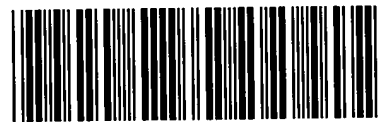


Melted Stone Limited

**Annual report and financial statements
for the year ended 31 December 2015**

Registered number: 06555877

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Melted Stone Limited

Company information

Director	A Adkins
Company Secretary	A Adkins
Registered number	06555877
Registered office	5th Floor, 89 New Bond Street London W1S 1DA
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditors Abbots House Abbey Street Reading RG1 3BD

Melted Stone Limited

Contents

	Page
Strategic report	1
Director's report	2
Director's responsibilities statement	3
Independent auditor's report	4
Profit and loss account	6
Balance Sheet	7
Statement of changes in equity	8
Cash flow	9
Notes to the financial statements	10

Melted Stone Limited

Strategic report

PRINCIPAL ACTIVITIES

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

Business review

The performance of the company is measured by reference to turnover and the level of artist activity and the company's saw an increase in turnover from £3,303,497 to £30,738,216 and an increase in profit after tax from £768,019 to £15,870,524. This increase was in line with the Director's expectations, reflecting a year where the company continued to exploit the existing recordings and shortly before the year end, released new material.

The company had a net asset position at the balance sheet date of £13,668,534 increasing from £354,729 in 2014.

Future developments

With the exploitation of the new material, the company expects the turnover to remain strong in the coming year.

Principal risks and uncertainties

As a recording company, the company's success is dependent on that of the artist and the production of new material. To date, the artist has had phenomenal international success with her first three albums which have earned her numerous industry awards and huge popularity.

The company's principal financial instrument is cash. 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.

Approved by the sole Director

A Adkins

Director

25 September 2016



Melted Stone Limited

Directors' report

The directors present their annual report on the affairs of Melted Stone Limited ('the Company'), together with the financial statements and auditor's report, for the year ended 31 December 2015.

Future developments

Details of future developments can be found in the Strategic Report on page 1.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in note 19 to the financial statements.

Results and Dividends

The results for the year are presented in the Strategic report. An interim ordinary dividend was paid amounting to £2,556,719 (2014 - £4,443,281). The director does not recommend payment of a final dividend.

Going Concern

The Director continues to adopt the going concern basis.

Directors

The directors, who served throughout the year except as noted, were as follows:

A Adkins

Auditor

The Director who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that she ought to have taken as a director in order 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.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

A Adkins

Director

25 September 2016



Melted Stone Limited

Directors' responsibilities statement

The directors are responsible 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 and applicable law) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards 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.

Melted Stone Limited

Independent auditor's report to the members of Melted Stone Limited

We have audited the financial statements of Melted Stone Limited for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity, the Cash Flow Statement and the related notes 1 to 19. 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), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 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 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 auditor

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 Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its 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 matters prescribed by the Companies Act 2006

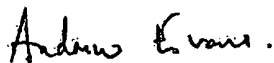
In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Melted Stone 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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.



Andrew Evans, FCA (Senior statutory auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditor

Reading, UK

26 September 2016

Melted Stone Limited

Profit and loss account

For the year ended 31 December 2015

	Note	2015 £	2014 £
Turnover	2	30,738,216	3,303,497
Cost of sales		(6,313,185)	(657,180)
Gross profit		24,425,031	2,646,317
Administrative expenses		(4,690,161)	(1,750,457)
Operating profit	3	19,734,870	895,860
Interest receivable and similar income	7	175,823	85,871
Interest payable and similar charges	6	(28)	(1)
Profit on ordinary activities before taxation		19,910,665	981,730
Tax on profit on ordinary activities	8	(4,040,141)	(213,711)
Profit for the financial year		15,870,524	768,019

All amounts relate to continuing operations.

There were no recognised gains and losses for 2015 or 2014 other than those included in the Profit and Loss account. As a result no Statement of Comprehensive Income has been presented.

The notes on pages 10 to 17 form part of these financial statements.

Melted Stone Limited

Balance sheet At 31 December 2015

	Note	2015 £	2014 £
Current assets			
Debtors	9	16,097,372	8,354,177
Cash at bank		17,845,408	17,029,607
		<u>33,942,780</u>	<u>25,383,784</u>
Creditors: amounts falling due within one year	10	(7,774,246)	(1,029,055)
Net current assets		<u>26,168,534</u>	<u>24,354,729</u>
Total assets less current liabilities		<u>26,168,534</u>	<u>24,354,729</u>
Creditors: amounts falling due after more than one year	11	(12,500,000)	(24,000,000)
Net assets		<u>13,668,534</u>	<u>354,729</u>
Capital and reserves			
Called-up share capital	12	1	1
Profit and loss account	13	13,668,533	354,728
Shareholders' funds		<u>13,668,534</u>	<u>354,729</u>

The financial statements of Melted Stone Limited (registered number 06555877) were approved by the board of directors and authorised for issue on 25 September 2016. They were signed on its behalf by:

A Adkins
Director



Melted Stone Limited

Statement of changes in equity At 31 December 2015

	Called-up share capital £	Profit and loss account £	Total £
At 31 December 2013 as previously stated	1	4,029,990	4,029,991
Changes on transition to FRS 102 (see note 1)	-	-	-
At 1 January 2014	1		1
Profit for the financial year	-	768,019	768,019
Dividend paid	-	(4,443,281)	(4,443,281)
At 31 December 2014	1	354,728	354,729
Profit for the financial year	-	15,870,524	15,870,524
Dividend paid	-	(2,556,719)	(2,556,719)
At 31 December 2015	1	13,668,533	13,668,534

Melted Stone Limited

Cash flow statement At 31 December 2015

Cash flow statement

	Note	2015 £	2014 £
Net cash flow from operating activities	15	3,196,725	17,467,327
Cash flows from investing activities			
Interest received and paid		175,795	85,870
Cash flows from financing activities			
Dividends paid		(2,556,719)	(4,443,281)
Net increase in cash and cash equivalents in the year		<u>815,801</u>	<u>13,109,917</u>
 Increase in cash in the year		<u>815,801</u>	<u>13,109,917</u>
 Cash and cash equivalents at beginning of year		<u>17,029,607</u>	<u>3,919,691</u>
Cash and cash equivalents at end of year		<u>17,845,408</u>	<u>17,029,607</u>

Melted Stone Limited

Notes to the financial statements For the year ended 31 December 2015

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and to the preceding year.

a. General information and basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The prior year financial statements were assessed for adjustments on adoption of FRS 102 in the current year. There are no balances that are affected by the FRS 102 conversion. As such there are no changes to equity.

b. Going concern

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

c. Turnover

Advances received are only recognised in the income statement to the extent that they are not recoupable or refundable. To the extent a payment is received and it is not recoupable or refundable it is deferred until the amount should be earned.

Turnover represents advances and royalties' receivable, net of value added tax.

Royalties receivable are recognised as income on an accrual basis at the point that they are both earned and on the basis of the best information available at the time of drawing up the accounts. No accrual is made where royalty information has not been received at the time of drawing up the accounts.

d. 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.

e. 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.

f. Taxation

Current tax, including UK corporation tax and foreign 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

g. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements

Melted Stone Limited

Notes to the financial statements For the year ended 31 December 2015

entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a finance transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument. Non-current debt instruments which meet the following conditions, are subsequently measured at amortised cost using the effective interest method:

- (a) Returns to the holder are (i) a fixed amount; or (ii) a fixed rate of return over the life of the instrument; or (iii) a variable return that, throughout the life of the instrument, is equal to a single referenced quoted or observable interest rate; or (iv) some combination of such fixed rate and variable rates, providing that both rates are positive.
- (b) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (c) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in relevant taxation or law.
- (d) There are no conditional returns or repayment provisions except for the variable rate return described in (a) and prepayment provisions described in (c).

Debt instruments that are classified as payable or receivable within one year and which meet the above conditions are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting these conditions are measured at fair value through profit or loss. Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Group transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Group, despite having retained some significant risks and rewards of ownership, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

h. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There were no critical judgements that the directors made in the process of applying the Company's accounting policies.

Melted Stone Limited

Notes to the financial statements For the year ended 31 December 2015

2. Turnover

The turnover and pre-tax results are attributable to the principal activity of the company as described in the directors' report.

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

3. Operating profit

The operating profit is stated after charging:

	2015 £	2014 £
Auditors' remuneration	10,500	10,500
Difference on foreign exchange	(179,934)	(156,008)

There are no non-audit fees payable to Deloitte and its associates in the current or preceding year.

4. Staff costs

Staff costs, including director's remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	3,868,825	859,000
Social security costs	530,778	115,179
Other pension costs	80,000	90,000
Other benefits	-	18,270
	<u>4,479,603</u>	<u>1,082,449</u>

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

	2015 No.	2014 No.
Director	<u>1</u>	<u>1</u>

5. Director's Remuneration

	2015 £	2014 £
Remuneration	<u>3,868,825</u>	<u>859,000</u>
Company pension contributions to defined contribution pension schemes	<u>80,000</u>	<u>90,000</u>

During the year retirement benefits were accruing to 1 Director (2014 – 1) in respect of defined contribution pension schemes. See note 16.

Melted Stone Limited

Notes to the financial statements For the year ended 31 December 2015

6. Interest payable and similar charges

	2015 £	2014 £
On bank loans and overdrafts	28	1

7. Interest receivable and similar income

	2015 £	2014 £
Bank interest receivable	175,823	85,871

8. Taxation

	2015 £	2014 £
UK corporation tax charge on profit for the year	4,040,141	213,711

The tax assessed for the year is higher than (2014: higher than) the standard rate of corporation tax in the UK of 20.25% (2014 – 21.5%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	19,910,665	981,730
Tax on profit on ordinary activities at standard UK corporation tax rate of 20.25% (2014: 21.5%)	4,034,872	211,072
Effects of:		
Expenses not deductible for tax	3,002	2,267
Prior period adjustment for deferred interest	-	372
Tax adjustment for the prior periods	2,267	-
Total tax charge	4,040,141	213,711

9. Debtors

	2015 £	2014 £
Trade debtors	103,775	-
Amounts owed by group undertakings (note 17)	802,541	191,086
Corporation tax	360,018	2,074,517
Accrued income	12,192,389	464,617
VAT receivable	138,649	3,018
Director's current account (note 17)	-	801,586
Prepayments	2,500,000	4,819,353
	16,097,372	8,354,177

All debtors are held at fair value

Melted Stone Limited

Notes to the financial statements For the year ended 31 December 2015

10. Creditors: amounts falling due within one year

	2015 £	2014 £
Trade creditors	24,031	68,139
Director's current account (note 17)	3,994,185	-
Amounts owed to group undertakings (note 17)	578,857	702,583
Other taxation and social security	615,086	131,591
Other creditors	27,925	12,444
Accruals	2,534,162	114,298
	<u>7,774,246</u>	<u>1,029,055</u>

All creditors are held at fair value

11. Creditors: amounts falling due after more than one year

	2015 £	2014 £
Deferred income	<u>12,500,000</u>	<u>24,000,000</u>

12. Called-up share capital and reserves

	2015 £	2014 £
Allotted, called-up and fully-paid 1 ordinary share of £1	<u>1</u>	<u>1</u>

13. Reserves

	Profit and loss account £
At 1 January 2015	354,728
Profit for the financial year	15,870,524
Dividends: Equity capital	<u>(2,556,719)</u>
At 31 December 2015	<u>13,668,533</u>

14. Dividends

	2015 £	2014 £
Dividends paid on equity capital	<u>2,556,719</u>	<u>4,443,281</u>

Melted Stone Limited

Notes to the financial statements For the year ended 31 December 2015

15. Net cash flow from operating activities

	2015 £	2014 £
Operating profit	19,734,870	895,860
(Increase)/decrease in debtors	(8,846,239)	(3,465,933)
(Increase)/decrease in amounts owed by group undertakings	(611,455)	653,481
(Decrease)/increase in creditors	(4,631,084)	19,977,876
(Decrease)/increase in amounts owed to group undertakings	(123,726)	665,904
Taxation	(2,325,641)	(1,259,861)
Net cash inflow from operating activities	<u>3,196,725</u>	<u>17,467,328</u>

16. 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 £80,000 (2014 - £90,000).

17. Related party transactions

A Adkins is the sole director and shareholder in A Adkins Touring Limited, Adele US Touring Inc., Melted Stone Publishing Limited and owns a 99.9% share of Remedy Touring LLP. These entities are related parties by virtue of common ownership interests. During the year, the company entered into arm's length transactions in the normal course of business with these related parties.

Amounts charged to/by Melted Stone Limited during the period for amounts received/costs incurred are as noted below:

A Adkins Touring Limited £(88,355) (2014 - £(10,560))

Adele US Touring Inc. £nil (2014 - £210,105)

Melted Stone Publishing Limited £(123,726) (2014 - £(1,518,919))

Remedy Touring LLP £(523,100) (2014 - £nil)

The year end balance sheet position with each of these parties is note below:

Amounts due (to) / from A Adkins Touring Limited £106,015 (2014 - £17,660)

Amounts due (to) / from Adele US Touring Inc. £173,425 (2014 - £173,425)

Amounts due (to) / from Melted Stone Publishing Limited £(578,857) (2014 - £(702,583))

Amounts due (to) / from Remedy Touring LLP £523,100 (2014 - £nil)

At the year end, the company owed the director £4,023,508 (2014 - amount owed by the director £801,586). This amount is unsecured and the balance arises from monies introduced less amounts withdrawn. During the year the director paid the company interest of £37,831 (2014 - £8,869) in respect of an overdrawn directors loan account balance. All intercompany related party balances have been repaid in full by the company within nine months of the year end.

Melted Stone Limited

Notes to the financial statements **For the year ended 31 December 2015**

18. Controlling party

The company is controlled by A Adkins by virtue of her 100% shareholding

19. Events after the reporting period

There are no significant events after the reporting period.