

Company Registration No. 11776929 (England and Wales)

**PROFESSIONAL MUSIC TECHNOLOGY LTD**  
**REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED**  
**30 APRIL 2021**

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# PROFESSIONAL MUSIC TECHNOLOGY LTD

## COMPANY INFORMATION

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<b>Directors</b>	D A Black D H Garratt M A Roberts
<b>Secretary</b>	St. Pauls Secretaries Limited
<b>Company number</b>	11776929
<b>Registered office</b>	Venture Point West 70-72 Evans Road Liverpool L24 9PB
<b>Auditor</b>	RSM UK Audit LLP Chartered Accountants 14th Floor 20 Chapel Street Liverpool L3 9AG

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# PROFESSIONAL MUSIC TECHNOLOGY LTD

## STRATEGIC REPORT

FOR THE YEAR ENDED 30 APRIL 2021

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The directors present the strategic report for the year ended 30 April 2021.

### Fair review of the business

As noted in the directors report, the principal activity of the company was that of a holding company. The principal activity of the company's sole subsidiary company, S & T Audio Limited ('the subsidiary'), was as a retailer of musical instruments and professional audio equipment.

During the year the company received a dividend of £7.2m from its subsidiary, and paid a dividend of £2m to its parent. It also settled other loans with the previous owners.

### Principal risks and uncertainties

The retail sector is highly competitive, and the subsidiary competes with a wide variety of retailers of varying sizes. Failure to compete in areas such as price, product range, quality and service could have adverse effects on the subsidiary's financial results, which could in turn impact the value of the company's investment in the subsidiary.

The appearance of the COVID-19 pandemic in the UK in early 2020 led to disruption across the world economies and supply chain. As a business classified as a non-essential retailer, the subsidiary company was obliged to close physical retail stores and revert business to online channels only. The business adapted quickly and efficiently to this challenge, utilising government support by way of furlough income and a VAT deferral. The learnings from this experience leave the business well-placed to adapt to any future operational restrictions related to the pandemic. The directors have prepared forecasts which show that the group, and therefore company with the support of its parent and subsidiary is able to continue as a going concern for at least 12 months from the date of signing these accounts.

Protecting staff and customers has been the first priority of the group through the COVID-19 pandemic. During lockdown when retail stores were closed to the public, procedures were put in place to ensure that staff working within the business could operate on a socially distanced basis. When the group's retail stores reopened, comprehensive processes were put in place to ensure that customers could visit the stores whilst remaining socially distant and with appropriate health and safety procedures in place. This included steps such as limiting number of customers inside the store at any one point in time, one-way systems inside stores and cleaning products between demonstrations.

On behalf of the board



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D A Black  
Director

Date: 12/01/22  
.....

# PROFESSIONAL MUSIC TECHNOLOGY LTD

## DIRECTORS' REPORT

### FOR THE YEAR ENDED 30 APRIL 2021

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The directors present their annual report and financial statements for the year ended 30 April 2021.

#### Principal activities

The principal activity of the company was that of a holding company. The principal activity of the subsidiary company was as a retailer of musical instruments and professional audio equipment.

#### Results and dividends

The results for the year are set out on page 7.

Ordinary dividends were paid amounting to £2,000,000 (2020 - £Nil). The directors do not recommend payment of a final dividend.

#### Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

D A Black

P L Moss

(Resigned 1 October 2020)

D H Garratt

M A Roberts

(Appointed 1 October 2020)

#### Future developments

The directors will continue to monitor the macroeconomic situation with regards to COVID-19 via regular detailed sensitivity analysis and scenario modelling.

#### Auditor

The auditor, RSM UK Audit LLP, is deemed to be reappointed under section 487(2) of the Companies Act 2006.

#### Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, each director has taken all the necessary steps that they ought to have taken as a director in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



.....  
D A Black

Director

Date: 12/01/22

# **PROFESSIONAL MUSIC TECHNOLOGY LTD**

## **DIRECTORS' RESPONSIBILITIES STATEMENT**

### **FOR THE YEAR ENDED 30 APRIL 2021**

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The directors are responsible for preparing the strategic report and the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROFESSIONAL MUSIC TECHNOLOGY LTD**

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## **Opinion**

We have audited the financial statements of Professional Music Technology Ltd (the 'company') for the year ended 30 April 2021 which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 April 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## **Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

## **Other information**

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

## **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROFESSIONAL MUSIC TECHNOLOGY LTD (CONTINUED)**

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### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

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

### **The extent to which the audit was considered capable of detecting irregularities, including fraud**

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the audit engagement team:

- obtained an understanding of the nature of the industry and sector, including the legal and regulatory framework that the company operates in and how the company is complying with the legal and regulatory framework;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PROFESSIONAL MUSIC TECHNOLOGY LTD (CONTINUED)

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As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are FRS 102 and the Companies Act 2006. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

The audit engagement team identified the risk of management override of controls as the area where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments and evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

This report is made solely to the company's member 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 member 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 member for our audit work, for this report, or for the opinions we have formed.



Graham Bond FCA (Senior Statutory Auditor)  
For and on behalf of RSM UK Audit LLP, Statutory Auditor  
Chartered Accountants  
14th Floor  
20 Chapel Street  
Liverpool  
L3 9AG

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12/01/22



# PROFESSIONAL MUSIC TECHNOLOGY LTD

## STATEMENT OF COMPREHENSIVE INCOME


FOR THE YEAR ENDED 30 APRIL 2021

		Year ended 30 April 2021 £	Period ended 30 April 2020 £
Administrative expenses	Notes	(18,878)	-
Interest receivable and similar income	6	7,173,752	-
Interest payable and similar expenses	7	(107,013)	(86,490)
<b>Profit/(loss) before taxation</b>		7,047,861	(86,490)
Tax on profit/(loss)	8	-	-
<b>Profit/(loss) for the financial year</b>		7,047,861	(86,490)

**PROFESSIONAL MUSIC TECHNOLOGY LTD****BALANCE SHEET****AS AT 30 APRIL 2021**

	Notes	2021 £	£	2020 £	£
<b>Fixed assets</b>					
Investments	10		13,449,266		13,707,187
<b>Current assets</b>					
<b>Creditors: amounts falling due within one year</b>	12	(8,487,894)		(13,151,330)	
<b>Net current liabilities</b>			(8,487,894)		(13,151,330)
<b>Total assets less current liabilities</b>			4,961,372		555,857
<b>Creditors: amounts falling due after more than one year</b>	13		-		(642,346)
<b>Net assets/(liabilities)</b>			4,961,372		(86,489)
<b>Capital and reserves</b>					
Called up share capital	15		1		1
Profit and loss reserves	16		4,961,371		(86,490)
<b>Total equity</b>			4,961,372		(86,489)

The financial statements were approved by the board of directors and authorised for issue on 12/01/22  
and are signed on its behalf by:

  
.....  
D A Black  
Director

# PROFESSIONAL MUSIC TECHNOLOGY LTD

## STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 APRIL 2021

	Notes	Share capital £	Profit and loss reserves £	Total £
<b>Balance at 21 January 2019</b>		-	-	-
<b>Period ended 30 April 2020:</b>				
Loss and total comprehensive expense for the period		-	(86,490)	(86,490)
Issue of share capital		1	-	1
<b>Balance at 30 April 2020</b>		1	(86,490)	(86,489)
<b>Year ended 30 April 2021:</b>				
Profit and total comprehensive income for the year		-	7,047,861	7,047,861
Dividends	9	-	(2,000,000)	(2,000,000)
<b>Balance at 30 April 2021</b>		1	4,961,371	4,961,372

# PROFESSIONAL MUSIC TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2021

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### 1 Accounting policies

#### Company information

Professional Music Technology Ltd is a private company limited by shares and is registered and incorporated in England and Wales. The registered office is Venture Point West, 70-72 Evans Road, Liverpool, L24 9PB.

The company's principal activities and nature of its operations are disclosed in the directors' report.

#### 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, including the provisions of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

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. The principal accounting policies adopted are set out below.

#### Reduced disclosures

This company is a qualifying entity for the purposes of FRS 102, being a member of a group where the parent of that group prepares publicly available consolidated financial statements, including this company, which are intended to give a true and fair view of the assets, liabilities, financial position and profit or loss of the group. The company has therefore taken advantage of exemptions from the following disclosure requirements:

- Section 7 'Statement of Cash Flows' – Presentation of a statement of cash flow and related notes and disclosures;
- Section 11 'Basic Financial Instruments' & Section 12 'Other Financial Instrument Issues' – Interest income/expense and net gains/losses for financial instruments not measured at fair value and amount of any impairment loss, risks arising from financial instruments;

The financial statements of the company are consolidated in the financial statements of Jamm Co 2019 Ltd. These consolidated financial statements are available from its registered office, Venture Point West, 70-72 Evans Road, Liverpool, England, L24 9PB.

#### Group accounts exemption

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

# PROFESSIONAL MUSIC TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2021

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#### 1 Accounting policies (Continued)

##### Going concern

The financial statements have been prepared on the going concern basis which assumes that the company will be able to continue to trade for a period of at least 12 months from the date of signing these financial statements.

On 11 March 2020, the World Health Organization declared the global coronavirus outbreak to be a pandemic. This has seen significant limitations placed on the movement of goods and people worldwide, with the United Kingdom implementing lockdown measures on 23 March 2020.

During the financial year, the coronavirus pandemic has affected the group, like many others across the world. Stores were closed and most employees were furloughed. Further lockdowns were implemented in November 2020 and January 2021.

The entire store estate was able to reopen, after the lifting of government restrictions on the opening of non-essential retail outlets, on 12 April 2021.

The directors have prepared forecasts which show that due to the strong cash position prior to the start of this situation, and along with support utilised from the government and bank, the ability to roll up interest on loan notes, the group will be able to successfully weather the current difficulties and therefore continue as a going concern.

While having positive net assets of £4,961,372, the company has net current liabilities of £8,487,894. Of these net current liabilities, £8,399,025 relates to balances owed to other group companies. The directors of these group companies have confirmed, by way of letter of support, that no demand for repayment will be made within 12 months of the approval of the accounts for the year ended 30 April 2021.

The company is reliant on support from both the parent entity and its subsidiary. Through the forecasting process outlined above, the directors have confirmed that these entities are able to support the company.

As a consequence of the factors outlined above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the 12 month period from the date of signing these financial statements and therefore have adopted the going concern basis of accounting in preparing the financial statements.

##### Fixed asset investments

Interests in subsidiaries are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

##### 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 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.

# PROFESSIONAL MUSIC TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2021

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#### 1 Accounting policies (Continued)

##### ***Other financial assets***

Other financial assets, including trade investments, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

##### ***Impairment of financial assets***

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

##### ***Derecognition of financial assets***

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

##### ***Classification of financial liabilities***

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Basic financial liabilities***

Basic financial liabilities, including loans from fellow group companies and other loans, 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.

##### ***Borrowings***

Borrowings are initially recognised at the transaction price, including transaction costs (unless the arrangement constitutes, in effect, a financing transaction, in which case it is initially recognised at the present value of future payments discounted at a market rate of interest for a similar debt instrument) and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar expenses.

# PROFESSIONAL MUSIC TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

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### 1 Accounting policies (Continued)

#### ***Other financial liabilities***

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments where the contractual returns, repayment of the principal, or other terms (such as prepayment provisions or term extensions) do not meet the conditions to be measured at amortised cost, are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

#### ***Derecognition of financial liabilities***

Financial liabilities are derecognised when, and only when, the company's contractual obligations are discharged, cancelled, or they expire.

#### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

#### ***Taxation***

Current tax is based on taxable profit for the year. Current tax assets and liabilities are measured using tax rates that have been enacted or substantively enacted by the reporting date.

#### ***Foreign exchange***

Transactions in currencies other than the functional currency (foreign currency) are initially recorded at the exchange rate prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies are translated at the rate ruling at the date of the transaction, or, if the asset or liability is measured at fair value, the rate when that fair value was determined.

All translation differences are taken to profit or loss, except to the extent that they relate to gains or losses on non-monetary items recognised in other comprehensive income, when the related translation gain or loss is also recognised in other comprehensive income.

# PROFESSIONAL MUSIC TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2021

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#### 2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are 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.

In the opinion of the directors there are no material judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities.

#### Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

#### Discounting of interest-free loan notes

When accounting for the £2,000,000 interest-free loan notes in the prior year, management have assumed a discount rate of 10% to calculate the net present value. This is an expected market rate of interest based on recent investment in the wider group.

#### 3 Employees

The average monthly number of persons (including directors) who were employed by group companies and provided services to the company during the year was:

	2021 Number	2020 Number
Employee numbers	3	3

#### 4 Directors' remuneration

	2021 £	2020 £
Remuneration for qualifying services	300,299	255,122
Company pension contributions to defined contribution schemes	18,235	9,370
	318,534	264,492

The number of directors for whom retirement benefits are accruing under defined contribution schemes amounted to 3 (2020 - 2).



# PROFESSIONAL MUSIC TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 30 APRIL 2021

#### 4 Directors' remuneration (Continued)

Remuneration disclosed above include the following amounts paid to the highest paid director:

	2021 £	2020 £
Remuneration for qualifying services	133,632	153,436
Company pension contributions to defined contribution schemes	13,529	7,183

Remuneration of the directors is borne by the parent company.

#### 5 Auditor's Remuneration

Auditor's remuneration is borne by group companies. Total remuneration paid by the group is disclosed in the accounts of Jamm Co 2019 Limited.

#### 6 Interest receivable and similar income

	2021 £	2020 £
<b>Income from fixed asset investments</b>		
Income from shares in group undertakings	7,173,752	-

#### 7 Interest payable and similar expenses

	2021 £	2020 £
Other interest on financial liabilities	107,013	86,490

#### 8 Taxation

The total tax charge for the year included in the profit and loss account can be reconciled to the profit/(loss) before tax multiplied by the standard rate of tax as follows:

	2021 £	2020 £
Profit/(loss) before taxation	7,047,861	(86,490)
Expected tax charge/(credit) based on the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%)	1,339,094	(16,433)
Tax effect of expenses that are not deductible in determining taxable profit	23,919	16,433
Group income	(1,363,013)	-
Taxation charge for the year	-	-

# PROFESSIONAL MUSIC TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

### 9 Dividends

	2021 Per share £	2020 Per share £	2021 Total £	2020 Total £
<b>Ordinary share</b>				
Interim paid	2,000,000.00	-	2,000,000	-

### 10 Fixed asset investments

	Notes	2021 £	2020 £
Investments in subsidiaries	11	13,449,266	13,707,187

#### Movements in fixed asset investments

	Shares in group undertakings £
<b>Cost or valuation</b>	
At 1 May 2020	13,707,187
Valuation changes	(257,921)
At 30 April 2021	13,449,266
<b>Carrying amount</b>	
At 30 April 2021	13,449,266
At 30 April 2020	13,707,187

The valuation changes of £257,921 included above relates to an adjustment to the consideration for the purchase of S & T Audio Limited, due to an agreement to reduce the value in the share purchase agreement, net of associated costs.

### 11 Subsidiaries

Details of the company's subsidiaries at 30 April 2021 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
S & T Audio Limited	1.	Retailer in the musical Instrument and Professional Audio sector	Ordinary	100.00 -

1. Venture Point West, 70-72 Evans Road, Liverpool, England, L24 9PB

# PROFESSIONAL MUSIC TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

### 12 Creditors: amounts falling due within one year

	Notes	2021 £	2020 £
Other loans	14	-	886,989
Amounts owed to group undertakings		8,399,025	12,264,341
Accruals and deferred income		88,869	-
		<u>8,487,894</u>	<u>13,151,330</u>

### 13 Creditors: amounts falling due after more than one year

	Notes	2021 £	2020 £
Other loans	14	-	642,346
		<u>-</u>	<u>642,346</u>

### 14 Borrowings

	2021 £	2020 £
Other loans	-	1,529,335
	<u>-</u>	<u>1,529,335</u>
Payable within one year	-	886,989
Payable after one year	-	642,346
	<u>-</u>	<u>1,529,335</u>

Included in the prior year was an interest-free loan note amounting to £2,000,000 issued on 11 October 2019. Repayments were being made in 23 equal instalments of £83,333 from January 2020. The loan was discounted to net present value using a discount rate of 10%.

On 23 April 2021 a deed of variation was entered into with the loan note holders to reduce the loan note amount to £1,483,000. The loan notes were fully repaid in the year.

### 15 Share capital

	2021 Number	2020 Number	2021 £	2020 £
Ordinary share capital Issued and fully paid				
Ordinary share of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

The company has one class of ordinary shares which carry no right to fixed income, each carry the right to one vote at general meetings of the company.

### 16 Reserves

#### Profit and loss reserves

Cumulative profit and loss net of distributions to owners.

# PROFESSIONAL MUSIC TECHNOLOGY LTD

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 APRIL 2021

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### 17 Financial commitments, guarantees and contingent liabilities

The loan notes in the wider group are secured by way of fixed and floating charges of the assets of the group. The group had secured loans from shareholders of the ultimate parent undertaking, Jamm Co 2019 Ltd, of £6,685,974 (2020 - £6,856,004) and accrued interest of £1,113,707 (2020 - £399,931) outstanding at the year end. In addition, each company of the group has provided a guarantee over the loan notes in the wider group to pay any amount due as if it was the principal obligator. The liability across the group as at 30 April 2021 was £7,799,681 (2020 - £7,255,935).

### 18 Ultimate controlling party

The immediate and ultimate parent undertaking of this company is Jamm Co 2019 Ltd, a company incorporated in England and Wales.

The smallest and largest group in which the results of this company are consolidated are that headed by Jamm Co 2019 Ltd and those accounts can be obtained from its registered office, Venture Point West, 70-72 Evans Road, Liverpool, England, L24 9PB.

There is no ultimate controlling party.