

**MELTED STONE LTD**

**Report and Financial Statements**

**Abbreviated Accounts**

**Year ended 30 April 2013**

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# **MELTED STONE LTD**

## **REPORT AND FINANCIAL STATEMENTS 2013**

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# **MELTED STONE LTD**

## **DIRECTOR'S REPORT**

The director presents her annual report and the audited financial statements for the year ended 30 April 2013

### **PRINCIPAL ACTIVITIES**

The principal activities of the company continued to be those of music recording services of the singer/songwriter Adele Adkins

### **BUSINESS REVIEW**

The director is satisfied with the performance of the company in the year with an increase in turnover to £30,475,299 and an increase in net profit to £13,804,482

The increase in turnover reflects the worldwide success of the sound recording "21" released by the artist in early 2011

The company continues to release new and exploit existing sound recordings but due to the nature of a recording cycle and the time delay associated with the pay through of royalty income, the director expects the turnover to fall for the coming accounting year to 30 April 2014

### **GOING CONCERN**

The director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus she continues to adopt the going concern basis in preparing the annual financial statements

Further details regarding the adoption of the going concern basis can be found in the Statement of accounting policies in the financial statements

### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The company's principal financial asset is cash and as such it is not exposed to liquidity or credit risk, due mainly to the nature of its income being royalties. It does however receive a significant amount of its income in US dollars and as such is exposed to the changes in foreign currency exchange rates. It is the company's policy to continually monitor movements in the exchange rate and take appropriate action as necessary,

### **DIVIDENDS**

An interim ordinary dividend was paid amounting to £7,199,000. The director does not recommend payment of a final dividend.

### **DIRECTOR**

The director who served throughout the year was A Adkins

# **MELTED STONE LTD**

## **DIRECTOR'S REPORT**

### **AUDITOR**

The director at the date of approval of this annual report confirms that

- so far as she is aware, there is no relevant audit information of which the company's auditor is unaware, and
- she has taken all the steps that she ought to have taken as a director to make herself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP were appointed as auditor during the year and have expressed their willingness to continue in office as auditor. A resolution to reappoint them as auditor will be proposed at the forthcoming Annual General Meeting

Approved by the Director



A Adkins

Director

**DIRECTOR'S RESPONSIBILITIES STATEMENT**

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless she is 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 director is required to

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

The director is 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 her to ensure that the financial statements comply with the Companies Act 2006. She is 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.

## **INDEPENDENT AUDITOR'S REPORT TO MELTED STONE LTD UNDER SECTION 449 OF THE COMPANIES ACT 2006**

We have examined the abbreviated accounts set out on pages 5 to 11, together with the financial statements of Melted Stone Ltd for the year ended 30 April 2013 prepared under section 396 of the Companies Act 2006

This report is made solely to the company in accordance with section 449 of the Companies Act 2006. Our work has been undertaken so that we might state to the company those matters that we are required to state to it in a special auditor's 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, for our work, for this report, or for the opinions that we have formed.

### **Respective responsibilities of the director and auditor**

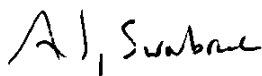
The director is responsible for preparing the abbreviated accounts in accordance with section 445 of the Companies Act 2006. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with the regulations made under that section and to report our opinion to you.

### **Basis of opinion**

We conducted our work in accordance with Bulletin 2008/4 issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purposes of this report does not include examining events occurring after the date of our auditor's report on the full financial statements.

### **Opinion**

In our opinion, the company is entitled to deliver abbreviated accounts prepared in accordance with section 445(3) of the Companies Act 2006, and the abbreviated accounts have been properly prepared in accordance with the regulations made under that section.



**Andrew Swarbrick BA FCA (Senior Statutory Auditor)**  
**For and on behalf of Deloitte LLP**  
Chartered Accountants and Statutory Auditor  
Cambridge, United Kingdom

29 January 2014

## MELTED STONE LTD

### PROFIT AND LOSS ACCOUNT

Year ended 30 April 2013

	Note	2013 £	2012 £
<b>TURNOVER</b>	2	30,475,299	18,442,519
Cost of sales		<u>(6,138,901)</u>	<u>(3,688,503)</u>
<b>GROSS PROFIT</b>		24,336,398	14,754,016
Administrative expenses		<u>(5,443,229)</u>	<u>(11,911,036)</u>
<b>OPERATING PROFIT</b>		18,893,169	2,842,980
Interest receivable	5	<u>20,285</u>	<u>2,143</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	18,913,454	2,845,123
Tax on profit on ordinary activities	6	<u>(5,108,972)</u>	<u>(735,067)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	11	<u>13,804,482</u>	<u>2,110,056</u>

All activities derive from continuing operations

There are no recognised gains or losses for the current or preceding financial years other than as stated above  
Therefore no statement of total recognised gains and losses has been presented

# MELTED STONE LTD

## BALANCE SHEET

30 April 2013

	Note	2013 £	2012 £
<b>CURRENT ASSETS</b>			
Debtors	8	1,658,513	4,633,674
Cash at bank and in hand		15,983,464	10,321,113
		<u>17,641,977</u>	<u>14,954,787</u>
<b>CREDITORS: amounts falling due within one year</b>	9	(10,886,567)	(14,804,859)
<b>NET CURRENT ASSETS</b>		<u>6,755,410</u>	<u>149,928</u>
<b>NET ASSETS</b>		<u>6,755,410</u>	<u>149,928</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	1	1
Profit and loss account	11	6,755,409	149,927
<b>SHAREHOLDER'S FUNDS</b>	12	<u>6,755,410</u>	<u>149,928</u>

The abbreviated accounts have been prepared in accordance with the special provisions applicable to medium-sized companies.

The financial statements of Melted Stone Ltd, registered number 06555877, were approved by the Director and authorised for issue on 23/1/14



A Adkins

Director



**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 30 April 2013**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in the current year and prior year.

**Basis of accounting**

The financial statements are prepared under the historical cost convention.

**Going concern**

After making enquiries, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the director continues to adopt the going concern basis in preparing the annual report and financial statements.

**Turnover**

Turnover represents revenue from music industry related sales, net of value added tax.

Royalties receivable are recognised in respect of each of their royalty accounting periods ending within the company's financial period.

Non-returnable advances received are taken to income when contractually due.

**Management commission**

Commission payable is charged to the profit and loss account in line with the recognition of turnover.

**Taxation**

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

**Foreign currency**

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

## MELTED STONE LTD

### NOTES TO THE FINANCIAL STATEMENTS Year ended 30 April 2013

#### 2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of value added tax. The turnover and pre-tax results are attributable to one activity, the provision of the services of Adele Adkins

No analysis of turnover by geographical market has been provided due to the complexities of obtaining royalty income information of this kind

#### 3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2013 £	2012 £
Fees payable to the company's auditor for the audit of the company's annual accounts	<u>10,500</u>	<u>7,850</u>

#### 4. INFORMATION REGARDING THE DIRECTOR AND EMPLOYEES

	2013 £	2012 £
<b>Director's remuneration</b>		
Emoluments	<u>4,884,164</u>	<u>10,420,000</u>
<b>Remuneration of highest paid director</b>		
Aggregate of emoluments	<u>4,884,164</u>	<u>10,420,000</u>
<b>Average number of persons employed:</b>	<b>No</b>	<b>No</b>
Director	1	1
Office staff	1	1
	<u>2</u>	<u>2</u>
	£	£
<b>Staff costs incurred during the year in respect of these employees were:</b>		
Wages and salaries	4,919,033	10,430,341
Social security costs	<u>682,639</u>	<u>1,437,210</u>
	<u>5,601,672</u>	<u>11,867,551</u>

# MELTED STONE LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2013

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2013 £	2012 £
Bank interest receivable	<u>20,285</u>	<u>2,143</u>

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2013 £	2012 £
<b>Current taxation</b>		
UK corporation tax on profits of the year	<u>5,108,972</u>	<u>735,067</u>

The differences between the tax assessed for the year and the standard rate of corporation tax are explained as follows

	2013 £	2012 £
Profit on ordinary activities before tax	<u>18,913,454</u>	<u>2,845,123</u>
Tax on profit on ordinary activities at standard UK corporation tax rate of 23.92% (2012 - 24%)	4,523,684	682,830
Effects of		
Change in standard corporation tax rate	-	52,237
Expenses not deductible for tax purposes	1,794	-
Prior year adjustment for excess foreign tax suffered	<u>583,494</u>	<u>-</u>
Current tax charge for year	<u>5,108,972</u>	<u>735,067</u>

The Finance Act 2012, which provides for a reduction in the main rate of corporation tax from 24% to 23% effective from 1 April 2013, was substantively enacted on 3 July 2012. This rate reduction has been reflected in the calculation of deferred tax at the balance sheet date.

The Government intends to enact future reduction in the main tax rate down to 21% effective from 1 April 2014 and to 20% by 1 April 2015. As these tax rates were not substantively enacted at the balance sheet date, the rate reduction is not yet reflected in these financial statements in accordance with FRS 21 as it is a non-adjusting event occurring after the reporting period.

### 7. DIVIDENDS

	2013 £	2012 £
Dividends for which the company became liable during the year		
Dividends paid	<u>7,199,000</u>	<u>735,067</u>

# MELTED STONE LTD

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 30 April 2013

### 8. DEBTORS

	2013 £	2012 £
<b>All amounts due within one year:</b>		
Trade debtors	15,000	-
Amounts owed by related parties	25,078	19,956
Corporation tax	1,420,652	-
Accrued income	197,783	4,613,718
	<u>1,658,513</u>	<u>4,633,674</u>

### 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2013 £	2012 £
Trade creditors	2,196,833	34,720
Director's current account (note 13)	6,737,215	6,138,492
Corporation tax	-	735,067
Other taxes and social security	1,933,936	6,962,036
Other creditors	-	10,001
Accruals and deferred income	18,583	924,543
	<u>10,886,567</u>	<u>14,804,859</u>

The director's current account relates to A Adkins. This account is unsecured and interest free, with no fixed repayment date. The balance arises from monies introduced less amounts withdrawn.

### 10. CALLED UP SHARE CAPITAL

	2013 £	2012 £
<b>Called up, allotted and fully paid:</b>		
1 ordinary share of £1	<u>1</u>	<u>1</u>

### 11. PROFIT AND LOSS ACCOUNT

	£
At 1 May 2012	149,927
Profit for the financial year	13,804,482
Dividends (note 7)	<u>(7,199,000)</u>
At 30 April 2013	<u>6,755,409</u>

**NOTES TO THE FINANCIAL STATEMENTS****Year ended 30 April 2013****12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S FUNDS**

	2013 £	2012 £
Profit for the financial year	13,804,482	2,110,056
Dividends (note 7)	(7,199,000)	(2,086,214)
Net increase in shareholder's funds	<u>6,605,482</u>	<u>23,842</u>
Opening shareholder's funds	149,928	126,086
Closing shareholder's funds	<u><u>6,755,410</u></u>	<u><u>149,928</u></u>

**13. RELATED PARTY TRANSACTIONS**

At the year end, the company owed the director £6,737,215 (2012 - £6,138,492) This account is unsecured and interest free, with no fixed repayment date The balance arises from monies introduced less amounts withdrawn