rights (Europe) Ltd		
Current account	-	50,417
Trade accounts	<u>76,015</u>	<u>60,439</u>
	76,015	110,856
Other trade accounts: -		
Naxos Media Holdings (Europe) Ltd	-	14,352
Naxos Global Logistics GmbH	477,456	509,451
Naxos International (Far East) Limited	148,563	142,425
Naxos Japan Inc	-	21,466
Naxos of America Inc.	98,855	18,199
Naxos Sweden AB	-	7,480
Ondine	899	888
Naxos Rights international US Inc	346,479	234,893
Naxos Digital Services US Inc	9,433	4,637
HNH International Ltd	59,441	22,249
Arkiv Music Inc	-	27,476
	<u>1,932,880</u>	<u>2,367,411</u>
Amounts due to parent company:-		
Loan account	146,133	146,133
Trade account	<u>2,756</u>	<u>-</u>
	148,889	146,133

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2018**

Amounts due to other group companies:-

Naxos Global Logistics GmbH		
Current accounts	5,621	-
Trade accounts	<u>258,336</u>	<u>144,862</u>
	263,957	144,862
Other trade accounts:-		
Online	509	-
Orfeo International Music GmbH	459	11,258
Oehms Classics Musikproduktion GmbH	127	-
Naxos Deutschland	407	-
Naxos Audio Books (UK) Limited	-	20,343
Naxos Digital Services US Inc	210,292	100,677
Naxos Rights US Inc	367,781	151,657
Naxos Sweden AB	<u>7,164</u>	<u>5,535</u>
	<u>850,696</u>	<u>434,332</u>

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 2018. 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.