
PIAS HOLDING (UK) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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PIAS HOLDING (UK) LIMITED

COMPANY INFORMATION

DIRECTORS

K Gates
N Hartley
M Lambot

COMPANY SECRETARY

N Hartley

REGISTERED NUMBER

03592210

REGISTERED OFFICE

1 Bevington Path
London
SE1 3PW

INDEPENDENT AUDITORS

Nexia Smith & Williamson
Chartered Accountants & Statutory Auditors
Imperial House
18-21 Kings Park Road
Southampton
Hampshire
SO15 2AT

BANKERS

Coutts & Co
440 Strand
London
WC2R 0QS

PIAS HOLDING (UK) LIMITED

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PIAS HOLDING (UK) LIMITED

GROUP STRATEGIC REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

INTRODUCTION

The directors present the strategic report for PIAS Holding (UK) Limited for the year ended 31 December 2014.

PRINCIPAL ACTIVITY

The principal activities of the Group during the year was that of a record label and a seller and distributor of compact discs, records and music in digital format to retail and wholesale outlets.

BUSINESS REVIEW

PIAS Holding (UK) Limited acts as a managing and parent company so it is expected to generate enough turnover from Group companies to cover its costs. It is primarily expected to provide a service to the Group companies and subsequently recharge its costs of doing so appropriately. The consolidated accounts represent the performance of the company and all of its subsidiaries.

The consolidated profit is £325k (£1,219k profit in 2013), the decrease primarily due to a drop in Gross profits on consolidation. This is due to a reduced release schedule within the group repertoire business for 2014 but future artist releases and catalogue remain strong. It also includes a one off charge of £454k for final costs arising from the loss of a tenant for the company's leased warehouse in Bristol.

Total administration expenses have decreased year-on-year to £5,609k (£10,918k in 2013) in-line with lower turnover of £21,989k (£27,175k in 2013).

Net current liabilities have increased to £20,524k (£10,585k in 2013), partly due to reclassification of long-term debt, and Net liabilities have reduced to £17,447k (£17,747k in 2013).

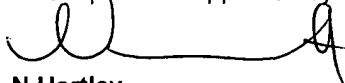
PRINCIPAL RISKS AND UNCERTAINTIES

Its principal risks and uncertainties relate to the performance of the rest of the Group's activities; operating primarily in the sale, distribution and exploitation of music.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business, other than those disclosed above.

This report was approved by the board and signed on its behalf.



N Hartley
Director

Date: 22 December 2015

PIAS HOLDING (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the audited financial statements for the year ended 31 December 2014.

RESULTS AND DIVIDENDS

The loss for the year, after taxation and minority interests, amounted to £325k (2013 - profit of £1,219k).

The directors have not recommended a dividend (2013: £nil).

DIRECTORS

The directors who served during the year were:

K Gates
N Hartley
M Lambot

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and 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). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

POST BALANCE SHEET EVENTS

On 31 July 2015 PIAS Holding (UK) Limited acquired 100% of the share capital of Harmonia Mundi Limited for a consideration of €250,000 subject to potential price adjustments in 2016.

FINANCIAL RISK MANAGEMENT

The Group's operations expose it to a variety of financial risks that include the effects of changes in price risk, liquidity risk and interest rate risk. Given the size of the Group, the policies set out by the directors are implemented by the Group's finance department.

PIAS HOLDING (UK) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

Price risk

The Group is exposed to price risk due to normal inflationary increases in the purchase price of goods and services. The Group has no exposure to equity securities price risk as it holds no listed or other equity investments.

Liquidity risk

Liquidity risk is managed through forecasting the Group's future cash flow requirements and maintaining sufficient cash reserves at Group level.

Interest rate risk

The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at variable rates.

DISCLOSURE OF INFORMATION TO AUDITORS

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, Nexia Smith & Williamson will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board and signed on its behalf.



N Hartley
Director

Date: 22 December 2015

PIAS HOLDING (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PIAS HOLDING (UK) LIMITED

We have audited the financial statements of PIAS Holding (UK) Limited for the year ended 31 December 2014, which comprise the group Profit and Loss Account, the group and company Balance Sheets and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the parent company's affairs as at 31 December 2014 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Group Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PIAS HOLDING (UK) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PIAS HOLDING (UK) LIMITED

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Nexia Smith & Williamson

Andrew Edmonds (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants

Statutory Auditors

Imperial House
18-21 Kings Park Road
Southampton
Hampshire
SO15 2AT

Date:

29th December 2015

PIAS HOLDING (UK) LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £000	2013 £000
TURNOVER	1,2	21,989	27,175
Cost of sales		<u>(11,538)</u>	<u>(14,025)</u>
GROSS PROFIT		10,451	13,150
Distribution costs		<u>(4,518)</u>	<u>(979)</u>
Administrative expenses		<u>(5,609)</u>	<u>(10,918)</u>
OPERATING PROFIT	3	324	1,253
Interest receivable and similar income		-	4
Interest payable and similar charges	6	<u>(24)</u>	<u>(37)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		300	1,220
Tax on profit on ordinary activities	7	<u>-</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		300	1,220
Minority interests		<u>25</u>	<u>(1)</u>
PROFIT FOR THE FINANCIAL YEAR	16	<u>325</u>	<u>1,219</u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2014 or 2013 other than those included in the Profit and Loss Account.

The notes on pages 10 to 23 form part of these financial statements.

PIAS HOLDING (UK) LIMITED
REGISTERED NUMBER: 03592210

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£000	2014 £000	2013 £000
FIXED ASSETS				
Intangible assets	8		2,071	2,350
Tangible assets	9		986	1,193
Investments in associates	10		20	20
			<u>3,077</u>	<u>3,563</u>
CURRENT ASSETS				
Stocks	11	1,227		627
Debtors: amounts falling due after more than one year	12	78		2,881
Debtors: amounts falling due within one year	12	89,247		87,464
Cash at bank and in hand		14		23
		<u>90,566</u>		<u>90,995</u>
CREDITORS: amounts falling due within one year	13	<u>(111,090)</u>		<u>(101,580)</u>
NET CURRENT LIABILITIES			<u>(20,524)</u>	<u>(10,585)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(17,447)</u>	<u>(7,022)</u>
CREDITORS: amounts falling due after more than one year	14		-	(10,725)
NET LIABILITIES			<u>(17,447)</u>	<u>(17,747)</u>
CAPITAL AND RESERVES				
Called up share capital	15		2,500	2,500
Other reserves	16		17	17
Profit and loss account	16		(19,837)	(20,162)
SHAREHOLDERS' DEFICIT	17		<u>(17,320)</u>	<u>(17,645)</u>
MINORITY INTERESTS	18		<u>(127)</u>	<u>(102)</u>
			<u>(17,447)</u>	<u>(17,747)</u>

PIAS HOLDING (UK) LIMITED

**CONSOLIDATED BALANCE SHEET (continued)
AS AT 31 DECEMBER 2014**

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



N Hartley
Director

Date: 22 December 2015

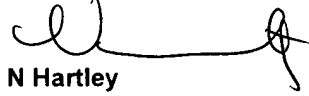
The notes on pages 10 to 23 form part of these financial statements.

PIAS HOLDING (UK) LIMITED
REGISTERED NUMBER: 03592210

COMPANY BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£000	2014 £000	£000	2013 £000
FIXED ASSETS					
Tangible assets	9		987		1,194
Investments	10		159		159
			<u>1,146</u>		<u>1,353</u>
CURRENT ASSETS					
Debtors: amounts falling due after more than one year	12	-		2,480	
Debtors: amounts falling due within one year	12	11,972		8,111	
Cash at bank		1		1	
		<u>11,973</u>		<u>10,592</u>	
CREDITORS: amounts falling due within one year	13	<u>(21,682)</u>		<u>(10,323)</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(9,709)</u>		<u>269</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(8,563)</u>		<u>1,622</u>
CREDITORS: amounts falling due after more than one year	14		<u>-</u>		<u>(10,725)</u>
NET LIABILITIES			<u><u>(8,563)</u></u>		<u><u>(9,103)</u></u>
CAPITAL AND RESERVES					
Called up share capital	15		2,500		2,500
Profit and loss account	16		<u>(11,063)</u>		<u>(11,603)</u>
SHAREHOLDERS' DEFICIT	17		<u><u>(8,563)</u></u>		<u><u>(9,103)</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:


N Hartley
 Director

Date: 22 December 2015

The notes on pages 10 to 23 form part of these financial statements.

PIAS HOLDING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 Going concern

The group has net current liabilities of £20,524k (2013: £10,585k) and net liabilities of £17,447k (2013: £17,747k) as at 31 December 2014 and has made a profit of £325k (2013: £1,219k). The directors have prepared the financial statements on the going concern basis, which assumes that future incomes from artists will be sufficient to cover any advances to artists carried on the balance sheet.

The ability of the group to continue as a going concern is dependent on the ultimate parent company, LGS 2 SPRL, not requiring repayment of intercompany funds. The directors have obtained confirmation from LGS 2 SPRL that they will continue to support the group through its existing facilities.

After considering the support available from LGS 2 SPRL, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Basis of consolidation

The financial statements consolidate the accounts of PIAS Holding (UK) Limited and all of its subsidiary undertakings ('subsidiaries').

1.4 Turnover

Turnover comprises revenue recognised by the group in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. The group operates three main revenue streams, being physical sales, digital sales and royalties. Physical and digital sales are recognised when supplies are made to the customer. Royalty advances are recognised in the period in which they are received.

PIAS HOLDING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES (continued)

1.5 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

Amortisation is provided at the following rates:

Record catalogue intangibles	-	5% - 10% straight line
Artists' rights	-	10% straight line
Goodwill	-	10% straight line

1.6 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Fixtures & fittings	-	10-50% straight line.
Office equipment	-	10-33% straight line.
Computer equipment	-	20-33% straight line.

1.7 Investments

- (i) **Subsidiary undertakings**
Investments in subsidiaries are valued at cost less provision for impairment.
- (ii) **Associated undertakings**
Investments in associates are stated at the amount of the company's share of net assets. The Profit and Loss Account includes the company's share of the associated companies' profits after taxation using the equity accounting basis.
- (iii) **Other investments**
Investments held as fixed assets are shown at cost less provision for impairment.

1.8 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account on a straight line basis over the period of the lease.

1.9 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

The group has consignment stock arrangements, in the ordinary course of business, with certain suppliers. The principal benefit of owning the stock and principal risks of ownership rest with the supplier. Accordingly, these stocks are disclosed in the notes to the financial statements but are not accounted for in the balance sheet.

PIAS HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.10 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.11 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the Balance Sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.12 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.13 Cash flow

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the Group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1.

1.14 Labels' advances

Unrecouped Labels' advances are deferred in the accounting year unless it is considered by the directors that part or all of the advance will not be recouped from future sales at the year end.

1.15 Artists' advances

Unrecouped artists' advances are deferred in the accounting period unless it is considered by the directors that all of the advance will not be recouped from royalties arising from future sales. Artists' advances are reduced as a minimum by the higher of the net balance recouped and 10% of the net brought forward deferred advances.

1.16 Royalties payable

Royalties payable are recognised in the same year as the income to which they relate.

PIAS HOLDING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

2. TURNOVER

The whole of the turnover is attributable to the principal activity of the company.

A geographical analysis of turnover is as follows:

	2014 £000	2013 £000
United Kingdom	10,745	19,505
Rest of European Union	9,253	6,393
Rest of world	1,991	1,277
	<u>21,989</u>	<u>27,175</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2014 £000	2013 £000
Amortisation - intangible fixed assets	426	292
Depreciation of tangible fixed assets:		
- owned by the group	437	383
Auditors' remuneration	45	43
Operating lease rentals:		
- other operating leases	552	746
Difference on foreign exchange	(679)	311
	<u></u>	<u></u>

Auditors fees for the company were £6k (2013 - £6k)

4. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2014 £000	2013 £000
Wages and salaries	3,578	2,973
Social security costs	356	302
Other pension costs	59	54
	<u>3,993</u>	<u>3,329</u>

PIAS HOLDING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

4. STAFF COSTS (continued)

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

	2014 No.	2013 No.
Management and office	31	26
Selling	48	21
Administration	3	26
	<u>82</u>	<u>73</u>

5. DIRECTORS' REMUNERATION

	2014 £000	2013 £000
Remuneration	<u>218</u>	<u>190</u>
Company pension contributions to defined contribution pension schemes	<u>16</u>	<u>15</u>

During the year retirement benefits were accruing to 1 director (2013 - 1) in respect of defined contribution pension schemes.

6. INTEREST PAYABLE

	2014 £000	2013 £000
On loans from group undertakings	<u>24</u>	<u>37</u>

7. TAXATION

	2014 £000	2013 £000
UK corporation tax charge on profit for the year	<u>-</u>	<u>-</u>

PIAS HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

7. TAXATION (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2013 - *lower than*) the standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%). The differences are explained below:

	2014	2013
	£000	£000
Profit on ordinary activities before tax	300	1,220
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 21.49% (2013 - 23.25%)	64	284
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	270	78
Depreciation in excess of capital allowances	85	(21)
Utilisation of tax losses	(416)	(285)
Short term timing difference leading to an increase (decrease) in taxation	(3)	1
Other differences leading to an increase (decrease) in the tax charge	-	(71)
Group relief	-	14
Current tax charge for the year (see note above)	-	-

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

PIAS HOLDING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

8. INTANGIBLE FIXED ASSETS

Group	Record catalogue intangibles £000	Artists' rights £000	Goodwill £000	Total £000
Cost				
At 1 January 2014	59	418	2,675	3,152
Additions	-	-	147	147
At 31 December 2014	59	418	2,822	3,299
Amortisation				
At 1 January 2014	36	41	725	802
Charge for the year	5	38	383	426
At 31 December 2014	41	79	1,108	1,228
Net book value				
At 31 December 2014	18	339	1,714	2,071
At 31 December 2013	23	377	1,950	2,350

9. TANGIBLE FIXED ASSETS

Group	Fixtures & fittings £000	Office equipment £000	Computer equipment £000	Total £000
Cost				
At 1 January 2014	410	119	1,924	2,453
Additions	17	-	213	230
At 31 December 2014	427	119	2,137	2,683
Depreciation				
At 1 January 2014	109	100	1,051	1,260
Charge for the year	42	8	387	437
At 31 December 2014	151	108	1,438	1,697
Net book value				
At 31 December 2014	276	11	699	986
At 31 December 2013	301	19	873	1,193

PIAS HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

9. TANGIBLE FIXED ASSETS (continued)

Company	Fixtures & fittings £000	Office equipment £000	Computer equipment £000	Total £000
Cost				
At 1 January 2014	410	83	1,924	2,417
Additions	17	-	213	230
At 31 December 2014	427	83	2,137	2,647
Depreciation				
At 1 January 2014	109	63	1,051	1,223
Charge for the year	42	8	387	437
At 31 December 2014	151	71	1,438	1,660
Net book value				
At 31 December 2014	276	12	699	987
At 31 December 2013	301	20	873	1,194

10. FIXED ASSET INVESTMENTS

Group	Investments in associates £000
Cost or valuation	
At 1 January 2014 and 31 December 2014	20
Net book value	
At 31 December 2014	20
At 31 December 2013	20

PIAS HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

10. FIXED ASSET INVESTMENTS (continued)

Company	Investments in subsidiary companies £000	Investments in associates £000	Total £000
Cost or valuation			
At 1 January 2014 and 31 December 2014	139	20	159
Net book value			
At 31 December 2014	139	20	159
<i>At 31 December 2013</i>	139	20	159

11. STOCKS

	<u>Group</u>		<u>Company</u>	
	2014	<i>2013</i>	2014	<i>2013</i>
	£000	<i>£000</i>	£000	<i>£000</i>
Finished goods and goods for resale	1,227	<i>627</i>	-	-

PIAS HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

12. DEBTORS

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Due after more than one year				
Amounts owed by group undertakings	-	2,480	-	2,480
Other debtors	78	401	-	-
	78	2,881	-	2,480
Due within one year				
Trade debtors	5,439	6,007	-	-
Amounts owed by group undertakings	75,636	74,176	11,529	7,964
Other debtors	5,429	4,788	16	1
Prepayments and accrued income	2,743	2,493	427	146
	89,247	87,464	11,972	8,111

Other debtors due within one year includes £7k (2013: £nil) due from Kenneth Gates, a Director of the Company. Other debtors also includes £8k (2013: £nil) due from Nicholas Hartley, a Director of the Company.

**13. CREDITORS:
Amounts falling due within one year**

	<u>Group</u>		<u>Company</u>	
	2014	2013	2014	2013
	£000	£000	£000	£000
Bank loans and overdrafts	1,000	840	-	-
Other loans	-	557	-	-
Trade creditors	9,879	8,414	-	-
Amounts owed to group undertakings	90,248	79,773	21,533	10,252
Corporation tax	2	-	2	-
Other taxation and social security	262	517	39	-
Other creditors	1,950	2,130	2	-
Accruals and deferred income	7,749	9,349	106	71
	111,090	101,580	21,682	10,323

The bank overdraft in PIAS UK Limited is secured by the following:

- Mortgage debenture in bank's standard form dated 16 April 2002.
- Guarantee in the bank's standard form limited to £1,000,000 by PIAS Holding (UK) Limited dated 15 January 2003
- Cross composite guarantee in the bank's standard form dated 18 June 2013 with PIAS Digital Limited.

PIAS HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

13. CREDITORS:
Amounts falling due within one year (continued)

- Postponement of members' loans totaling £1,000,000 dated 3 May 2002

The bank liabilities relating to these guarantees as at 31 December 2014 amounted to £999,661.

14. CREDITORS:
Amounts falling due after more than one year

	Group		Company	
	2014	2013	2014	2013
	£000	£000	£000	£000
Amounts owed to group undertakings	-	10,725	-	10,725

15. SHARE CAPITAL

	2014	2013
	£000	£000
Allotted, called up and fully paid		
2,500,286 Ordinary shares of £1 each	2,500	2,500

16. RESERVES

Group	Other reserves £000	Profit and loss account £000
At 1 January 2014	17	(20,162)
Profit for the year	-	325
At 31 December 2014	17	(19,837)

Company	Profit and loss account £000
At 1 January 2014	(11,603)
Profit for the year	540
At 31 December 2014	(11,063)

PIAS HOLDING (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

17. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT

	2014	2013
Group	£000	£000
Opening shareholders' deficit	(17,645)	(18,864)
Profit for the financial year	325	1,219
	<u>(17,320)</u>	<u>(17,645)</u>
Closing shareholders' deficit		
	<u>(17,320)</u>	<u>(17,645)</u>
	2014	2013
Company	£000	£000
Opening shareholders' deficit	(9,103)	(9,114)
Profit for the financial year	540	11
	<u>(8,563)</u>	<u>(9,103)</u>
Closing shareholders' deficit		
	<u>(8,563)</u>	<u>(9,103)</u>

The company has taken advantage of the exemption contained within section 408 of the Companies Act 2006 not to present its own Profit and Loss Account.

The profit for the year dealt with in the accounts of the company was £540,000 (2013 - £11,000).

18. MINORITY INTERESTS

This represents the minority interest in Fat Cat Records Limited.

19. CONTINGENT LIABILITIES

PIAS Holding (UK) Limited has entered into a cross guarantee with PIAS UK Limited for Coutts & Co up to £1,000,000. At 31 December 2014, PIAS UK Limited had drawn down £995,037 of their £1,500,000 overdraft facility.

20. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £59k (2013 - £54k). No contributions were outstanding at the balance sheet date.

£

PIAS HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

21. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with the parent company and fellow wholly owned group companies.

Group companies that do not fall under the exemption are disclosed as follows:

	Sub Notes	Year Ended 31 December 2014 £'000	Year Ended 31 December 2013 £'000
Debtor/(creditor)			
PIAS PRODUCTIONS Limited	2	101	-
PIAS FRANCE	2	501	605
PIAS NETHERLANDS	2	78	83
PIAS SPAIN	2	55	59
PIAS GERMANY	2	6	6
PIAS AMERICA	2	36	38
PIAS COMEDY	2	59	69
Fat Cat Records Limited	1,3	255	255
PIAS DIGITAL	1	-	200
PIAS GROUPE RRE	2	-	(8,574)
PIAS/Wall of Sound	1,4	-	1,248
PIAS BE	2	-	(3,051)
Income/(expense)			
PIAS FRANCE SARL	2	(104)	188
PIAS GERMANY GmbH	2	-	83
PIAS SPRL	2	547	164
PIAS SPAIN	2	(4)	-
PIAS NETHERLANDS	2	(5)	83
PIAS UK	1	(2,007)	959
PIAS DIGITAL	1	-	100
PIAS COMEDY	2	(11)	21
PIAS PRODUCTIONS	2	101	-
Fat Cat Records Limited	1,3	-	35

Sub Notes

1) PIAS UK Limited, PIAS RECORDINGS UK Limited, PIAS/Wall of Sound Limited, Wall of Sound (Nordic) Limited and Fat Cat Records Limited are fellow group companies in the UK.

2) These entities are fellow group companies operating overseas

3) £131,301 of the £254,753 debtor balance of Fat Cat is included within the provision of intercompany bad debts

4) £664,630 of the £1,247,360 debtor balance of Wall of Sound is included within the provision of intercompany bad debts.

PIAS Holding (UK) Limited was charged £48,838 (2013: £42,264) by The Official UK Charts Company Limited, a company in which N Hartley is a director, in respect of subscriptions.

22. POST BALANCE SHEET EVENTS

On 31 July 2015 PIAS Holding (UK) Limited acquired 100% of the share capital of Harmonia Mundi Limited for a consideration of €250,000 subject to potential price adjustments in 2016.

PIAS HOLDING (UK) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

23. ULTIMATE PARENT COMPANY

LGS 2 SPRL is the ultimate parent company. Copies of the group financial statements can be obtained from 90 Rue de Veeweyde, 1070 Bruxelles, Belgium.

24. PRINCIPAL SUBSIDIARIES

Company name	Country	Percentage Shareholding	Description
Fat Cat Records Limited	United Kingdom	50	Record label
PIAS Cooperative Limited	United Kingdom	100	Licencing and exploitation of phonographic recordings
PIAS Recordings UK Limited	United Kingdom	100	Record company
PIAS UK Limited	United Kingdom	91	Sale and distribution of music
PIAS/Wall of Sound Limited	United Kingdom	100	Record label

The remaining shares in PIAS UK are held by PIAS Group SPRL.