

Compact Media Holdings Limited

Consolidated Financial Statements

For the Year Ended 31 March 2022

Company Number 07219303

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Compact Media Holdings Limited

Report and financial statements for the year ended 31 March 2022

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Directors

J H Klein (appointed 25 January 2023)
R S Fazzari (appointed 25 January 2023)
M T Rowland
H Murphy (resigned 25 January 2023)
A C Pedecine (resigned 25 January 2023)

Registered office

120 New Cavendish Street
London, W1W 6XX

Company number

07219303

Auditor

KPMG LLP
15 Canada Square
London, E14 5GL

Compact Media Holdings Limited

Strategic report

The Directors present their Strategic report together with the audited financial statements for Compact Media Holdings Limited (the "Company") for the year ended 31 March 2022.

Principal activities

The Company is a holding company. The Group's principal activity is to act as a provider of services to the media industry including royalty and rights management services, and music licence reporting services.

Review of business and future developments

The Group's primary operations continued to perform in a competitive trading environment.

In general, the Group's activities have not been materially impacted by the pandemic or other external factors and it is anticipated that there will not be a significant impact going forwards either. Collection Management Organisations have continued to make distributions of royalties to rights holders in accordance with their distribution. Viewing on both free to air services and over-the-top technology platforms was very high as a result of lockdowns and distribution clients experienced increased demand for their content from broadcasters and platforms which is likely to support future royalty distributions going forwards.

The Group has recognised the need to diversify, in a competitive environment, to increase revenues going forward. Following the initial purchase of a 30% stake in August 2019 Compact purchased, under its option, the remaining 70% On Music Limited shareholding on 2 August 2021. On Music owns a proprietary system for the collection and analysis of film and television broadcast data (the "MRIT System"), and a proprietary database system for music cue sheets pertaining to audio-visual productions (the "Affinity System"). The MRIT System is designed to provide comprehensive exploitation data for audio-visual content across an initial 200 television channels worldwide. Used in conjunction, the MRIT System and Affinity System also provide valuable data on the exploitation of music in audio-visual works. The purpose of this investment is to develop the MRIT product and thus have an add-on product to sell as a complementary service offering to Compact's existing and prospective clients.

Turnover for the year ended 31 March 2022 was at £8.9m, an increase of £2.6m on the previous 15-month period ended 31 March 2021. The increase was due to £1.8m of revenue earned by On Music Limited post acquisition and exceptional royalty management items in the current year.

Operating profit increased to £5.3m from £2.1m in the current year due to the increase in revenue.

The Group continues to expand its client base for both Audio-Visual Secondary Rights (AVSR) and music publishing and we see this as an increasing growth opportunity due to the similar needs in reporting and royalty administration and benefits of a centralised service provider.

The Group's plans for the year ahead also include further client recapture of lost clients, collaboration with our parent group and cross-selling services and seeking long-term renewal agreements.

No change in the nature of the Company's principal business is expected in the foreseeable future.

Financial instruments, risk management, principal risks and uncertainties

Whilst all risks may be considered to have a financial impact, the management of the Group's financial resources represents a key area of focus. The financial resources of the Group are managed centrally. Financial risks are faced in ensuring sufficient funds are available to meet the financial commitments as and when they fall due. Senior Management review and manage the cash position of the Group on a daily basis.

The main financial risks arising from the Group's activities are credit risk, interest rate risk and liquidity risk. These are monitored by the Board of Directors and were considered to be manageable at the Balance Sheet date.

Compact Media Holdings Limited

Strategic report (continued)

Financial instruments, risk management, principal risks and uncertainties (continued)

The Group's credit risk policy reflects the policy of the main trading companies. Client activity is closely monitored, and debtor balances are regularly reviewed.

The Group's policy in respect to interest rate risk is for the Board to monitor the level of borrowing to ensure that it is appropriate to the size and nature of the Group. The Group's borrowings attract interest monthly at LIBOR interest rate plus 4%.

The Group's policy in respect of liquidity risk is to monitor its cash balances daily and to carry out cash flow forecasting at a number of levels. Cash is monitored daily, and a month-by-month cash flow forecast is prepared as part of the annual budget and thereafter as and when necessary. Each cash flow forecast enables senior management to plan and make strategic decisions.

Approval

This strategic report was approved on behalf of the Board on 27 April 2023.

Mark Rowland

Mark Rowland
Director
Company registration number: 07219303

Compact Media Holdings Limited

Directors' report

The Directors present their report together with the audited financial statements for the year ended 31 March 2022.

Results and dividends

The profit for the year after taxation was £3,641,666, (2021: £702,503)

No dividends have been proposed by the directors in the year ended 31 March 2022 (2021: £Nil).

Charitable and political contributions

During the period the Group made charitable contributions of £Nil (2021: £250) and political contributions of £Nil (2021: £Nil).

Going concern

Notwithstanding the net liabilities of £16,102,886 (2021: £19,623,197), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group has net current liabilities of £17,651,480 as at 31 March 2022, a profit for the period then ended of £3,641,666 and total cash of £8,837,632, consisting of cash at bank and in hand of £1,610,954 and cash at bank - client monies of £7,226,678.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company and Group will have sufficient funds to meet their liabilities as they fall due during the period covered by the forecasts.

Those forecasts are dependent on Anthem Entertainment L.P. not seeking repayment of amounts currently due to the Group, which at 31 March 2022 amounted to £19,539,517, and continuing to make available such funds as are needed by the Company and the Group for the period covered by the forecasts. Anthem Entertainment L.P. has indicated its intention to continue to make available such funds as are needed by the Company and the Group, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company and the Group will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

Change of period

The Company changed its accounting period from 31 December to 31 March within the previous period to align with the year end of its ultimate parent, Anthem Entertainment L.P. Therefore, the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

Directors

The Directors of the Company during the period were:

M T Rowland
H Murphy (resigned 25 January 2023)
A C Pedecine (resigned 25 January 2023)

Matters covered in the strategic report

A review of the business, strategic objectives and the principal risks and uncertainties facing the Company are covered in the strategic report.

Compact Media Holdings Limited

Directors' report (continued)

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all the steps that he/she ought to have taken as a director to make himself/herself aware of any relevant audit information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

On behalf of the Board

Mark Rowland

M Rowland

Director

Company registration number: 07219303

27 April 2023

Compact Media Holdings Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Directors' Report and the group and parent company 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 they have elected to prepare the group and parent company financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 Group and parent company and of the Group's profit or loss for that period. In preparing each of the group and parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the group and parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the group or the parent company or to cease operations or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent company's transactions and disclose with reasonable accuracy at any time the financial position of the parent company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPACT MEDIA HOLDINGS LIMITED

Opinion

We have audited the financial statements of Compact Media Holdings Limited ("the Company") for the year ended 31 March 2022 which comprise the Consolidated and Company Balance Sheets, the Consolidated Profit and Loss Account, the Consolidated Statement of Other Comprehensive Income, the Consolidated and Company Statement of Changes in Equity, the Consolidated Cash Flow Statement and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 March 2022 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Group or the Company or to cease their operations, and as they have concluded that the Group and the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over their ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Group's business model and analysed how those risks might affect the Group and Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group or the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Group or the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of directors as to the Group's high-level policies and procedures to prevent and detect fraud, and the Group's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board meeting minutes.
- Considering remuneration incentive schemes and performance targets for management and directors.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit and remained alert to any indications of fraud throughout the audit.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPACT MEDIA HOLDINGS LIMITED
(continued)

As required by auditing standards, and taking into account possible pressures to meet profit targets and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that group management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because revenue is recognised as a percentage of collections received and there is limited opportunity and or incentive for management to manipulate this number.

We did not identify any additional fraud risks.

We also performed procedures including:

- Identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual journals posted cash accounts and postings to unusual accounts.

Identifying and responding to risks of material misstatement due to non-compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the directors and other management (as required by auditing standards) and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Group is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related companies legislation), distributable profits legislation and taxation legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Group is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation or the loss of the Group's license to operate. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery, employment law, and certain aspects of company legislation, recognising the nature of the Group's activities and its legal form. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the directors and other management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF COMPACT MEDIA HOLDINGS LIMITED
(continued)

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial period is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006, we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; 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; assessing the group and parent 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 they either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



George Awusu (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

Date: 28 April 2023

Compact Media Holdings Limited

Consolidated profit and loss account for the year ended 31 March 2022

	Note	For the year ended March 2022	For the 15 months period ended March 2021
		£	£
Turnover	3	8,895,736	6,304,128
Administrative expenses		(3,667,105)	(4,234,864)
Other income	4	77,244	71,765
Operating profit	5	5,305,875	2,141,029
Group's share of profit in associates	11	37,052	110,000
Interest receivable and similar income		2,519	37,458
Interest payable and similar charges	8	(881,954)	(1,356,949)
Profit before taxation		4,463,492	931,538
Tax on profit	9	(821,826)	(229,035)
Profit for the financial year/period		3,641,666	702,503

All recognised gains and losses are included in the profit and loss account.

The notes on pages 16 to 34 form part of these financial statements.

Compact Media Holdings Limited

Consolidated statement of other comprehensive income for the year ended 31 March 2022

	Note	For the year ended March 2022	For the 15 months period ended March 2021
		£	£
Profit for the year/period		3,641,666	702,503
Foreign exchange difference on translation of foreign operations	17,18	20,019	25,199
Revaluation of investment in associates		(141,374)	-
Total comprehensive income		3,520,311	727,702

All recognised gains and losses are included in the profit and loss account.

The notes on pages 16 to 34 form part of these financial statements.

Compact Media Holdings Limited

Consolidated balance sheet at 31 March 2022

	Note	31 March 2022 £	31 March 2022 £	31 March 2021 £	31 March 2021 £
Fixed assets					
Intangible assets	10	1,595,884		201,126	
Tangible assets	11	195,291		104,594	
Investments	12	-		604,884	
			1,791,175		910,604
Current assets					
Debtors	13	1,870,176		5,824,284	
Cash at bank and in hand		1,610,954		4,588,455	
Cash at bank - client monies		7,226,678		5,714,911	
		10,707,808		16,127,650	
Creditors: amounts falling due within one year	14	(28,359,288)		(7,114,431)	
Net current (liabilities)/assets			(17,651,480)		9,013,219
Total assets, less current liabilities			(15,860,305)		9,923,823
Creditors: amounts falling due after more than one year	15		(242,581)		(29,547,020)
Net liabilities			(16,102,886)		(19,623,197)
Capital and reserves					
Called up share capital	16		13,860		13,860
Share premium account	17		1,372,140		1,372,140
Translation reserve	17		146,012		125,993
Revaluation reserve			(141,374)		-
Profit and loss account	17		(17,493,524)		(21,135,190)
Shareholders' deficit	18		(16,102,886)		(19,623,197)

The notes on pages 16 to 34 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 27 April 2023.

Mark Rowland

M Rowland
Director
Company registration number: 07219303

Compact Media Holdings Limited

Company balance sheet at 31 March 2022

	Note	31 March 2022 £	31 March 2021 £
Capital and reserves			
Called up share capital	16	13,860	13,860
Share premium account	17	1,372,140	1,372,140
Profit and loss account		(1,386,000)	(1,386,000)
		<hr/>	<hr/>
Shareholders' funds	18	-	-
		<hr/>	<hr/>

The notes on pages 16 to 33 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 27 April 2023.

Mark Rowland

M Rowland
Director
Company registration number: 07219303

Compact Media Holdings Limited

Consolidated statement of changes in equity at 31 March 2022

	Called up share capital £	Share premium account £	Translation reserve £	Revaluation reserve £	Profit and loss account £	Shareholders' deficit £
Balance at 1 April 2021	13,860	1,372,140	125,993	-	(21,135,190)	(19,623,197)
Profit for the year	-	-	-	-	3,641,666	3,641,666
Other comprehensive income	-	-	20,019	(141,374)	-	(121,355)
Total comprehensive income for the year	-	-	20,019	(141,374)	3,641,666	3,52,311
Balance at 31 March 2022	13,860	1,372,140	146,012	(141,374)	(17,493,524)	(16,102,886)
	Called up share capital £	Share premium account £	Translation reserve £	Revaluation reserve	Profit and loss account £	Shareholders' deficit £
Balance at 1 January 2020	13,860	1,372,140	100,794	-	(21,837,693)	(20,350,899)
Profit for the year	-	-	-	-	702,503	702,503
Other comprehensive income	-	-	25,199	-	-	25,199
Total comprehensive income for the year	-	-	25,199	-	702,503	727,702
Balance at 31 March 2021	13,860	1,372,140	125,993	-	(21,135,190)	(19,623,197)

The notes on pages 16 to 34 form part of these financial statements.

Compact Media Holdings Limited

Company statement of changes in equity at 31 March 2022

	Called up share capital £	Share premium account £	Profit and loss Account £	Shareholders' funds £
Balance at 1 April 2021	13,860	1,372,140	(1,386,000)	-
Profit for the year	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	-	-
Balance at 31 March 2022	13,860	1,372,140	(1,386,000)	-

	Called up share capital £	Share premium account £	Profit and loss account £	Shareholders' funds £
Balance at 1 January 2020	13,860	1,372,140	(1,386,000)	-
Loss for the period	-	-	-	-
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-	-	-	-
Balance at 31 March 2021	13,860	1,372,140	(1,386,000)	-

The notes on pages 16 to 34 form part of these financial statements.

Compact Media Holdings Limited

Consolidated cash flow statement for the year ended 31 March 2022

	31 March 2022 £	31 March 2021 £
Cash flows from operating activities		
Profit for the period	3,641,666	702,503
<i>Adjustments for:</i>		
Depreciation, amortisation and impairment	155,838	176,574
Group's share of loss / (profit) in associates	(37,052)	(110,000)
Interest receivable and similar income	(2,519)	(37,458)
Interest payable and similar expenses	881,954	1,356,949
Taxation	821,826	229,035
	<u>5,461,713</u>	<u>2,317,603</u>
Decrease / (Increase) in debtors	4,350,586	(172,515)
Decrease in creditors	<u>(9,682,814)</u>	<u>(12,652,779)</u>
	129,485	(12,825,294)
Interest received	2,519	37,458
Interest paid	(1,670)	(4,293)
Tax paid	<u>(566,495)</u>	<u>(130,000)</u>
Net cash used in operating activities	<u>(436,161)</u>	<u>(10,604,526)</u>
Cash flows from investing activities		
Acquisition of intangible fixed assets	(304,207)	-
Acquisition of tangible fixed assets	(87,351)	(21,169)
Disposal of tangible fixed assets	8,956	79,232
Acquisition of subsidiary, net of cash	<u>(646,971)</u>	<u>-</u>
Net cash (used in) / from investing activities	<u>(1,029,573)</u>	<u>58,063</u>
Decrease in cash & cash equivalents	(1,465,734)	(10,546,463)
Cash and cash equivalents at 1 April / 1 January	<u>10,303,366</u>	<u>20,849,829</u>
Cash and cash equivalents at 31 March	<u>8,837,632</u>	<u>10,303,366</u>

Included in cash and cash equivalents at 31 March 2022 is cash of £7,226,678 (2021 - £5,714,911) held in the Group's client royalty accounts which is due to be paid to the Group's clients in future periods.

The notes on pages 16 to 34 form part of these financial statements.

Compact Media Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2022

1 Accounting policies

Compact Media Holdings Limited (the "Company") is a company limited by shares and incorporated and domiciled in England in the United Kingdom. The registered address for the Company is 120 New Cavendish Street, London, W1W 6XX (Company Number 07219303).

These group and parent company financial statements were prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). The presentation currency of these financial statements is sterling.

The financial statements have been prepared under the historical cost convention.

The parent company is included in the consolidated financial statements and is considered to be a qualifying entity under FRS 102 paragraphs 1.8 to 1.12. The following exemptions available under FRS 102 in respect of certain disclosures for the parent company financial statements have been applied:

- The reconciliation of the number of shares outstanding from the beginning to the end of the period has not been included a second time;
- No separate parent company Cash Flow Statement with related notes is included;
- Key Management Personnel compensation has not been included a second time; and
- The disclosures required by FRS 102.11 Basic Financial Instrument and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

1.1 Going concern

Notwithstanding the net liabilities of £16,102,886 (2021: £19,623,197), the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

The Group has net current liabilities of £17,651,480 as at 31 March 2022, a profit for the period then ended of £3,641,666 and total cash of £8,837,632, consisting of cash at bank and in hand of £1,610,954 and cash at bank - client monies of £7,226,678.

The directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company and Group will have sufficient funds to meet their liabilities as they fall due during the period covered by the forecasts.

Those forecasts are dependent on Anthem Entertainment L.P. not seeking repayment of amounts currently due to the Group, which at 31 March 2022 amounted to £19,539,517, and continuing to make available such funds as are needed by the Company and the Group for the period covered by the forecasts. Anthem Entertainment L.P. has indicated its intention to continue to make available such funds as are needed by the Company and the Group, and that it does not intend to seek repayment of the amounts due at the balance sheet date, during the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the Company and the Group will have sufficient funds to continue to meet their liabilities as they fall due for at least 12 months from the date of approval of these financial statements and therefore have prepared the financial statements on a going concern basis.

Compact Media Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

1.2 Basis of consolidation

The consolidated financial statements incorporate the results of Compact Media Holdings Limited and all its subsidiary undertakings as at 31 March 2022.

A subsidiary is an entity that is controlled by the parent. The results of subsidiary undertakings are included in the consolidated profit and loss account from the date that control commences until the date that control ceases. Control is established when the Company has the power to govern the operating and financial policies of an entity to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

An associate is an entity in which the Group has significant influence, but not control, over the operating and financial policies of the entity. Significant influence is presumed to exist when the investors hold between 20% and 50% of the equity voting rights.

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In the parent company financial statements, investments in subsidiaries are carried at cost less impairment.

In the consolidated financial statements investments in associates, under the equity method, are carried at cost less impairment and are then subsequently adjusted to reflect the investor's share of the profit or loss, other comprehensive income and equity of the associate. Distributions received from the associate reduce the carrying amount of the investment.

The consolidated financial statements incorporate the results of business combinations using the purchase method as at the acquisition date, which is the date on which control is transferred to the entity.

At the acquisition date, the Group recognises goodwill at the acquisition date as:

- The fair value of the consideration (excluding contingent consideration) transferred; plus
- Estimated amount of contingent consideration (see below); plus
- The fair value of the equity instruments issued; plus
- Directly attributable transaction costs; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities and contingent liabilities assumed.

When the excess is negative, this is recognised and separately disclosed on the face of the balance sheet as negative goodwill.

Consideration which is contingent on future events is recognised based on the estimated amount if the contingent consideration is probable and can be measured reliably. Any subsequent changes to the amount are treated as an adjustment to the cost of the acquisition.

The results of acquired operations are included in the consolidated profit and loss account from date on which control is obtained. They are deconsolidated from the date control ceases.

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (*continued*)

1.3 Foreign Currency

Transactions in foreign currencies are translated to the Group companies' functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Any differences are taken to the profit and loss account.

The assets and liabilities of foreign operations are translated to the Group's presentational currency, Sterling, at foreign exchange rates ruling at the balance sheet date. The revenues and expenses of foreign operations are translated at an average rate for the period where this rate approximates to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation are recognised in other comprehensive income.

1.4 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. After initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. After initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment. This is applicable for the separate financial statements of the company.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits, including client monies held.

1.5 Tangible assets

Tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses. The Company assesses at each reporting date whether tangible fixed assets are impaired.

Depreciation is charged to the profit and loss account on a straight-line basis over the estimated useful lives of each part of an item of tangible fixed assets. The estimated useful lives are as follows:

Leasehold improvements	- over length of lease
Plant, machinery and vehicles	- 20% to 33% per annum straight line

Depreciation methods and useful lives are reviewed if there is an indication of a significant change since last annual reporting date in the pattern by which the Company expects to consume an asset's future economic benefits.

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

1.6 Intangible assets and goodwill

Goodwill

Goodwill is stated at cost less any accumulated amortisation and accumulated impairment losses. Goodwill is allocated to cash-generating units or group of cash-generating units that are expected to benefit from the synergies of the business combination from which it arose.

Other intangible assets

Other intangible assets that are acquired by the Company are stated at cost less accumulated amortisation and less accumulated impairment losses.

Intangible assets acquired in business combinations

For all business combinations the Group and Company recognises intangible assets from goodwill if the intangible meets all of the following three criteria:

- Meets the recognition criteria per FRS 102.18.4; and
- Are separable; and
- Arise from contractual or other legal rights.

In addition, for technology and customer relationships acquired in a business combination entered into on or after 1 January 2020, the Group and Company has also elected to separately recognise these intangible assets from goodwill.

Amortisation

Amortisation is charged to the profit or loss on a straight-line basis over the estimated useful lives of intangible assets. Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Licences and Intellectual	- 5 to 10 years
Customer relationships	- 10 years
Goodwill	- 20 years

The Company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Goodwill and other intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that goodwill or an intangible asset may be impaired.

1.7 Turnover

There are two main type of revenue stream that represents turnover:

- net commissions earned for royalty management services, net of value added tax; and
- revenue from the provision music licence reporting services, net of value added tax.

Commissions are credited to the profit and loss account when earned. This is when the Company has received a declaration from a third party of an intention to remunerate the Company for their royalties due. Commissions are credited to the profit and loss account at the rate stated in the contract, based upon royalties received.

A provision is made where it is anticipated that the advances made against future royalties payable will not be recouped.

Compact Media Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (*continued*)

1.7 Turnover (*continued*)

Liabilities in respect of royalties collected, which have been held on the Balance Sheet for more than six and a half years are written off to revenue. During the year ended 31 March 2022 Compact has obtained legal advice confirming this treatment of liabilities is correct.

Revenue from the provision of music licence reporting services is credited to the profit and loss account when the work is performed.

1.8 Expenses

Operating lease

Payments (excluding costs for services and insurance) made under operating leases are recognised in the profit and loss account on a straight-line basis over the term of the lease. Lease incentives received are recognised in profit and loss over the term of the lease as an integral part of the total lease expense.

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, interest on finance leases recognised in profit or loss using the effective interest method and net foreign exchange losses.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Foreign currency gains and losses are reported on a net basis.

1.9 Taxation

Tax on the profit or loss for the period comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

1.10 Accounting estimates and judgements

Preparation of the financial statements requires management to make significant judgements and estimates.

The judgements and estimates are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

During the year ended 31 March 2022 the Company did not apply any judgements and estimates that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

1.11 Employee benefits

Defined contribution plans and other long-term employee benefits

A defined contribution plan is a post-employment benefit plan under which the Company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.12 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the entity's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire group of entities into which it has been integrated.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss recognised for goodwill is not reversed. Impairment losses recognised for other assets is reversed only if the reasons for the impairment have ceased to apply.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (*continued*)

1.13 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

2 Acquisitions and disposals of business

Acquisitions in the current period

On 2 August 2021 the Group acquired the remaining 70% of the share capital of On Music Limited, having previously acquired 30% in 2019. The business contributed revenue of £1,731,431 and profit before tax of £295,427 to the revenue and profit before tax of the group for the year ended 31 March 2022.

Effect of acquisition

The acquisition had the following impact on the Group's assets and liabilities.

	Book value £	Fair value adjustments £	Recognised values on acquisition £
Intangible assets - Technology	698,689	(651,689)	47,000
Intangible assets – Customer relationships		252,000	252,000
Tangible fixed assets	67,621	-	67,621
Trade and other debtors	376,459	-	376,459
Cash	300,237	-	300,237
Trade and other creditors	(393,759)	-	(393,759)
Deferred tax liabilities	(22,300)	(71,558)	(93,858)
	1,026,947	(471,247)	555,700
70% of the fair value of net assets on 2 August 2021			388,990
Total cost of business combination (acquisition of remaining 70%)			
Cash price paid			933,333
Costs directly attributable to the business combination			13,875
Total consideration for the acquisition of the remaining 70%			947,208
Goodwill arising on the acquisition of the remaining 70%			558,218
Goodwill already present in equity accounted investee			333,852
Total goodwill			892,070

Compact Media Holdings Limited

Notes forming part of the financial statements for the year ended 31 March 2022 (continued)

2 Acquisitions and disposals of business (continued)

The fair value adjustment in respect of intangible assets arises from a lower valuation of internally developed software compared to the book value and the additional fair value of customer relationships recognised on acquisition.

On acquisition, the purchase price of the intangible assets was allocated based on the future income to be derived from those assets. Under this method the majority of the value of the intangible assets was allocated to the On Music Limited's customer relationships and assembled and trained workforce, and goodwill, rather than to its internally developed technology. This resulted in a fair value adjustment of (£651,859) in respect of the internally developed technology.

"True and fair" override

In determining the goodwill arising on acquisition, the directors have applied the true and fair override provisions as set out in section 404(5) of the Companies Act 2006. The directors are of the view that calculating goodwill as set out in the Regulations and in paragraph 9.19B of FRS 102 (as shown below) would be misleading. The accounting adopted for the step acquisition is consistent with the legal appendix in FRS 102 at A3.21.

Consequently, goodwill has been calculated as the sum of goodwill arising from each purchase of an interest in On Music Limited. Goodwill arising on each purchase has been calculated as the difference between the cost of that purchase and the fair value at the date of that purchase of the identifiable assets and liabilities attributable to the interest purchased. Under the accounting adopted, 100% of the identifiable net assets are recognised at fair value, resulting in a revaluation reserve arising of (£141,374) on the revaluation of the 30% share of net assets previously held.

	Recognised values on acquisition £
Cost of acquisition of 30% stake (incl. transaction costs)	479,884
Cost of acquisition of 70% stake (incl. transaction costs)	947,208
Total costs of acquisition	<u>1,427,092</u>
Fair value of net assets acquired	<u>555,700</u>
Goodwill	<u>871,392</u>
The difference of £20,678 between the goodwill amount of £871,392 using the method provided by the Regulations and FRS 102 and £892,070 is analysed as follows:	
Prior equity accounting profit	162,052
Revaluation of previously held 30% stake	<u>(141,374)</u>
Goodwill	<u>20,678</u>

The fair carrying value of the investment in associate (previous 30% held) of £641,936 forms part of the purchase consideration.

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

2 Acquisitions and disposals of business (continued)

The accounting for the acquisition of the remaining 70% has been done in accordance with the true and fair override of the method provided in the Companies Act 2006 and FRS 102.19.11A. That method would have calculated goodwill as £331,835, being the sum of the original cost of each tranche less the fair value of the net assets on acquiring control. Management concludes that the method used ensures that the financial statements give a true and fair view of Compact Media Holdings Limited's financial position, financial performance and cash flows.

3	Turnover	For the year ended March 2022 £	For the 15 months period ended March 2021 £
	Turnover is split between the two different revenue streams as follows:		
	Media consultancy	23,624	86,344
	Royalty management services	7,140,681	6,217,784
	Music licence reporting services	1,731,431	-
		8,895,736	6,304,128
	By geographical market		
	United Kingdom	3,978,943	3,177,112
	Non-United Kingdom	4,916,793	3,127,016
		8,895,736	6,304,128

4 Other income

The elements of other income are as follows:

	For the year ended March 2022 £	For the 15 months period ended December 2021 £
Northern Ireland investment grant	71,349	-
COVID related government grants	-	71,765
Other income	5,895	-
	77,244	71,765

During the period £71,349 was recognised by the Group as other income in the profit and loss account in respect of a government grant (2021: £71,765).

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

5	Operating Profit	For the year ended March 2022	For the 15 months period ended March 2021
		£	£
	Included in profit are the following:		
	Amortisation of intangible assets	100,519	48,557
	Depreciation of tangible assets	55,319	128,017
	Exchange (gains) / losses	(222,010)	67,353
	Auditor's remuneration:		
	- fees payable to the Group's auditor for the audit of the Group's annual accounts	83,150	37,000
	Group's annual accounts:		
	- taxation compliance services	20,000	13,800
6	Employees	For the year ended March 2022	For the 15 months period ended March 2021
		£	£
	Staff costs:		
	Wages and salaries	2,486,055	1,641,237
	Social security costs	225,120	147,700
	Pension contributions	120,747	79,349
		<u>2,831,922</u>	<u>1,868,286</u>
	Average number of employees during the period:	For the year ended March 2022	For the 15 months period ended March 2021
		Number	Number
	Senior management	6	4
	Sales and business development	2	1
	Operations	78	15
	Administration	7	2
		<u>93</u>	<u>22</u>

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

7 Directors' remuneration	For the year ended March 2022	For the 15 months period ended March 2021
	£	£
Directors' emoluments	158,000	177,000
Pension contributions	6,825	8,125
	164,825	185,125

Only one Director is remunerated by a Company in this Group. The other two Directors are not remunerated by the Company and are remunerated by the ultimate Parent Company, Anthem Entertainment L.P. During the period, these two directors provided insignificant qualifying services to the Company.

8 Interest payable and similar charges	For the year ended March 2022	For the 15 months period ended March 2021
	£	£
Intercompany loan interest	880,284	1,353,667
Other loan interest	1,670	-
Overdraft interest & bank charges	-	3,282
	881,954	1,356,949

9 Taxation	For the year ended March 2022	For the 15 months period ended March 2021
	£	£
<i>UK corporation tax</i>		
Current tax on profit for the year/period	867,539	256,436
Adjustments in relation to prior years/periods	(37,890)	(4,199)
	829,649	252,237
<i>Deferred tax</i>		
Origination and reversal of timing differences	(20,472)	(32,438)
Adjustments in relation to prior years/periods	-	3,953
Effect of tax rate change on the opening balance	12,649	5,283
	(7,823)	(23,202)
Total deferred tax	(7,823)	(23,202)
Tax charge on profit	821,826	229,035

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

9 Taxation (continued)

The tax assessed for the year/period differs to the standard rate of corporation tax in the UK applied to the result before tax. The differences are explained below:

	For the year ended March 2022	For the 15 months period ended March 2021
	£	£
Profit before tax	4,463,492	931,538
Profit at the standard rate of Corporation tax in the UK of 19% (31 March 2021 - 19%)	848,063	176,992
Effects of:		
Expenses not deductible for tax purposes	(16,069)	44,336
Adjustments to corporation tax in relation to prior periods	(37,890)	(4,199)
Depreciation on ineligible assets	19,016	2,669
Adjustments to deferred tax in relation to prior periods	-	3,953
Remeasurement of deferred tax of changes in tax rates	8,706	5,284
Current tax charge for the year/period	821,826	229,035
Movement in deferred tax liability balance		£
Deferred tax liability at 1 April 2021		17,755
Arising on business combination		93,858
Charge to profit and loss account		(7,823)
Deferred tax liability at 31 March 2022		103,790
Deferred tax assets and liabilities are attributable to the following:		
	31 March 2022 £	31 March 2021 £
Intangible asset timing differences	67,516	-
Fixed asset timing differences	36,274	17,755
Total	103,790	17,755

An increase in the UK corporation rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will have a consequential effect on the Group's future tax charge. The UK deferred tax asset as at 31 March 2022 was calculated at 25% (2021: 19%).

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

9 Taxation (continued)

The Group has an unrecognised potential deferred tax asset of:

	31 March 2022 £	31 March 2021 £
Non-trading losses	207,647	207,647
Total	207,647	207,647

These non-trade losses are held within dormant companies and are not utilisable, hence not recognised.

10 Intangible assets

Group	Goodwill £	Technology £	Customer relationships £	Total £
<i>Cost or valuation</i>				
At 1 April 2021	33,979,171	560,291	-	34,539,462
Acquisition through business combination	892,070	47,000	252,000	1,191,070
Additions	-	304,207	-	304,207
At 31 March 2022	34,871,241	911,498	252,000	36,034,739
<i>Amortisation</i>				
At 1 April 2021	(33,979,171)	(359,165)	-	(34,338,336)
Charge for the period	(30,451)	(53,268)	(16,800)	(100,519)
At 31 March 2022	(34,009,622)	(412,433)	(16,800)	(34,438,855)
<i>Net book value</i>				
At 31 March 2022	861,619	499,065	235,200	1,595,884
At 31 March 2021	-	201,126	-	201,126

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (*continued*)

11 Tangible fixed assets

Group	Leasehold improvements £	Plant, machinery and software £	Total £
<i>Cost</i>			
At 1 April 2021	242,996	1,084,761	1,327,757
Acquisition through business combination		67,621	67,621
Additions	-	87,351	87,351
Disposal	(7,025)	(340,807)	(347,832)
	<u>235,971</u>	<u>898,926</u>	<u>1,134,897</u>
<i>Depreciation</i>			
At 1 April 2021	(241,415)	(981,748)	(1,223,163)
Disposals	6,523	332,353	338,876
Charge for the period	(1,079)	(54,240)	(55,319)
	<u>(235,971)</u>	<u>(701,635)</u>	<u>(939,606)</u>
<i>Net book value</i>			
At 31 March 2022	-	195,291	195,291
	<u>1,581</u>	<u>195,291</u>	<u>195,291</u>
At 31 March 2021			

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (*continued*)

12 Fixed asset investments

Group	Interest in associated undertakings £
<i>Cost</i>	
At 1 April 2021	479,884
Eliminated on business combination	(479,884)
At 31 March 2022	-
Share of post-acquisition reserves	
At 1 April 2021	125,000
Share of profit for year	37,052
Revaluation of investment	(141,374)
Eliminated on business combination	(20,678)
At 31 March 2022	-
Net book value	
At 31 March 2021	604,884
At 31 March 2022	-
Company	Interest in associated undertakings £
<i>Cost</i>	
At 1 April 2021	1,386,000
Additions	-
At 31 March 2022	1,386,000
Impairment	
At 1 April 2021	(1,386,000)
Impairment in period	-
At 31 March 2022	(1,386,000)
Net book value	
At 31 March 2021	-
At 31 March 2022	-

The impairment has been recognised based on the director's prudent forecasts, in line with IAS 36, for the next five years which will be reassessed at the next balance sheet date.

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

12 Fixed asset investments (continued)

Subsidiary undertakings, associated undertakings and other investments

The subsidiaries of Compact Media Holdings Limited, below, all of which are domiciled and registered in the UK (except for Compact Collections Pty Limited), are exempt from the audit of their individual accounts (Section 479a of the Companies Act 2006) due to the existence of a parental guarantee given by this parent undertaking of this group which prepares these consolidated accounts.

The principal undertakings in which the Company's interest at the year-end is 20% or more are as follows:

Name	Company registration number	Country of incorp.	Share capital held	Nature of business
Compact Media Finance Limited	07295943	UK	100%	Holding company
Compact Media Group Limited*	07389270	UK	100%	Holding company
Compact Collections Limited*	03174777	UK	100%	Royalty management
Compact Capital Limited*	06355260	UK	100%	Royalty management
Compact Music Services Limited*	04186128	UK	100%	Music rights administration
Compact Data Limited*	12132845	UK	100%	Data management
On Music Limited*	05574452	UK	100%	Music administration
Compact Collections Pty Limited*	115 983 947	Australia	100%	Royalty management

* Held indirectly

The registered office address for all subsidiaries except On Music Limited and Compact Collections Pty Limited is 120 New Cavendish Street, London W1W 6XX. The registered office address for On Music Limited is Derbyshire House, 8 St. Chads Street, London WC1H 8AG, and the registered office address for Compact Collections Pty Limited is Suite 11.01, Level 11, 60 Castlereagh Street, Sydney, NSW 2000.

13 Debtors

	Group 31 March 2022 £	Group 31 March 2021 £	Company 31 March 2022 £	Company 31 March 2021 £
Trade debtors	200,381	62,613	-	-
Other debtors	1,377,547	1,245,257	-	-
Prepayments and accrued income	185,725	136,673	-	-
Deposits	-	13,651	-	-
Amounts due from parent	106,523	4,366,090	-	-
	1,870,176	5,824,284	-	-

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

14 Creditors: amounts falling due within one year

	Group 31 March 2022 £	Group 31 March 2021 £	Company 31 March 2022 £	Company 31 March 2021 £
Trade creditors	7,765,753	6,633,017	-	-
Other creditors	201,972	56,362	-	-
Corporation tax	468,859	114,296	-	-
Accruals	327,264	310,756	-	-
Loans payable	55,923	-	-	-
Amounts due to parent company	19,539,517	-	-	-
	<u>28,359,288</u>	<u>7,114,431</u>	<u>-</u>	<u>-</u>

The intercompany loan due to parent company accrues interest monthly at the USA LIBOR interest rate plus 4%.

15 Creditors: amounts falling due after more than one year

	Company 31 March 2022 £	Group 31 March 2021 £	Company 31 March 2022 £	Company 31 March 2021 £
Amount due to parent company	-	29,459,265	-	-
Deferred tax liability (note 8)	103,790	17,755	-	-
Other creditors	-	70,000	-	-
Loans payable	138,791	-	-	-
	<u>242,581</u>	<u>29,547,020</u>	<u>-</u>	<u>-</u>

The loan payable is a Funding Circle loan provided to On Music Limited. This is split between current and non-current liabilities.

16 Share capital

	31 March 2022 £	31 March 2021 £
<i>Allotted, called up and fully paid</i>		
252,000 Ordinary B shares of 1p each (2019 - 252,000)	2,520	2,520
1,134,000 Ordinary A shares of 1p each (2019 - 1,134,000)	11,340	11,340
	<u>13,860</u>	<u>13,860</u>

Each class of share has equal voting and dividend rights and rank pari passu.

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

17 Reserves

	Share Premium Account £	Translation Reserve £	Revaluation Reserve £	Profit and loss Account £
Group				
At 1 April 2021	1,372,140	125,993		(21,135,190)
Profit for the year	-	-		3,641,666
Exchange translation differences on consolidation	-	20,019	-	-
Revaluation of investment in associate	-	-	(141,374)	-
At 31 March 2022	1,372,140	146,012	(141,374)	(17,493,524)

Company

	Share Premium Account £	Profit and loss Account £
At 1 April 2021	1,372,140	(1,386,000)
Profit for the period	-	-
At 31 March 2022	1,372,140	(1,386,000)

18 Reconciliation of movement in shareholders' deficit

	Group 31 March 2022 £	Group 31 March 2021 £	Company 31 March 2022 £	Company 31 March 2021 £
Brought forward	(19,623,197)	(20,350,899)	-	-
Profit for the year/period	3,641,666	702,503	-	-
Exchange translation differences	20,019	25,199	-	-
Revaluation reserve	(141,374)	-	-	-
Closing shareholders' deficit	(16,102,886)	(19,623,197)	-	-

Compact Media Holdings Limited

Notes forming part of the financial statements
for the year ended 31 March 2022 (continued)

19 Operating leases

Non-cancellable operating lease rentals are payable as follows:

	Land and buildings 31 March 2022 £	Other 31 March 2022 £	Land and buildings 31 March 2021 £	Other 31 March 2021 £
Operating leases:				
Less than one year	112,919	-	155,242	-
Between one and five years	159,969	-	-	-
	<u>272,888</u>	<u>-</u>	<u>155,242</u>	<u>-</u>

During the period £107,027 was recognised by the Group as an expense in the profit and loss account in respect of operating leases (2021 - £355,629).

20 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 102, section 33.1A "Related party disclosures" not to disclose transactions with members of the Group headed by Compact Media Holdings Limited on the grounds that 100% of the voting rights in the Company are controlled within that Group and the Company is included in consolidated financial statements.

Compact Media Finance Limited received an intercompany loan of £27,530,627 on 27 September 2016 from Anthem Entertainment L.P. This loan transferred to Compact Capital Limited on 1 January 2019, with the loan provider remaining unchanged. The intercompany loan accrues interest monthly at the USA LIBOR interest rate plus 4%. Interest accrued in the year ending 31 March 2022 totalled £880,284 (2019: £1,352,656.)

21 Subsequent events

On 5 December 2022 the parent company changed the terms of its loan to Compact Capital Limited so that the loan is now legally not repayable until 31 December 2024.

The directors consider this to be a non-adjusting post balance sheet event and as a result no year-end positions have been reconsidered.

22 Change of period

The Company changed its accounting period from 31 December to 31 March within the previous period to align with the year end of its ultimate parent, Anthem Entertainment L.P. Therefore, the comparative amounts presented in the financial statements (including the related notes) are not entirely comparable.

23 Ultimate parent company

The majority shareholder of the group is Anthem Entertainment L.P. The registered office address for Anthem Entertainment LP is 120 Bremner Blvd, Suite 2900, Toronto, Ontario, M5J 0A8, Canada.