

Company Registration No. 3126277 (England and Wales)

**XL RECORDINGS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2007**

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# **XL RECORDINGS LIMITED**

## **COMPANY INFORMATION**

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<b>Directors</b>	Richard Russell Martin Mills
<b>Secretary</b>	Nigel Bolt
<b>Company number</b>	3126277
<b>Registered office</b>	17-19 Alma Road London SW18 1AA
<b>Auditors</b>	Sedley Richard Laurence Voulters 1 Conduit Street London W1S 2XA
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS

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# **XL RECORDINGS LIMITED**

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# **XL RECORDINGS LIMITED**

## **DIRECTORS' REPORT**

### ***FOR THE YEAR ENDED 31 DECEMBER 2007***

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The directors present their report and financial statements for the year ended 31 December 2007.

#### **Principal activities and review of the business**

The principal activity of the company during the year was that of the production and sale of sound recordings and the licensing of such operations.

#### **Financial review**

Turnover has decreased slightly compared to the prior year and was in line with expectations.

#### **Principal risks and uncertainties**

The value of the worldwide market for physical sales of recorded music continues to decline whilst digital sales are increasing. It is unclear whether the decline in physical sales will be offset by the increase in digital sales so there is a possibility of a future reduction in turnover and profitability.

The company relies on the success of a number of key artists and as such continues to identify and sign new artists. The company's future is dependent on its ability to achieve success with these new artists as well as its ability to continue to exploit its existing growing catalogue successfully.

#### **Results and dividends**

The results for the year are set out on page 5.

The directors do not recommend payment of an ordinary dividend.

#### **Market value of land and buildings**

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

#### **Future developments**

The directors will pursue their management policies and it is anticipated that there will be an effective response to the challenges of the ensuing year.

#### **Directors**

The following directors have held office since 1 January 2007:

Richard Russell  
Martin Mills

#### **Auditors**

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Sedley Richard Laurence Voulters be reappointed as auditors of the company will be put to the Annual General Meeting.

# **XL RECORDINGS LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 1985. They are 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.

The directors' are responsible for the maintenance and integrity of the company website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

By order of the board



Nigel Bolt  
**Secretary**

29 January 2009

# **XL RECORDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF XL RECORDINGS LIMITED**

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We have audited the financial statements of XL Recordings Limited for the year ended 31 December 2007 set out on pages 5 to 19. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of the directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# **XL RECORDINGS LIMITED**

## **INDEPENDENT AUDITORS' REPORT (CONTINUED)**

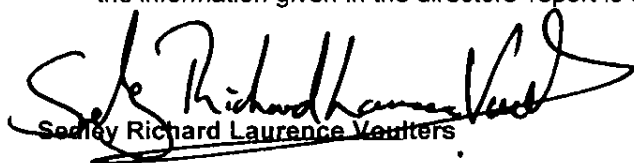
### **TO THE SHAREHOLDERS OF XL RECORDINGS LIMITED**

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#### **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended;
- have been properly prepared in accordance with the Companies Act 1985.
- the information given in the directors' report is consistent with the financial statements.



Sedley Richard Laurence Venters

30 January 2009

Chartered Accountants  
**Registered Auditor**

1 Conduit Street  
London  
W1S 2XA

# **XL RECORDINGS LIMITED**

## **PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

	Notes	2007 £	2006 £
<b>Turnover</b>	<b>2</b>	14,789,715	15,168,994
Cost of sales		(6,556,572)	(7,345,264)
<b>Gross profit</b>		8,233,143	7,823,730
Distribution costs		(3,626,661)	(3,351,361)
Administrative expenses		(4,367,914)	(3,882,777)
<b>Operating profit</b>	<b>3</b>	238,568	589,592
Other interest receivable and similar income	<b>4</b>	9,635	42,593
Interest payable and similar charges	<b>5</b>	(48,825)	(45,961)
<b>Profit on ordinary activities before taxation</b>		199,378	586,224
Tax on profit on ordinary activities	<b>6</b>	(57,062)	(173,877)
<b>Profit for the year</b>	<b>15</b>	142,316	412,347

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.



# XL RECORDINGS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2007

	Notes	2007 £	£	2006 £	£
<b>Fixed assets</b>					
Tangible assets	8	1,038,884		1,079,069	
Investments	9	500		500	
		<u>1,039,384</u>		<u>1,079,569</u>	
<b>Current assets</b>					
Stocks	10	225,439		115,984	
Debtors	11	2,855,216		1,575,582	
Cash at bank and in hand		-		721,242	
		<u>3,080,655</u>		<u>2,412,808</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(2,877,128)</u>		<u>(2,391,782)</u>	
<b>Net current assets</b>		<u>203,527</u>		<u>21,026</u>	
<b>Total assets less current liabilities</b>		<u>1,242,911</u>		<u>1,100,595</u>	
<b>Provisions for liabilities</b>	13	<u>(555)</u>		<u>(555)</u>	
		<u>1,242,356</u>		<u>1,100,040</u>	
<b>Capital and reserves</b>					
Called up share capital	14	1,000		1,000	
Profit and loss account	15	1,241,356		1,099,040	
<b>Shareholders' funds</b>	16	<u>1,242,356</u>		<u>1,100,040</u>	

Approved by the Board and authorised for issue on 29 January 2009



Martin Mills  
Director

# **XL RECORDINGS LIMITED**

## **CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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	<b>2007</b>	<b>2006</b>
	<b>£</b>	<b>£</b>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,804,322)</b>	<b>1,719,891</b>
<b>Returns on investments and servicing of finance</b>		
Interest received	9,635	42,593
Interest paid	<u>(48,825)</u>	<u>(45,961)</u>
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(39,190)</b>	<b>(3,368)</b>
<b>Taxation</b>	<b>(12,115)</b>	<b>(1,175,933)</b>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	<u>(11,717)</u>	<u>(16,442)</u>
<b>Net cash outflow for capital expenditure</b>	<b>(11,717)</b>	<b>(16,442)</b>
<b>Equity dividends paid</b>	<b>-</b>	<b>(1,000,000)</b>
<b>Net cash outflow before management of liquid resources and financing</b>	<b>(1,867,344)</b>	<b>(475,852)</b>
<b>Decrease in cash in the year</b>	<b><u>(1,867,344)</u></b>	<b><u>(475,852)</u></b>

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# XL RECORDINGS LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2007

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2007		2006	
		£		£	
	Operating profit	238,568		589,592	
	Depreciation of tangible assets	49,420		50,421	
	Loss on disposal of tangible assets	2,481		-	
	(Increase)/decrease in stocks	(109,455)		95,031	
	(Increase)/decrease in debtors	(1,279,634)		1,846,531	
	Decrease in creditors within one year	(705,702)		(861,684)	
	<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,804,322)</b>		<b>1,719,891</b>	
2	Analysis of net (debt)/funds	1 January 2007	Cash flow	Other non-cash changes	31 December 2007
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	721,242	(721,242)	-	-
	Bank overdrafts	-	(1,146,102)	-	(1,146,102)
		<u>721,242</u>	<u>(1,867,344)</u>	<u>-</u>	<u>(1,146,102)</u>
	<b>Net funds/(debt)</b>	<b><u>721,242</u></b>	<b><u>(1,867,344)</u></b>	<b><u>-</u></b>	<b><u>(1,146,102)</u></b>
3	Reconciliation of net cash flow to movement in net (debt)/funds	2007		2006	
		£		£	
	Decrease in cash in the year	(1,867,344)		(475,852)	
	<b>Movement in net (debt)/funds in the year</b>	<b>(1,867,344)</b>		<b>(475,852)</b>	
	Opening net funds	721,242		1,197,094	
	<b>Closing net (debt)/funds</b>	<b><u>(1,146,102)</u></b>		<b><u>721,242</u></b>	

# **XL RECORDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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### **1 Accounting policies**

#### **1.1 Accounting convention**

The financial statements are prepared under the historical cost convention.

#### **1.2 Compliance with accounting standards**

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

#### **1.3 Turnover**

Turnover for sale of physical stock represents the invoiced value of goods and services provided to customers and is net of discounts, value added tax and provisions for goods likely to be returned. Turnover for other income represents amounts reported to the company in statements received during the year.

#### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% per annum on cost
Fixtures, fittings & equipment	20% and 25% on a reducing balance basis
Motor vehicles	25% on a reducing balance basis

#### **1.5 Investments**

Fixed asset investments are stated at cost less provision for diminution in value.

#### **1.6 Stock**

Stock is valued at the lower of cost and net realisable value.

#### **1.7 Deferred taxation**

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes, calculated at the rates at which it is expected that tax will arise. The deferred tax balance has not been discounted.

#### **1.8 Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### **1.9 Group accounts**

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

# XL RECORDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 1 Accounting policies

(continued)

#### 1.10 Deferred income

Deferred income represents non returnable advances on royalties receivable from other record companies. These advances are credited to revenue as the royalty income arises or where the probability of future income in respect thereof is removed.

#### 1.11 Advances to artists

Advances to artists represent advances made direct to artists for recording and other costs made on behalf of artists under contract. These advances, which are only recoverable against future royalties, are charged to the profit and loss account as they are recouped or where the probability of future recoupment in respect thereof is unlikely.

### 2 Turnover and profit on ordinary activities before taxation

	Turnover	
	2007	2006
	£	£
<b>Class of business</b>		
Sales of sound recordings	9,727,457	10,754,050
Royalties receivable	5,062,258	4,414,944
	<u>14,789,715</u>	<u>15,168,994</u>

#### Geographical market

	Turnover	
	2007	2006
	£	£
United Kingdom	6,381,497	6,942,910
Overseas	8,408,218	8,226,084
	<u>14,789,715</u>	<u>15,168,994</u>

### 3 Operating profit

	2007	2006
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	49,420	50,421
Loss on disposal of tangible assets	2,481	-
Loss on foreign exchange transactions	-	25,611
and after crediting:		
Profit on foreign exchange transactions	(2,859)	-

The audit and tax fees have been borne by another related company in both the current and previous year.

# XL RECORDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

**FOR THE YEAR ENDED 31 DECEMBER 2007**

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<b>4</b>	<b>Investment income</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	Other interest	9,635	42,593
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2007</b>	<b>2006</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	47,520	-
	On overdue tax	-	35,336
	Other interest	1,305	10,625
		<u>          </u>	<u>          </u>
		<u>48,825</u>	<u>45,961</u>

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# XL RECORDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

6	Taxation	2007 £	2006 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	56,613	173,877
	Adjustment for prior years	449	-
	Double tax relief	(12,176)	(20,982)
		<u>44,886</u>	<u>152,895</u>
	<b>Foreign corporation tax</b>		
	Foreign corporation tax	12,176	20,982
		<u>57,062</u>	<u>173,877</u>
	<b>Current tax charge</b>	<u>57,062</u>	<u>173,877</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>199,378</u>	<u>586,224</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.75% (2006 - 30.00%)	<u>39,377</u>	<u>175,867</u>
	Effects of:		
	Non deductible expenses	13,488	15,502
	Depreciation add back	9,761	15,126
	Capital allowances in excess of depreciation	(6,013)	(10,686)
	Adjustments to previous periods	449	-
	Chargeable disposals	-	1,253
	Small company relief	-	(23,185)
		<u>17,685</u>	<u>(1,990)</u>
	<b>Current tax charge</b>	<u>57,062</u>	<u>173,877</u>
7	<b>Dividends</b>	<b>2007 £</b>	<b>2006 £</b>
	Ordinary interim paid	<u>-</u>	<u>1,000,000</u>

# XL RECORDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2007

### 8 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
<b>Cost</b>				
At 1 January 2007	1,167,291	253,877	67,139	1,488,307
Additions	-	11,717	-	11,717
Disposals	-	(9,841)	-	(9,841)
At 31 December 2007	1,167,291	255,753	67,139	1,490,183
<b>Depreciation</b>				
At 1 January 2007	188,445	195,380	25,413	409,238
On disposals	-	(7,360)	-	(7,360)
Charge for the year	23,346	15,643	10,432	49,421
At 31 December 2007	211,791	203,663	35,845	451,299
<b>Net book value</b>				
At 31 December 2007	955,500	52,090	31,294	1,038,884
At 31 December 2006	978,846	58,497	41,726	1,079,069



# XL RECORDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 9 Fixed asset investments

	Shares in participating interests £
<b>Cost</b>	
At 1 January 2007 & at 31 December 2007	500
<b>Net book value</b>	
At 31 December 2007	500
At 31 December 2006	500

#### Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
<b>Participating interests</b>			
Mowax Labels Limited	England & Wales	Ordinary	50.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2007 £	Profit/(loss) for the year 2007 £
	<b>Principal activity</b>		
Mowax Labels Limited	Record label	(1,856,835)	4,953

### 10 Stocks

	2007 £	2006 £
Finished goods and goods for resale	225,439	115,984

# XL RECORDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

11 Debtors	2007 £	2006 £
Trade debtors	1,571,343	966,793
Amounts owed by participating interests	-	109
Other debtors	271,523	122,543
Prepayments and accrued income	1,012,350	486,137
	<u>2,855,216</u>	<u>1,575,582</u>

Amounts falling due after more than one year and included in the debtors above are:

	2007 £	2006 £
Other debtors	<u>100,000</u>	<u>-</u>

12 Creditors: amounts falling due within one year	2007 £	2006 £
Bank loans and overdrafts	1,146,102	-
Trade creditors	64,256	34,123
Amounts owed to participating interests	593	-
Corporation tax	47,393	2,446
Other taxes and social security costs	169,898	18,010
Other creditors	1,161,023	1,914,074
Accruals and deferred income	287,863	423,129
	<u>2,877,128</u>	<u>2,391,782</u>

The overdraft is secured by fixed charges over the company's assets and intellectual property.

# XL RECORDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 13 Provisions for liabilities and charges

Deferred tax  
liability  
£

Balance at 1 January 2007 & at 31 December 2007 555

The deferred tax liability is made up as follows:

	2007 £	2006 £
Accelerated capital allowances	<u>555</u>	<u>555</u>

### 14 Share capital

#### Authorised

	2007 £	2006 £
240 A ordinary shares of £1 each	240	240
240 B ordinary shares of £1 each	240	240
520 Deferred shares of £1 each	520	520
	<u>1,000</u>	<u>1,000</u>

#### Allotted, called up and fully paid

240 A ordinary shares of £1 each	240	240
240 B ordinary shares of £1 each	240	240
520 Deferred shares of £1 each	520	520
	<u>1,000</u>	<u>1,000</u>

The 'A' shares and 'B' shares rank pari passu and are entitled to share equally in any dividend or other distribution declared by the company. The deferred shares do not carry a right to dividend, repayment of capital or voting entitlement.

# XL RECORDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2007

### 15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2007	1,099,040
Profit for the year	142,316
Balance at 31 December 2007	<u>1,241,356</u>

### 16 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	142,316	412,347
Dividends	-	(1,000,000)
Net addition to/(depletion in) shareholders' funds	<u>142,316</u>	<u>(587,653)</u>
Opening shareholders' funds	<u>1,100,040</u>	<u>1,687,693</u>
Closing shareholders' funds	<u>1,242,356</u>	<u>1,100,040</u>

### 17 Contingent liabilities

The company has given its bankers a composite cross guarantee dated 16 June 2006 over the £4m overdraft facility, which exists across the following companies:

Beggars Group Limited  
Beggars Group Digital Limited  
Beggars UK Limited  
Beggars Banquet Records Limited  
XL Recordings Limited  
Mantra Recordings Limited  
Too Pure Limited  
Wiiija Records Limited  
4AD Limited  
Playlouderecordings Limited

Any liability arising from the composite cross guarantee is secured by individual mortgage debentures over the assets and intellectual property of each of the parties to the guarantee.

The current group cash and overdraft position as at 31 December 2007 and 31 December 2006 is disclosed within the Beggars Group Limited consolidated financial statements.

# XL RECORDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 DECEMBER 2007

18 Directors' emoluments	2007 £	2006 £
Emoluments for qualifying services	364,402	364,342

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	364,402	364,342
------------------------------------	---------	---------

## 19 Employees

### Number of employees

The average monthly number of employees (including directors) during the year was:

	2007 Number	2006 Number
Administrative staff	10	9
Management staff	2	2
	12	11

Employment costs	2007 £	2006 £
Wages and salaries	646,670	652,771
Social security costs	74,573	83,262
	721,243	736,033

## 20 Control

The company is owned 50% by Beggars Group Limited and 50% by Richard Russell. Beggars Group Limited is controlled by Martin Mills. The directors do not consider that any of these parties is the ultimate controlling party and consider that control of the company is shared.

# **XL RECORDINGS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

***FOR THE YEAR ENDED 31 DECEMBER 2007***

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### **21 Related party transactions**

During the year the company paid amounts in respect of general overhead charges to its shareholder, Beggars Group Limited, of £1,497,000 (2006 - £1,392,600).

At the balance sheet date the company was due from Beggars Group Limited £19,907 (2006 - £(432,652)) in respect of working capital loans.

At the balance sheet date the company was owed £1,836,407 (2006 - £1,841,109) by Mowax Labels Limited, a joint venture of XL Recordings Limited, in respect of working capital loans against which provision of £1,837,000 (2006 - £1,841,000) was made.