

Registered number: 08851732

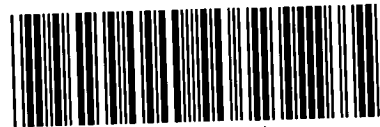
**YOUNG TURKS RECORDINGS LIMITED**

**UNAUDITED**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2018**

WEDNESDAY



\*L89WS7XM\*

LD5

17/07/2019

#14

COMPANIES HOUSE

**YOUNG TURKS RECORDINGS LIMITED**  
**REGISTERED NUMBER:08851732**

**BALANCE SHEET**  
**AS AT 31 DECEMBER 2018**

		2018 £	Restated 2017 £
	Note		
<b>Fixed assets</b>			
Intangible assets	6	2,499,439	2,897,856
Tangible Fixed Assets	7	4,999	3,977
		<u>2,504,438</u>	<u>2,901,833</u>
<b>Current assets</b>			
Stocks	8	138,357	173,951
Debtors: amounts falling due within one year	9	1,980,988	455,802
Cash at bank and in hand	10	1,823,035	1,419,094
		<u>3,942,380</u>	<u>2,048,847</u>
Creditors: amounts falling due within one year	11	(2,748,219)	(2,024,817)
<b>Net current assets</b>		<u>1,194,161</u>	<u>24,030</u>
<b>Total assets less current liabilities</b>		<u>3,698,599</u>	<u>2,925,863</u>
<b>Provisions for liabilities</b>			
Deferred tax		(111,513)	(189,039)
<b>Net assets</b>		<u><u>3,587,086</u></u>	<u><u>2,736,824</u></u>
<b>Capital and reserves</b>			
Called up share capital	12	1,001	1,001
Share premium account		500	500
Profit and loss account		3,585,585	2,735,323
		<u><u>3,587,086</u></u>	<u><u>2,736,824</u></u>

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

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 12 JUL 2019

  
**Martin Mills**  
 Director

The notes on pages 2 to 10 form part of these financial statements.

## **YOUNG TURKS RECORDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

---

#### **1. General information**

The principal activity of the company is that of the production and sale of sound recordings and the licensing of such operations.

The company is a private company limited by shares and is registered in England and Wales. The address of its registered office is 17/19 Alma Road, London, SW18 1AA.

#### **2. Accounting policies**

##### **2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The following principal accounting policies have been applied:

##### **2.2 Revenue**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured at fair value of the consideration received or receivable, net of discounts, excluding rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

###### **Physical sales**

Revenues from the physical sale of recorded music are recognised on despatch. Where goods are sold on the company's behalf by third party distributors, revenue is recognised when the distributor reports sales to the company.

###### **Digital sales**

Revenues relating to digital products are recognised when the products are sold based on reports from digital service providers. Where revenue cannot be reliably estimated for the period, it is recognised on a receipts basis.

###### **Royalties**

Royalty income is included on a receivable basis calculated on sales of records arising during each financial year as reported by licencees. Where royalty income cannot be reliably estimated for the period, it is recognised on a receipts basis. Where income is received but not accompanied by sufficient data to attribute to a recognisable project, the income is recognised on subsequent receipt of that data. Royalties payable are charged against relevant income of the same period except where they are paid in advance, carried forward and recognised as an asset where such advances relate to current released and unreleased products and where it is estimated that sufficient future royalties will be earned from recoupment from those products.

Advances received are carried forward and recognised over the expected life of each individual licence.

###### **Interest income**

Interest income is recognised using the effective interest rate method.

## **YOUNG TURKS RECORDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

---

#### **2. Accounting policies (continued)**

##### **2.3 Intangible assets**

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Catalogue	-	10	years
-----------	---	----	-------

##### **2.4 Tangible fixed assets**

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Computer equipment	-	20-33%	straight line
--------------------	---	--------	---------------

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the profit and loss account.

##### **2.5 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

## **YOUNG TURKS RECORDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

---

#### **2. Accounting policies (continued)**

##### **2.6 Stocks**

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

##### **2.7 Debtors**

Short term debtors are measured at transaction price, less any impairment.

##### **2.8 Cash**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

##### **2.9 Financial instruments**

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, and loans with related parties.

Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the discounted amount of the cash or other consideration, expected to be paid or received.

Financial assets that are measured at cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Statement of comprehensive income.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

##### **2.10 Creditors**

Short term creditors are measured at the transaction price.

## **YOUNG TURKS RECORDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

---

#### **2. Accounting policies (continued)**

##### **2.11 Foreign currency translation**

###### **Functional and presentation currency**

The company's functional and presentational currency is pound sterling.

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account.

##### **2.12 Finance costs**

Finance costs are charged to the profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

##### **2.13 Pensions**

###### **Defined contribution pension plan**

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the profit and loss account when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

## **YOUNG TURKS RECORDINGS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018**

---

#### **2. Accounting policies (continued)**

##### **2.14 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and 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 balance sheet date.

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

- 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

##### **2.15 Advances to artists**

Advances to artists represent advances made direct to artists for recording and other costs made on behalf of artists under contract. These advances, which are only recoverable against future royalties, are charged to the profit and loss account as they are recouped or where the probability for future recoupment in respect thereof is unlikely.

##### **2.16 Deferred income**

Deferred income represents non-returnable advances on royalties receivable from other record companies. These advances are credited to revenue as the royalty income arises or where the probability of future income in respect thereof is remote.

##### **2.17 Prior year adjustment**

During the preparation of the financial statements the directors noted that the share premium had been incorrectly recorded. The effect of this adjustment is to increase the value of share premium by £250 and to increase the value of other debtors by the same amount. The comparatives have been adjusted to correct this. There is no change to reserves and no tax impact of this adjustment.

#### **3. Auditors' remuneration**

The audit and tax fees for the current and prior period were borne by a fellow group company.

# YOUNG TURKS RECORDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

### 4. Employees

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

	2018 No.	2017 No.
Directors	5	5
A&R, marketing and promotion	16	1
	<u>21</u>	<u>6</u>

### 5. Directors' remuneration

	2018 £	2017 £
Directors' emoluments	354,999	118,548
Company contributions to defined contribution pension schemes	4,348	2,371
	<u>359,347</u>	<u>120,919</u>

During the year retirement benefits were accruing to 2 directors (2017 - 2) in respect of defined contribution pension schemes.

### 6. Intangible assets

	Catalogue £
<b>Cost</b>	
At 1 January 2018	<u>3,984,170</u>
At 31 December 2018	<u>3,984,170</u>
<b>Amortisation</b>	
At 1 January 2018	<u>1,086,314</u>
Charge for the year	398,417
At 31 December 2018	<u>1,484,731</u>
<b>Net book value</b>	
At 31 December 2018	<u>2,499,439</u>
At 31 December 2017	<u>2,897,856</u>



**YOUNG TURKS RECORDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**7. Tangible fixed assets**

	Computer equipment £
<b>Cost</b>	
At 1 January 2018	5,793
Additions	3,269
At 31 December 2018	<u>9,062</u>
<b>Depreciation</b>	
At 1 January 2018	1,816
Charge for the year	2,247
At 31 December 2018	<u>4,063</u>
<b>Net book value</b>	
At 31 December 2018	<u>4,999</u>
At 31 December 2017	<u>3,977</u>

**8. Stocks**

	2018 £	2017 £
Finished goods and goods for resale	<u>138,357</u>	<u>173,951</u>

**YOUNG TURKS RECORDINGS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2018**

**9. Debtors**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade debtors	-	10,545
Other debtors	<b>1,843,971</b>	445,257
Prepayments and accrued income	<b>137,017</b>	-
	<b><u>1,980,988</u></b>	<b><u>455,802</u></b>

**10. Cash**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b><u>1,823,035</u></b>	<b><u>1,419,094</u></b>

**11. Creditors: Amounts falling due within one year**

	<b>2018</b>	<b>2017</b>
	<b>£</b>	<b>£</b>
Trade creditors	<b>173,763</b>	168,853
Amounts owed to group undertakings	<b>1,249,510</b>	388,968
Corporation tax	<b>200,577</b>	555,812
Other creditors	<b>50,570</b>	32,925
Accruals and deferred income	<b>1,073,799</b>	878,259
	<b><u>2,748,219</u></b>	<b><u>2,024,817</u></b>

## YOUNG TURKS RECORDINGS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

#### 12. Share capital

	2018 £	2017 £
<b>Allotted, called up and fully paid</b>		
1,001 Ordinary shares of £1 each	<u>1,001</u>	<u>1,001</u>

Following the year end, 501 of the ordinary shares of £1 were converted into and redesignated as, deferred shares of £1 each.

The ordinary shares have attached to them full voting, dividend and capital distribution rights.

The deferred shares have attached to them no voting, dividend or capital distribution rights and they do not confer any rights of redemption.

Share premium has been corrected in the prior year.

During the preparation of the financial statements the directors noted that the share premium had been incorrectly recorded. The effect of this adjustment is to increase the value of share premium by £250 and to increase the value of other debtors by the same amount. The comparatives have been adjusted to correct this. There is no change to reserves and no tax impact of this adjustment.

#### 13. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £27,017 (2017 - £3,008). There were no contributions payable to the fund at the balance sheet date.

#### 14. Related party transactions

No disclosure has been made of transactions with other wholly owned group companies in accordance with FRS 102 Section 1A paragraph 1AC.35.

During the year, the company had net trade transactions of £860,542 (2017 - £2,997,199) in the normal course of business with XL Recordings Limited, the immediate parent undertaking. At the balance sheet date, the company owed XL Recordings Limited £1,249,510 (2017 - £388,968).

The parent of the smallest group for which consolidated accounts are drawn of which this company is a member is XL Recordings Limited, a company registered in England and Wales, whose registered address is 17/19 Alma Road, London, SW18 1AA.

#### 15. Auditors' information

The audit report provided to the members of Young Turks Recordings Limited on the financial statements for the year ended 31 December 2018 was not qualified.

The audit report was signed by Marc Voulters (Senior Statutory Auditor) for and on behalf of SRLV Audit Limited.