

Financial Statements for the Year Ended 31 December 2022

for

Naxos Music UK Limited

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for the Year Ended 31 December 2022**

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Naxos Music UK Limited
Company Information
for the Year Ended 31 December 2022

DIRECTORS:	K Heymann M Lutzweiler
SECRETARY:	J McClure
REGISTERED OFFICE:	3rd Floor Forum House 41-51 Brighton Road Redhill Surrey RH1 6YS
REGISTERED NUMBER:	02619679 (England and Wales)
SENIOR STATUTORY AUDITOR:	Richard Young
AUDITORS:	Deeks Evans Audit Services Limited Statutory Auditor First Floor, West Barn North Frith Farm, Ashes Lane, Hadlow Tonbridge Kent TN11 9QU

Naxos Music UK Limited (Registered number: 02619679)

**Balance Sheet
31 December 2022**

	Notes	2022 £	£	2021 £	£
FIXED ASSETS					
Tangible assets	4		120,521		246,370
Investments	5		<u>192,743</u>		<u>192,743</u>
			313,264		439,113
CURRENT ASSETS					
Stocks	6	465,151		648,549	
Debtors	7	3,762,473		2,761,313	
Cash at bank and in hand		<u>232,136</u>		<u>892,014</u>	
		4,459,760		4,301,876	
CREDITORS					
Amounts falling due within one year	8	<u>1,321,689</u>		<u>1,153,973</u>	
NET CURRENT ASSETS			<u>3,138,071</u>		<u>3,147,903</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,451,335		3,587,016
PROVISIONS FOR LIABILITIES	10		<u>-</u>		<u>25,407</u>
NET ASSETS			<u>3,451,335</u>		<u>3,561,609</u>
CAPITAL & RESERVES					
Called up share capital	11		100,000		100,000
Retained earnings	12		<u>3,351,335</u>		<u>3,461,609</u>
SHAREHOLDERS' FUNDS			<u>3,451,335</u>		<u>3,561,609</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 Income and Retained Earnings has not been delivered.

The financial statements were approved by the Board of Directors and authorised for issue on 28 July 2023 and were signed on its behalf by:

M Lutzweiler - Director

**Notes to the Financial Statements
for the Year Ended 31 December 2022**

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

The financial statements have been prepared in conformity with the principles applicable to a going concern basis. The applicability of these principles is dependent upon continued availability of adequate finance in the future in view of the group's net current liabilities. There is a material uncertainty at group level relation to this condition that may cast significant doubt on the Group's ability to continue as a going concern and, therefore, the Group may be unable to realise its assets and discharge its liabilities in the normal course of business. The group directors, Mr. Klaus Heymann and Mr. Yu He, have confirmed their intention to provide financial support to the Group and not to call upon the Group to repay any of the loans due to them until it is in a position to do so without compromising the rights of the Group's creditors. Note 11 and note 18 to the financial statements indicate group debtor balances of £2,434,103 which are treated as recoverable.

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 affects future periods.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the company 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 & 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.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

2. ACCOUNTING POLICIES - continued

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the profit or loss, 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.

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.

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.

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.

Fixed asset investments

Fixed asset investments, subject to review for impairment, are included at cost. Further detail is provided in note 9.

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 or loss account.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 21 (2021 - 22) .

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

4. TANGIBLE FIXED ASSETS

	Improvements to property £	Plant & machinery £	Fixtures & fittings £
COST			
At 1 January 2022	61,277	38,460	299,655
Additions	65,652	-	10,883
Disposals	(61,277)	(33,880)	(263,539)
At 31 December 2022	<u>65,652</u>	<u>4,580</u>	<u>46,999</u>
DEPRECIATION			
At 1 January 2022	24,000	27,797	135,806
Charge for year	7,296	1,043	23,149
Eliminated on disposal	(29,106)	(24,260)	(140,850)
At 31 December 2022	<u>2,190</u>	<u>4,580</u>	<u>18,105</u>
NET BOOK VALUE			
At 31 December 2022	<u>63,462</u>	<u>-</u>	<u>28,894</u>
At 31 December 2021	<u>37,277</u>	<u>10,663</u>	<u>163,849</u>
	Motor vehicles £	Computer equipment £	Totals £
COST			
At 1 January 2022	17,890	359,276	776,558
Additions	-	16,568	93,103
Disposals	-	(196,842)	(555,538)
At 31 December 2022	<u>17,890</u>	<u>179,002</u>	<u>314,123</u>
DEPRECIATION			
At 1 January 2022	8,376	334,209	530,188
Charge for year	3,722	19,262	54,472
Eliminated on disposal	-	(196,842)	(391,058)
At 31 December 2022	<u>12,098</u>	<u>156,629</u>	<u>193,602</u>
NET BOOK VALUE			
At 31 December 2022	<u>5,792</u>	<u>22,373</u>	<u>120,521</u>
At 31 December 2021	<u>9,514</u>	<u>25,067</u>	<u>246,370</u>

5. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2022 and 31 December 2022	<u>192,743</u>
NET BOOK VALUE	
At 31 December 2022	<u>192,743</u>
At 31 December 2021	<u>192,743</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

5. **FIXED ASSET INVESTMENTS - continued**

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

Class of shares:	% holding	2022 £	2021 £
Ordinary	97.67		
Aggregate capital and reserves		557,773	528,295
Profit for the year		<u>47,289</u>	<u>50,209</u>

6. **STOCKS**

	2022 £	2021 £
Goods for resale	<u>465,151</u>	<u>648,549</u>

In addition to its own stocks detailed above, the company holds stock on consignment of £1,080,883 (2021: £2,117,085) 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.

7. **DEBTORS**

	2022 £	2021 £
Amounts falling due within one year:		
Trade debtors	914,562	611,646
Other debtors	120,913	35,280
Other group companies	2,434,103	1,669,178
Deferred tax asset		
Accelerated capital allowances	60,943	-
Accrued income	152,929	305,190
Prepayments	<u>66,357</u>	<u>63,467</u>
	<u>3,749,807</u>	<u>2,684,761</u>
Amounts falling due after more than one year:		
Other debtors	<u>12,666</u>	<u>76,552</u>
Aggregate amounts	<u>3,762,473</u>	<u>2,761,313</u>

Other debtors due after more than one year includes a rent deposit of £12,666 (2021: £76,552) relating to a 10 year lease on a property which expires in September 2032.

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

	2022 £	2021 £
Trade creditors	294,023	480,485
Social security & other taxes	233,461	275,509
Other creditors	3,768	18,200
Other group companies	563,066	311,179
Accruals	<u>227,371</u>	<u>68,600</u>
	<u>1,321,689</u>	<u>1,153,973</u>

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

9. **LEASING AGREEMENTS**

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

	2022	2021
	£	£
Within one year	48,133	120,574
Between one and five years	192,531	482,296
In more than five years	<u>228,630</u>	<u>96,129</u>
	<u>469,294</u>	<u>698,999</u>

10. **PROVISIONS FOR LIABILITIES**

	2021
	£
Deferred tax	
Accelerated capital allowances	<u>25,407</u>
	Deferred tax
	£
Balance at 1 January 2022	25,407
Accelerated capital allowances	<u>(86,350)</u>
Balance at 31 December 2022	<u>(60,943)</u>

11. **CALLED UP SHARE CAPITAL**

Allotted, issued and fully paid:			2022	2021
Number:	Class:	Nominal value:	£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

12. **RESERVES**

	Retained earnings
	£
At 1 January 2022	3,461,609
Deficit for the year	<u>(110,274)</u>
At 31 December 2022	<u>3,351,335</u>

13. **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

14. **PENSION COMMITMENTS**

The company operates defined contribution pension schemes. Contributions due and paid for the year amounted to £33,383 (2021: £40,981).

Notes to the Financial Statements - continued
for the Year Ended 31 December 2022

15. RELATED PARTY DISCLOSURES

The value of group products and services purchased by the company during the year was £1,384,158 (2021 : £1,648,464). Sales to companies within the group amounted to £1,401,908 (2021: £1,278,776). Interest has been charged on amounts owing by parent and other group companies totalling £45,940 (2021: £32,296).

Balances outstanding at 31 December 2022 were as follows: -

	2022	2021
	£	£
Amounts due from parent company:-		
Trade Accounts	-	-
Amounts due from other group companies:-		
Naxos Rights International Limited		
Current account	630,942	630,942
Trade accounts	<u>162,148</u>	<u>133,395</u>
	793,090	744,395
Ondine OY		
Current accounts	88,378	-
Trade accounts	<u>606</u>	<u>840</u>
	88,984	840
Other trade accounts: -		
Naxos Audio Books (UK) Limited	4,336	32,249
Naxos Rights (Europe) Ltd	677,005	37,260
Naxos Global Logistics GmbH	468,039	449,959
Naxos of America Inc.	296,541	126,336
Naxos Digital Services US Inc	64,099	20,037
Naxos Rights US Inc	34,435	25,868
HNH International Ltd	7,574	12,264
Naxos Deutschland Musik	-	28
	<u>2,434,103</u>	<u>1,669,178</u>
Amounts due to parent company:-		
Naxos Global Distribution Limited	-	-
Amounts due to other group companies:-		
Naxos Global Logistics GmbH		
Current accounts	7,400	-
Trade accounts	<u>178,481</u>	<u>86,270</u>
	185,881	86,270
Other trade accounts:		
Orfeo International Music GmbH	365	404
Oehms Classics Musikproduktion GmbH	312	208
Naxos Deutschland	57	209
Naxos Digital Services US Inc	122,674	65,011
Naxos Rights US Inc	250,928	103,533
ARC Music Productions International Ltd	405	-
Naxos Norway AS	54	-
Naxos Denmark ApS	100	-
Naxos Sweden AB	-	3,977
Naxos Global Distribution ROHQ	659	509
Ondine Oy	1,631	1,173
Naxos Rights (Europe) Ltd	-	49,885
	<u>563,066</u>	<u>311,179</u>

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2022**

16. ULTIMATE CONTROLLING PARTY

The company is a wholly owned subsidiary of Naxos Global Distribution Limited, a company registered in Hong Kong. The ultimate controlling party is Desun Holding Limited, a BVI company controlled by Mr He Yu.

The results for the year of the company are included in the group financial statements of Angelina Assets Limited (a BVI company) for the year ended 31 December 2022. The Company's registered office is located at Vistra Corporate Services Centre, Wickham's Cay II, Road Town, Tortola, VG1110, British Virgin Islands.

The group financial statement are not publicly available

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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.