

Registration number: 04432262

Simco Limited

Annual Report and Financial Statements

for the Period from 1 April 2018 to 30 September 2019

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Simco Limited
Annual report and financial statements
30 September 2019

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Company Information

Directors	S Cowell I Rosenblatt
Registered office	9 Derry Street London W8 5HY
Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Strategic Report for the Period from 1 April 2018 to 30 September 2019

The directors present their strategic report for the period from 1 April 2018 to 30 September 2019.

Business review and results

The company made a profit for the financial year of £34,580,123 (2018: profit of £18,861,527). Retained profit transferred to reserves amounted to £34,580,123 (2018: profit transferred to reserves of £18,861,527).

The company's key financial and other performance indicators during the period were as follows:

		2019	2018
Gross profit	£	62,051,462	36,189,278
Operating profit	£	42,133,774	24,117,650
Net assets	£	57,249,334	22,669,211

Television ratings are our key non-financial indicator of television format performance. The Got Talent format has been commissioned in 72 territories worldwide and holds the Guinness World Records title for highest number of adaptations. Got Talent airs in 194 countries around the world. In total more than one billion global viewers tune in every year to watch Got Talent. Local versions of The X Factor are commissioned in 56 territories, and around the world The X Factor airs in 178 countries.

Future developments

In the UK, Britain's Got Talent 13 was broadcast from April to June 2019. X Factor season 16 began airing in September 2019. A new five-year commissioning deal with ITV was announced in December 2019.

In the US, America's Got Talent 14 was broadcast from May to September 2019.

Prospects for further growth in production of these formats across the world continue to be strong with additional territories forecast to launch in the next 12 months. COVID-19 has impacted some production times of international territories, these are expected to be able to resume and we do not expect to be materially impacted by COVID-19.

Principal risks and uncertainties

Simco Limited considers its key risks and uncertainties to be as follows:

- change in audience behaviour resulting in fragmented audiences for traditional television broadcasters, leading to uncertainty and potentially reduced investment in new formats;
 - pressure on global music sales and shift in consumer behaviour from music ownership to music access models.
- The company manages and mitigates these risks by developing and expanding its reach on non-traditional broadcast and music streaming platforms.

Approved by the Board on 11 September 2020 and signed on its behalf by:

DocuSigned by:

Ian Rosenblatt OBE

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I Rosenblatt
Director

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Directors' Report for the Period from 1 April 2018 to 30 September 2019

The directors present their report and the financial statements for the period from 1 April 2018 to 30 September 2019.

Principal activity

The principal activity of the company is TV programme format creation, production and exploitation of musical recordings. The TV shows are commissioned and broadcast in territories around the world, as per the Strategic report.

Dividends

During the year a dividend of £nil (2018: £35,135,000) was declared and approved.

Directors of the company

The directors who held office during the period were as follows:

S Cowell

M Smith (resigned 9 April 2019)

The following director was appointed after the period end:

I Rosenblatt (appointed 3 July 2020)

Directors' Report for the Period from 1 April 2018 to 30 September 2019 (continued)

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities for preparing the Annual 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, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", 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 of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Director's confirmations

In the case of each director in office at the date the Director's Report is approved:

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

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Directors' Report for the Period from 1 April 2018 to 30 September 2019 (continued)

Financial risk management

The company is exposed to various financial risks that arise as a normal part of its trading activities. The main such risks are considered to be foreign exchange risk, credit risk and liquidity risk.

Market risk - Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euros and US Dollars. Management monitor exchange rate movements closely and ensure adequate funds are maintained in appropriate currencies to meet known foreign currency liabilities.

Credit risk

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

Liquidity risk

Management monitors rolling forecasts of the company's cash flow requirements and maintains committed credit facilities to cover its expected needs.

Disclosure of information to the auditors

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Reappointment of auditors

In accordance with section 485 of the Companies Act 2006, a resolution for the re-appointment of PricewaterhouseCoopers LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board on 11 September 2020 and signed on its behalf by:

DocuSigned by:

Ian Rosenblatt OBE

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I Rosenblatt

Director

Independent auditors' report to the members of Simco Limited

Report on the audit of the financial statements

Opinion

In our opinion, Simco Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2019 and of its profit for the 18 month period (the "period") then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the Balance Sheet as at 30 September 2019; the Statement of Comprehensive Income, the Statement of Changes in Equity for the 18 month period then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion on, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

Independent auditors' report to the members of Simco Limited (continued)

With respect to the Strategic Report and Director's Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Director's Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Director's Report for the period ended 30 September 2019 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Director's Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Director's Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Independent auditors' report to the members of Simco Limited (continued)

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.



David Beer (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
11 September 2020

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Statement of Comprehensive Income for the Period from 1 April 2018 to 30 September 2019

	Note	2019 £	2018 £
Turnover	3	65,585,498	37,601,783
Cost of sales		<u>(3,534,036)</u>	<u>(1,412,505)</u>
Gross profit		62,051,462	36,189,278
Administrative expenses		<u>(19,917,688)</u>	<u>(12,071,628)</u>
Operating profit	4	42,133,774	24,117,650
Interest receivable and similar income	5	622,384	90,656
Interest payable and similar expenses	6	<u>(38,543)</u>	<u>-</u>
Profit before tax		42,717,615	24,208,306
Taxation	8	<u>(8,137,492)</u>	<u>(5,346,779)</u>
Profit for the financial period/year		<u><u>34,580,123</u></u>	<u><u>18,861,527</u></u>

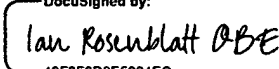
The notes on pages 12 to 27 form an integral part of these financial statements.

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Balance Sheet as at 30 September 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	9	-	32,095
Current assets			
Debtors	10	20,801,078	20,216,966
Investments	11	66,150,755	55,000,000
Cash at bank and in hand		<u>27,669,380</u>	<u>9,475,692</u>
		114,621,213	84,692,658
Creditors: Amounts falling due within one year	12	<u>(57,371,879)</u>	<u>(62,055,542)</u>
Net current assets		<u>57,249,334</u>	<u>22,637,116</u>
Total assets less current liabilities		<u>57,249,334</u>	<u>22,669,211</u>
Net assets		<u>57,249,334</u>	<u>22,669,211</u>
Capital and reserves			
Called up share capital	13	101	101
Profit and loss account		<u>57,249,233</u>	<u>22,669,110</u>
Total equity		<u>57,249,334</u>	<u>22,669,211</u>

The financial statements on pages 9 to 27 were approved and authorised by the Board on 11 September 2020 and signed on its behalf by:

DocuSigned by:

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I Rosenblatt
Director

The notes on pages 12 to 27 form an integral part of these financial statements.

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Statement of Changes in Equity for the Period from 1 April 2018 to 30 September 2019

	Share capital £	Profit and loss account £	Total Equity £
At 1 April 2018	101	22,669,110	22,669,211
Profit for the period	-	34,580,123	34,580,123
Total comprehensive income	-	34,580,123	34,580,123
At 30 September 2019	101	57,249,233	57,249,334

	Share capital £	Profit and loss account £	Total Equity £
At 1 April 2017 (As restated)	101	38,942,583	38,942,684
Profit for the period	-	18,861,527	18,861,527
Total comprehensive income	-	18,861,527	18,861,527
Dividends	-	(35,135,000)	(35,135,000)
At 31 March 2018	101	22,669,110	22,669,211

The notes on pages 12 to 27 form an integral part of these financial statements.

Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

9 Derry Street

London

W8 5HY

England

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 4 Statement of Financial Position paragraph 4.12 (a)(iv);
- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Sony Corporation as at 30 September 2019 and these financial statements may be obtained from the address in note 17.

Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019 (continued)

2 Accounting policies (continued)

Foreign currency transactions and balances

The company's functional and presentational currency is the pound sterling.

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

Turnover

Turnover represents format fees, production and executive production fees, ancillary income and licensing royalty income, excluding value added tax.

Format and production fees are recognised from the date the show is broadcast and spread over the total broadcast period. They are recognised on an agency basis as the company is not considered to be the primary obligator in the arrangements. Instead the company uses third party television production companies and recognises revenue on a profit share basis.

Ancillary income is recognised based on delivery of the associated activity or service on a receivable basis. Licensing income from record sales is recognised on a receivable basis calculated on sales of records arising during each accounting year as reported by licensees.

Cost of sales does not incorporate general television production costs as these are not borne by Simco Limited. However, exceptional costs such as production budget overspends are shared with the television production company and are recognised in cost of sales.

Taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019 (continued)

2 Accounting policies (continued)

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Office equipment	Reducing balance method at 20%-33.3%
Fixtures and Fittings	Reducing balance method at 14.3%

Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019 (continued)

2 Accounting policies (continued)

Key sources of estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The directors do not consider there to be any estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year..

Financial instruments

Recognition and measurement

The company has chosen to adopt the Sections 11 and 12 of FRS 102 in respect of financial instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances are initially measured at the transaction price.

At the end of each reporting period financial assets measured at amortised cost are assessed for objective evidence of impairment. If an asset is impaired the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is decrease in the impairment loss arising from an event occurring after the impairment was recognised the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying value would have been had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Financial assets are derecognised when the contractual rights to the cash flows from the asset expire or are settled.

Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019 (continued)

2 Accounting policies (continued)

Financial liabilities

Basic financial liabilities, including trade and other payables and loans from fellow group companies are initially recognised at transaction price.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires

Distributions to equity holders

Dividends and other distributions to the company's shareholders are recognised as a liability in the financial statements in the period in which the dividends and other distributions are approved by the company's shareholders. These amounts are recognised in the statement of changes in equity.

Share capital

Ordinary shares are classified as equity.

Dividends

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

Related party transactions

The company discloses transactions with related parties which are not wholly owned with the same group. It does not disclose transactions with members of the same group that are wholly owned.

3 Turnover

The turnover for the financial year ended 30 September 2019 £65,585,498 (2018: £37,601,783) is attributable to the principal activities of the company.

Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019 (continued)

3 Turnover (continued)

Geographical analysis of turnover by origin and destination:

	1 April 2018 to 30 September 2019 £	Year ended 31 March 2018 £
UK	27,610,369	18,068,113
USA	21,708,666	9,651,737
ROW	<u>16,266,463</u>	<u>9,881,933</u>
	<u>65,585,498</u>	<u>37,601,783</u>

58% of revenue has been received from geographical markets outside the UK.

4 Operating profit

Arrived at after charging/(crediting)

	2019 £	2018 £
Depreciation expense	32,095	25,354
Foreign exchange losses/(gains)	1,102,102	(849,925)
Auditor's remuneration	55,767	32,794
Taxation compliance services	29,462	25,043
Service fees paid	<u>3,243,533</u>	<u>2,349,971</u>

The audit fee for Simco Limited is £23,418 (2018: £12,992). The group audit fee, which includes the fee for the audit of the company, of £55,767 has been borne by Simco Limited (2018: £32,794).

**Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019
(continued)**

5 Interest receivable and similar income

	2019	2018
	£	£
Bank interest receivable	610,131	90,656
Other interest income	<u>12,253</u>	<u>-</u>
	<u><u>622,384</u></u>	<u><u>90,656</u></u>

6 Interest payable and similar expenses

	2019	2018
	£	£
Interest expense on other finance liabilities	<u><u>38,543</u></u>	<u><u>-</u></u>

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**Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019
(continued)**

7 Staff costs

The aggregate payroll costs were as follows:

	2019	2018
	£	£
Wages and salaries	7,010,566	4,987,013
Social security costs	988,783	669,219
Other Pension costs	<u>323,166</u>	<u>200,797</u>
	<u><u>8,322,515</u></u>	<u><u>5,857,029</u></u>

The average number of persons employed by the company during the period, analysed by category was as follows:

	2019	2018
	No.	No.
Administration	5	6
Commercial	<u>29</u>	<u>31</u>
	<u><u>34</u></u>	<u><u>37</u></u>

The directors have not been paid from this entity in the period.

**Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019
(continued)**

8 Taxation

Tax charged/(credited) in the statement of comprehensive income

	2019 £	2018 £
Current taxation		
UK corporation tax	8,134,125	5,350,753
Foreign tax	<u>4,281</u>	<u>-</u>
Total current income tax	8,138,406	5,350,753
Deferred taxation		
Arising from origination and reversal of timing differences	<u>(914)</u>	<u>(3,974)</u>
Tax expense in the income statement	<u><u>8,137,492</u></u>	<u><u>5,346,779</u></u>

The tax on profit before tax for the period is higher than the standard rate of corporation tax in the UK (2018 - higher than the standard rate of corporation tax in the UK) of 19% (2018 - 19%).

The differences are reconciled below:

	2019 £	2018 £
Profit before tax	<u>42,717,615</u>	<u>24,208,306</u>
Corporation tax at standard rate	8,116,347	4,599,578

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**Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019
(continued)**

8 Taxation (continued)

	2019 £	2018 £
Effect of revenues exempt from taxation	-	(1,520)
Effect of expense not deductible in determining taxable profit (tax loss)	18,192	10,410
UK deferred tax expense relating to changes in tax rates or laws	108	468
Increase from tax losses for which no deferred tax asset was recognised	2,847	-
Increase in UK and foreign current tax from adjustment for prior periods	-	737,843
Rounding	<u>.(2)</u>	<u>-</u>
Total tax charge	<u>8,137,492</u>	<u>5,346,779</u>

Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019 (continued)

8 Taxation (continued)

Deferred tax

Deferred tax assets and liabilities

	Asset £
2019	
Asset at start of period	18,521
Origination and reversal of timing differences	914
Effect of changes in tax rates	-
Adjustment from previous periods	-
	<u>19,435</u>
2018	
Asset at start of period	14,547
Origination and reversal of timing differences	4,442
Effect of changes in tax rates	(468)
Adjustment from previous periods	-
	<u>18,521</u>

Legislation to reduce the main rate of corporation tax from 19% to 17% from 1 April 2020 was included in the Finance Act 2016 which received Royal Assent on 15 September 2016.

The March 2020 Budget Statement announced that legislation will be introduced in Finance Bill 2020 to amend the main rate of Corporation Tax for all non-ring fence profits to 19% for financial year 2020. The Corporation Tax charge and the main rate will also be set at 19% for all non-ring fence profits for financial year 2021. As the change has not been substantively enacted at the balance sheet date its effects are not included in these financial statements.

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Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019 (continued)

9 Tangible assets

	Furniture, fittings and equipment £	Total £
Cost or valuation		
Furniture & Fixtures	177,425	177,425
Machinery & Equipment	<u>2,396</u>	<u>2,396</u>
At 30 September 2019	<u>179,821</u>	<u>179,821</u>
Depreciation		
Depreciation - Furniture & Fixtures	177,425	177,425
Depreciation Machinery & Equipment	<u>2,396</u>	<u>2,396</u>
At 30 September 2019	<u>179,821</u>	<u>179,821</u>
Carrying amount		
At 30 September 2019	<u>-</u>	<u>-</u>
At 31 March 2018	<u>32,095</u>	<u>32,095</u>

**Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019
(continued)**

10 Debtors

	Note	2019 £	2018 £
Trade debtors		3,016	175,508
Amounts owed by group undertakings	16	1,843,714	531
Other debtors		105,496	140,527
Prepayments and accrued income		18,828,180	14,846,053
Deferred tax assets	8	19,435	18,521
Income tax asset		-	5,034,538
Royalty advances		<u>1,237</u>	<u>1,288</u>
		<u>20,801,078</u>	<u>20,216,966</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Where the group undertaking is a joint venture interest is charged at 0.75%.

11 Current asset investments

	2019 £	2018 £
Short-term investments	<u>66,150,755</u>	<u>55,000,000</u>

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Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019 (continued)

12 Creditors

	Note	2019 £	2018 £
Due within one year			
Trade creditors		117,423	129,289
Amounts owed to group undertakings	16	40,890,411	38,122,597
Amounts owed to parent undertaking		1,202,541	3,714,093
Social security and other taxes		1,107,449	2,339,427
Other payables		11,740,279	8,742,702
Accruals		1,550,299	4,096,511
Income tax liability	8	100,317	-
Deferred income		546,537	222,632
Royalties and licences		116,623	132,396
Group relief payable		<u>-</u>	<u>4,555,895</u>
		<u>57,371,879</u>	<u>62,055,542</u>

13 Share capital

Allotted, called up and fully paid shares

	2019		2018
	No.	£	No. £
Ordinary 'A' Shares of £1 each	<u>101</u>	<u>101</u>	<u>101</u> <u>101</u>

**Notes to the Financial Statements for the Period from 1 April 2018 to 30 September 2019
 (continued)**

14 Dividends

	2019	2018
	£	£
Final dividend of £Nil (2018 - £347,871.29) per ordinary share	-	35,135,000

15 Financial instruments

Financial assets are measured at amortised cost which comprise of trade debtors, other debtors and amounts owed by group undertakings.

Financial liabilities are measured at amortised cost which comprise of trade creditors, amounts owed to group undertakings, amounts owed to parent undertakings, other creditors, royalties and licences.

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16 Related party transactions

Sony Music Entertainment UK Limited provides Simco Limited with certain administrative services. During the financial year Sony Music Entertainment UK Limited received £7,004,062 (2018: £4,005,695) and made payments of £8,377,952 (2018: £6,106,678) on behalf of Simco Limited.

Simco Limited pays a service fee to Sony Music Entertainment UK Limited which includes office rent and is calculated on an arm's length basis, for the period ended 30 September 2019 the charge was £2,424,528 (2018: £1,680,042). In addition, Simco Limited licensed artists to Sony Music Entertainment UK Limited globally and received licensing royalties in return, for the period ended 30 September 2019 this amounted to £7,004,062 (2018: £4,005,695).

The amount owed to Sony Music Entertainment UK Limited by Simco Limited as at 30 September 2019 was £1,202,541 (2018: £3,714,093). Sony Music Entertainment UK Limited is a related party as it owns 50% of the share capital of Syco Entertainment Limited which is the immediate parent of Simco Limited.

As at 30 September 2019 Over the Top Productions Limited owed Simco Limited £1,732,611 (2018: £363), this comprised of payments made by Simco Limited on behalf of Over the Top Productions Limited in addition to interest on the intercompany balance of £21,390 (2018: £11,809) offset by receipts received by Simco Limited of £nil (2018: £11,603). Simco Limited is a related party as Syco Entertainment Limited is the parent company to both entities.

17 Parent and ultimate parent undertaking

The company's immediate parent is Syco Entertainment Limited, incorporated in England and Wales.

The ultimate parent is Sony Corporation, incorporated in Japan.

The parent of the largest and smallest group in which these financial statements are consolidated is Sony Corporation, incorporated in Japan.

The address of Sony Corporation is:

7-1, Konan 1-chome, Minato-ku,

Tokyo

108-0075