

Company Registration No. 07495435 (England and Wales)

METROPOLIS LONDON MUSIC LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2021

PAGES FOR FILING WITH REGISTRAR



METROPOLIS LONDON MUSIC LTD

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METROPOLIS LONDON MUSIC LTD

COMPANY INFORMATION

Director	Mr K Clements
Company number	07495435
Registered office	Rodboro Buildings Bridge Street Guildford Surrey GU1 4SB
Auditor	Azets Audit Services Ashcombe Court Woolsack Way Guildford Surrey GU7 1LQ

METROPOLIS LONDON MUSIC LTD

BALANCE SHEET

AS AT 31 AUGUST 2021

	Notes	2021 £	2020 £
Fixed assets			
Tangible assets	5	11,255,615	11,321,676
Current assets			
Debtors	6	924,565	908,498
Cash at bank in hand		517,125	1,060,397
		<u>1,441,690</u>	<u>1,968,895</u>
Creditors: amounts falling due within one year	7	(1,514,239)	(1,829,136)
Net current assets		<u>(72,549)</u>	<u>139,759</u>
Total assets less current liabilities		11,183,066	11,461,435
Provisions for liabilities	8	<u>(1,979,554)</u>	<u>(1,720,235)</u>
Net assets		<u>9,203,512</u>	<u>9,741,200</u>
Capital and reserves			
Called up share capital	10	4,212	4,212
Share premium account	11	5,424,811	5,424,811
Revaluation reserve	12	9,668,210	9,668,210
Profit and loss reserves		<u>(5,893,721)</u>	<u>(5,356,033)</u>
Total equity		<u>9,203,512</u>	<u>9,741,200</u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

In accordance with Section 444 of the Companies Act 2006, the income statement has not been delivered.

The financial statements were approved and signed by the director and authorised for issue on 31 March 2022.



Mr K Clements
Director

Company Registration No. 07495435

METROPOLIS LONDON MUSIC LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies

Company information

Metropolis London Music Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of tangible fixed assets. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the director has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the director continues to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Turnover

Turnover is measured at the fair value of the consideration received or receivable, net of discounts and value added taxes. Turnover includes revenue earned from room rental and ancillary services, license fees and royalties.

Turnover from room rental and services is recognized on an accruals basis, in the period to which it relates.

Turnover from license fees and royalties paid for the use of the entity's assets is recognized on a straight-line basis over the life of the agreement

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leasehold land and buildings	over the period of the lease
Plant and machinery	20% on cost
Fixtures and fittings	20% on cost
Computer equipment	20% on cost

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

METROPOLIS LONDON MUSIC LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (continued)

Property, plant and equipment whose fair value can be measured reliably are held under the revaluation model and are carried at a revalued amount, being their fair value at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The fair value of the leasehold property is usually considered to be their market value while the fair value of recording and ancillary equipment is considered to be their depreciated net replacement cost.

Revaluation gains and losses are recognised in other comprehensive income and accumulated in equity, except to the extent that a revaluation gain reverses a revaluation loss previously recognised in profit or loss or a revaluation loss exceeds the accumulated revaluation gains recognised in equity; such gains and losses are recognised in profit or loss.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.5 Cash at bank and in hand

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Basic financial liabilities

Basic financial liabilities, including creditors, other loans and loans from fellow group companies are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

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

METROPOLIS LONDON MUSIC LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 AUGUST 2021

1 Accounting policies (continued)

1.7 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

1.9 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.10 Leases

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessees. All other leases are classified as operating leases.

Assets held under finance leases are recognised as assets at the lower of the assets fair value at the date of inception and the present value of the minimum lease payments. The related liability is included in the balance sheet as a finance lease obligation. Lease payments are treated as consisting of capital and interest elements. The interest is charged to profit or loss so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight-line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the leases asset are consumed.

METROPOLIS LONDON MUSIC LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the director is required to make judgements, estimates and assumptions about the carrying amount 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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Tangible fixed assets revaluation

The company appointed Lambert Smith Hampton, a property consultant, to carry out a professional valuation of the company's plant and equipment at 31 August 2019, comprising of the recording and ancillary equipment. The valuation was prepared in accordance with the Royal Institution of Chartered Surveyors Valuation standards and on the basis of net depreciated current replacement cost of the equipment. The leasehold land and buildings were revalued by the director on the basis of personal experience and knowledge supported by an appraisal from Lambert Smith Hampton. In the judgement of the director, this revaluation is still deemed to be appropriate as at 31 August 2021.

Depreciation of the Tangible Fixed Asset revaluation

The directors have elected not to depreciate the revalued tangible fixed assets referred to above.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2021 Number	2020 Number
Total	32	42

4 Taxation

At the year end the company has trading losses carried forward of £4,112,471 (2020 - £4,167,428). A deferred tax asset of £550,204 (2020 - £nil) has been recognised against the deferred tax liability for trading losses post 1 April 2017 of £2,200,812 as these can be utilized against future total profits. This has been recognised at 25% being the new tax rate enacted on 24 May 2021 applying from April 2023, as there is no expectation this asset will unwind before April 202. For the remaining trading losses pre 1 April 2017 of £1,911,659 there is a potential deferred tax asset of £477,915 (2020 - £791,811). The directors have not recognised a deferred tax asset in respect of these losses carried forward on the basis that it is uncertain whether available taxable profits will arise in the foreseeable future.

The deferred tax liability of £2,529,757 (2020 - £1,720,235) relates to the revaluation of fixed assets and is not expected to reverse within 12 months relates to the revaluation of fixed assets. The deferred tax charge of £809,523 (2020 - £0) is shown within revaluation reserves in other comprehensive income. The charge in the year arises as a new tax rate of 25% applying from April 2023 was enacted on 24 May 2021. There is no expectation that the liability will unwind before April 2023.

METROPOLIS LONDON MUSIC LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

5 Tangible assets

	Leasehold land and buildings	Plant and machiner y	Fixture s and fittings	Computer equipment	Assets under construction	Total
	£	£	£	£	£	£
Cost or valuation						
At 1 September 2020	6,843,150	5,165,758	61,356	253,160	84,793	12,408,217
Additions	64,393	118,756	10,334	4,584		198,067
Transfer from assets under construction	73,363	11,430	-	-	(84,793)	-
At 31 August 2021	6,980,906	5,295,944	71,690	257,744	-	12,606,284
Depreciation and impairment						
At 1 September 2020	47,646	878,753	24,763	135,379	-	1,086,541
Depreciation charged in the year	40,819	195,796	7,638	19,875	-	264,128
Disposals	-	-	-	-	-	-
At 31 August 2021	88,465	1,074,549	32,401	155,254	-	1,350,669
Carrying amount						
At 31 August 2020	6,795,504	4,287,005	36,593	117,781	84,793	11,321,676
At 31 August 2021	6,892,441	4,221,395	39,289	102,490	-	11,255,615

The director revalued fixed assets at 31 August 2019 to align the carrying values with that of their fair value. The valuation of plant and equipment with a carrying amount of £5,641,061 was based on the report issued in November 2019 by Lambert Smith Hampton, an independent professional valuers not connected with the company. The basis of valuation was the depreciated net replacement cost of the assets. Leasehold land and buildings with a carrying value of £6,800,000 were revalued by the director on the basis of his experience and knowledge of the music industry, with the support of an appraisal carried out by Lambert Smith Hampton. This revaluation is still deemed to be appropriate as at 31 August 2021.

If revalued assets were stated on an historical cost basis rather than a fair value basis, the total amounts included would have been as follows:

	2021 £	2020 £
Cost	1,734,059	1,535,995
Accumulated depreciation	(1,350,669)	(1,086,842)
Carrying value	383,390	449,153

The revaluation surplus is disclosed in note 12.

METROPOLIS LONDON MUSIC LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

6 Debtors

	2021 £	2020 £
Amounts falling due within one year:		
Trade debtors	363,334	244,997
Amounts owed by group undertakings	275,841	372,923
Corporation tax recoverable	8,459	8,459
Other debtors	276,931	282,119
	<u>924,565</u>	<u>908,498</u>

7 Creditors: amounts falling due within one year

	2021 £	2020 £
Trade creditors	343,548	286,308
Amounts owed to group undertakings	155,447	-
Other taxation and social security	105,843	456,501
Other creditors	909,401	1,086,327
	<u>1,514,239</u>	<u>1,829,136</u>

8 Provisions for liabilities

	2021 £	2020 £
Deferred tax provision	<u>1,979,554</u>	<u>1,720,235</u>

METROPOLIS LONDON MUSIC LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

9 Retirement benefit schemes

	2021 £	2020 £
Defined contribution schemes		
Charge to profit or loss in respect of defined contribution schemes	21,104	20,572

The company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. At the year-end there was £3,816 (2020 - £4,498) of outstanding contributions.

10 Share capital

	2021 £	2020 £
Ordinary share capital of £1 Issued and fully paid		
At 1 September	4,212	2,400
New shares issued	-	1,812
At 31 August	4,212	4,212

11 Share premium

	2021 £	2020 £
At 1 September	5,424,811	240,970
New shares issued	-	5,183,841
At 31 August	5,424,811	5,424,811

12 Revaluation reserve

	2021 £	2020 £
At 1 September	9,668,210	9,668,210
Revaluation surplus in the year	-	-
At 31 August	9,668,210	9,668,210

13 Secured debts

A cross-guarantee and second ranking debenture, comprising a fixed and floating charge over all present and future assets, secure debts of companies under common ownership, namely Industrication Inc Ltd; The Academy of Contemporary Music Ltd; ACM London Ltd; The Electric Theatre Guildford Ltd; Academy of Music & Sound (Birmingham) Ltd; ACM Education Ltd; ACM Guildford Ltd and Metropolis London Music Limited.

METROPOLIS LONDON MUSIC LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 AUGUST 2021

14 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Sam Thomas.
The auditor was Azets Audit Services.

15 Operating lease commitments

Lessee

At the reporting end date, the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

	2021 £	2020 £
	<u>6,805,855</u>	<u>7,254,593</u>

16 Related party transactions

During the year the company entered into transactions with companies under common management and at the year end the company had the following balances outstanding.

	At 1 September 2020 £	Movement in year	At 31 August 2021 £
ACM Commercial Limited	367,901	(261,229)	106,672
ACM Guildford Limited	<u>5,022</u>	<u>8,700</u>	<u>13,722</u>
	372,923	(252,529)	120,394

17 Ultimate controlling party

The immediate parent undertaking is ACM Commercial Limited. Its registered office is the same as the company's. The company's ultimate parent undertaking is Industrication Inc. Limited, a company incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is headed by the ultimate parent company Industrication Inc. Limited. The consolidated accounts of Industrication Inc. Limited are available from Companies House, Crown Way, Cardiff, CF14 3UZ.