

XIX/DB Label Limited

Report and Financial Statements

Year Ended

31 December 2022

Company Number 07777131



XIX/DB Label Limited

Report and financial statements for the year ended 31 December 2022

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Director

R Dodds

Registered office

Suite 1, 259a Pavilion Road, London, SW1X 0BP

Company number

07777131

Auditors

BDO LLP, 55 Baker Street, London, W1U 7EU

XIX/DB Label Limited

Balance sheet at 31 December 2022

| Company number 07777131 | Note | 2022 £ | 2022 £ | 2021 £ | 2021 £ |
|---|-------------|-------------------|-------------------|-------------------|-------------------|
| Fixed assets | | | | | |
| Investments | 6 | | 49 | | 49 |
| Current assets | | | | | |
| Debtors | 7 | 356,879 | | 318,084 | |
| | | <u>356,879</u> | | <u>318,084</u> | |
| Creditors: amounts falling due within one year | 8 | <u>(130,325)</u> | | <u>(71,935)</u> | |
| Net current assets | | | 226,554 | | 246,149 |
| Total assets less current liabilities | | | <u>226,603</u> | | <u>246,198</u> |
| Capital and reserves | | | | | |
| Called up share capital | 9 | | 100 | | 100 |
| Profit and loss account | 9 | | 226,503 | | 246,098 |
| Shareholders' funds | | | <u>226,603</u> | | <u>246,198</u> |

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A – Small entities.

The company's annual accounts and reports have been delivered to the registrar in accordance with the provisions of the Companies Act 2006 applicable to companies subject to the small companies' regime. A copy of the company's profit and loss account has not been delivered to the registrar of companies.

The financial statements were approved by the Board of Directors and authorised for issue on 1 March 2024.

Robert Dodds

Robert Dodds (Mar 1, 2024 14:04 GMT)
R Dodds
Director

The notes on pages 2 to 6 form part of these financial statements.

XIX/DB Label Limited

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

1 Accounting policies

The financial statements have been prepared under the historical cost convention and in accordance with FRS 102 Section 1A Small Entities.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the accounting policies. The director does not believe the financial statements contain any critical accounting estimates.

The following accounting policies have been applied:

Going concern

These financial statements have been prepared on the going concern basis. Given the inter-relationship between the company and its ultimate parent, the Company is reliant on the wider Group maintaining sufficient working capital to support its activities. The going concern assessment of the company has therefore been considered at the wider Group level.

Ultimately, the ability of the wider Group to provide financial support to the Company is dependent on future events, including obtaining adequate financing, if required, retaining adequate working capital to fulfil its activities, and generating a level of revenues adequate to support the wider Group's cost structure.

The failure of the wider Group to retain its existing facilities and/or raise additional capital as and when needed, could have a negative impact on its financial condition and ability to pursue its business strategies and therefore its ability to provide the necessary working capital to support the company's activities. As the Company is reliant on the Group for funding, which is not guaranteed, this indicates that a material uncertainty exists which may cast significant doubt on the company ability to continue as a going concern and therefore the Company may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include the adjustments that would be required if the company was unable to continue as a going concern.

The Director of the company has taken into consideration a number of factors when assessing whether the company's financial statements should be prepared on the going concern basis. This includes reviewing the detailed cash flow forecasts of the wider Group for a period of at least 12 months from the date of approval of these financial statements, reviewing the letter of support provided by the ultimate controlling party and Majority Partner, and the current position of the wider Group itself. The Director of the Company consider that funding will be forthcoming and has therefore concluded that it is appropriate to prepare these financial statements on the going concern basis.

XIX/DB Label Limited

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

1 Accounting policies (continued)

Turnover

Turnover represents income distributions received and connected with the Company's investment in Sign of the Times Records Limited. In respect of contracts spanning the year end, turnover represents the value of work performed in the year and deemed as recoverable and collectable. At the year-end deferred income is recognised where amounts invoiced to customers exceed revenues earned during the year.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Taxation

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

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

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where timing differences relate to interests in subsidiaries, associates, branches and joint ventures and the group can control their reversal and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

XIX/DB Label Limited

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

2 Turnover

The turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit

| | 2022 £ | 2021 £ |
|--|-------------------|-------------------|
| This is arrived at after charging: | | |
| Auditors' remuneration | 4,000 | 3,400 |
| Fees payable to the company's auditor for taxation compliance services | 2,310 | 2,100 |
| | <u> </u> | <u> </u> |

4 Director's remuneration

The director's and key management remuneration were borne by other entities within the XIX Entertainment LP group.

5 Taxation on profit on ordinary activities

| | 2022 £ | 2021 £ |
|---|-------------------|-------------------|
| Taxation on profit on ordinary activities | 68,611 | 20,851 |
| | <u> </u> | <u> </u> |

Factors affecting tax charge for the year

The tax assessed for the year is less than (2021 – less than) the standard rate of corporation tax in the UK of 19% (2021 - 19%). The differences are explained below:

| | 2022 £ | 2021 £ |
|--|-------------------|-------------------|
| Profit on ordinary activities before tax | 49,016 | 165,853 |
| | <u> </u> | <u> </u> |
| Profit on ordinary activities multiplied by standard rate of Corporation tax in the UK of 19% (2021 - 19%) | 9,313 | 31,512 |
| Adjustment in relation to prior periods | - | 20,851 |
| Expenses not deductible for tax purposes | 95 | - |
| Group relief | (110) | (31,512) |
| Adjustments to tax charge in respect of previous periods | 59,313 | - |
| | <u> </u> | <u> </u> |
| Total tax charge for the year | 68,611 | 20,851 |
| | <u> </u> | <u> </u> |

The company has estimated losses of £Nil (2021 - £Nil) available for carry forward against future trading profits.

XIX/DB Label Limited

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

6 Fixed asset investments

| | Group undertakings £ |
|---|----------------------------|
| <i>Cost</i> | |
| At 1 January 2022 and at 31 December 2022 | 49 |
| <i>Net book value</i> | |
| At 31 December 2021 and at 31 December 2022 | 49 |

Participating interest

The principal undertaking in which the company has an interest at the year-end is as follows:

| Company | Country of registration or incorporation | Percentage of issued ordinary share capital held | Nature of business |
|--------------------------------------|--|--|--|
| Sign of the Times Records Limited | England and Wales | 49% | Production and exploitation of musical recordings |

The amount of capital and reserves for the last relevant financial year was a deficit of £468,474 (2021 - £468,474), and the result of this undertaking for the last relevant financial year was a loss of £Nil (2021 - £Nil).

The last relevant financial period for Sign Of The Times Records Limited was the year ended 31 March 2022.

The registered office of the participating interest is 9 Derry Street, London, W8 5HY.

7 Debtors

| | 2022 £ | 2021 £ |
|--------------------------------------|----------------|----------------|
| Amounts owed from group undertakings | 306,879 | 267,205 |
| Other debtors and Prepaid Expenses | 25,000 | 25,000 |
| Accrued income | 25,000 | 25,879 |
| | <u>356,879</u> | <u>318,084</u> |

8 Creditors: amounts falling due within one year

| | 2022 £ | 2021 £ |
|------------------------------------|----------------|---------------|
| Amounts owed to group undertakings | 23,709 | 23,709 |
| Accruals | 17,154 | 7,375 |
| Sales taxes | - | 20,000 |
| Corporation tax | 89,462 | 20,851 |
| | <u>130,325</u> | <u>71,935</u> |

Included within Corporation tax is a provision of an estimated amount that the company believes will be likely be paid due to prior years tax charges arisen from the group's compliance to the hybrid mismatch rule.

XIX/DB Label Limited

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

9 Share capital

| | Allotted, called up and fully paid | | | |
|----------------------------|------------------------------------|----------------|-----------|-----------|
| | 2022 Number | 2021 Number | 2022 £ | 2021 £ |
| Ordinary shares of £1 each | 100 | 100 | 100 | 100 |

The profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

10 Control

The immediate parent company is XIX/DB Limited, a company incorporated in England and Wales. The ultimate parent entity is XIX Entertainment LP, a limited partnership formed in the United States, which is controlled by S Fuller.

11 Related party relationships and transactions

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33 'Related Party Disclosures' paragraph 33.1A not to disclose transactions with certain group companies on the grounds that 100% of the voting rights in the company are controlled by the group.

12 Post balance sheet events

On 28 April 2023 XIX Management UK Limited, an affiliated XIX party, entered an agreement to settle all claims for consultancy services under the original agreement dated 26 March 2015 for an amount of £225,000. Upon execution, it released any claims in XIX DB Limited, XIX DB Label Limited and XIX DB Songs Limited.

On 4 May 2023, XIX DB Label Limited entered an agreement with Sony Music Entertainment UK Limited to transfer its 49 ordinary shares in Sign of The Times Records Limited for £535,000.

13 Audit Report

An audit of the company's financial statements was carried out by BDO LLP as statutory auditor who reported to the company's member on 1 March 2024. The auditor's report was signed by Joe Lucey as senior statutory auditor and was unqualified. The audit report drew attention to the material uncertainty in relation to going concern, which is outlined in more detail in note 1 to these financial statements.