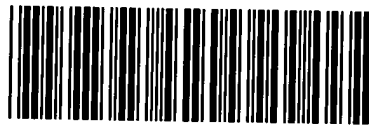




**Hipgnosis SFH XIX Limited**  
**Annual Report and Audited Financial Statements**  
**For the year ended 31 March 2023**

Registered Company Number: 11923045

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## **Hipgnosis SFH XIX Limited**

**Annual Report and Audited Financial Statements for the year ended 31 March 2023**

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## **Hipgnosis SFH XIX Limited**

**Annual Report and Audited Financial Statements for the year ended 31 March 2023**

### **REPORT OF THE DIRECTORS**

The Directors present their report, together with the financial statements of Hipgnosis SFH XIX Limited (the "Company") for the year ended 31 March 2023, a private company limited by shares.

#### **Directors**

The Directors who served during the year, are disclosed on page 23.

#### **Directors' indemnity**

Directors' and Officers' insurance is in place in respect of the Directors. The Company's Articles of Association provide, subject to the provisions of UK legislation, an indemnity for Directors in respect of costs which they may incur relating to the defence of any proceedings brought against them arising out of their positions as Directors, in which they are acquitted or judgement is given in their favour by the Court.

Except for such indemnity provisions in the Company's Articles of Association there are no qualifying third party indemnity provisions in force.

#### **Dividends**

Dividend payments made during the year amounted to \$nil (31 March 2022: \$nil). The Directors do not recommend the payment of any dividends for the year ending 31 March 2023.

#### **Going concern**

As at 31 March 2023, the Company had net current liabilities of \$199,138 (31 March 2022: \$48,972). Hipgnosis Holdings UK Limited has confirmed that adequate financial assistance will be provided to enable the Company to continue as a going concern for a period of no less than 12 months from the date of these financial statements. The Directors therefore do not consider there to be a material uncertainty over the Company's ability to continue as a going concern.

The Directors have also reviewed Company forecasts and projections which cover a period of no less than 12 months from the date of these financial statements, taking into account foreseeable changes in investment and trading performance, which show that the Company has sufficient financial resources.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

#### **Risks and risk management**

The Company's activity is to support the trading activity of the companies within the group that hold the Catalogues of Songs (the investment portfolios), in accordance with the objectives and policies set by the board of the PLC and it is passive in using financial instruments to generate wealth and manage risk, as this is performed by the board of the PLC. Further information on risks and risk management can be found in the financial statements of the PLC which are available to the public at [www.hipgnosissongs.com](http://www.hipgnosissongs.com).

#### **Auditor**

The board of Hipgnosis SFH XIX Limited have appointed PricewaterhouseCoopers CI LLP as the Company's external auditor. Pursuant to section 487 of the Companies Act 2006, the Auditor will be deemed to be reappointed and PricewaterhouseCoopers CI LLP will therefore continue in office.

## **Hipgnosis SFH XIX Limited**

**Annual Report and Audited Financial Statements for the year ended 31 March 2023**

### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **Likely future developments**

The Board is of the opinion that the long-term outlook for music publishing and recorded music remains very positive. The Board do not consider the effects of the Russia/Ukraine conflict to have had a material impact on their assessment of the Company as a going concern or the prospects of the Company.

#### **Small companies exemption**

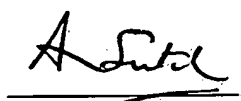
In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

In addition, a Strategic report has not been prepared pursuant to the exemption of s414B of the Companies Act 2006.

#### **Post Balance Sheet events**

Events after the Balance Sheet date are disclosed in note 12.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'A Sutch', is written over a horizontal line.

Andrew Sutch  
Director  
20 September 2023

## **Hipgnosis SFH XIX Limited**

**Annual Report and Audited Financial Statements for the year ended 31 March 2023**

### **DIRECTORS' RESPONSIBILITY STATEMENT**

The Directors are responsible for preparing the Report of the Directors 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 prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 101 'Reduced Disclosure Framework', 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 year.

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 United Kingdom Accounting Standards, comprising FRS 101 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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.

Each of the Directors, whose names are set out on page 23 of this report, confirm that, to the best of their knowledge and belief:

- the financial statements, prepared in accordance with United Kingdom Accounting Standards, comprising FRS 101, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information. This confirmation is given and should be interpreted in accordance with the provisions of section 249 of the Companies Law.

Pursuant to s418 of the Companies Act 2006, in the case of each of the persons who are directors at the time the report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and

## **Hipgnosis SFH XIX Limited**

**Annual Report and Audited Financial Statements for the year ended 31 March 2023**

### **DIRECTORS' RESPONSIBILITY STATEMENT (CONTINUED)**

- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'A Sutch', written over a horizontal line.

Andrew Sutch  
Director  
20 September 2023

# Independent auditors' report to the members of Hipgnosis SFH XIX Limited

## Report on the audit of the financial statements

### **Opinion**

In our opinion, Hipgnosis SFH XIX Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, including FRS 101 "Reduced Disclosure Framework", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report, which comprise: the balance sheet as at 31 March 2023; the profit and loss account and statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

## **Report on the audit of the financial statements (continued)**

### **Reporting on other information (continued)**

In connection with our audit of the financial statements, 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 audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. 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 based on these responsibilities.

With respect to the Report of the Directors, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Report of the Directors**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Report of the Directors for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Report of the Directors.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Directors' Responsibility Statement, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

#### **Auditors' 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 auditors' 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.



## **Report on the audit of the financial statements (continued)**

### **Responsibilities for the financial statements and the audit (continued)**

#### **Auditors' responsibilities for the audit of the financial statements (continued)**

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to the Companies Act 2006, and we considered the extent to which non-compliance might have a material effect on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries. Audit procedures performed by the engagement team included:

- Enquiries with management, including consideration of known or suspected non-compliance with laws and regulations and fraud;
- Selecting a sample of revenue transactions recognised by the company and agreeing these to supporting documentation;
- Evaluating the reasonableness of the revenue accrual assumptions made by the directors against supporting information;
- Identifying and testing journal entries, in particular with a focus on period end adjustments;
- Designing audit procedures to incorporate unpredictability around the nature, timing or extent of our testing;
- Assessment of the company's compliance with laws and regulations; and
- Reviewing relevant board meeting minutes.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

#### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## **Other required reporting**

### **Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

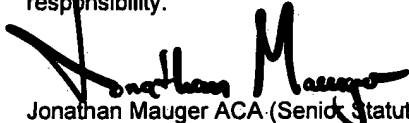
We have no exceptions to report arising from this responsibility.

## Hipgnosis SFH XIX Limited

### Other required reporting (continued)

#### Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



Jonathan Mauger ACA (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers CI LLP  
Chartered Accountants and Statutory Auditors  
Guernsey  
20 September 2023

## Hipgnosis SFH XIX Limited

### PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2023

		1 April 2022 to 31 March 2023	1 April 2021 to 31 March 2022
	Notes	\$	\$
Revenue		89,960	-
Royalty cost		(115,403)	-
<b>Net revenue</b>		<b>(25,443)</b>	<b>-</b>
Operating expenses	2	(126,047)	(20,172)
<b>Loss on ordinary activities before tax</b>		<b>(151,490)</b>	<b>(20,172)</b>
Taxation	3	-	-
<b>Loss for the year</b>		<b>(151,490)</b>	<b>(20,172)</b>

The accompanying notes on pages 13 to 20 form an integral part of the financial statements.

# Hipgnosis SFH XIX Limited

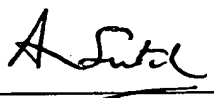
## BALANCE SHEET

As at 31 March 2023

	Notes	31 March 2023 \$	31 March 2022 \$
<b>Non-current assets</b>			
Long term loan receivable	4	1	-
		<u>1</u>	<u>-</u>
<b>Current assets</b>			
Trade and other receivables	5	151,092	15,482
Cash and cash equivalents		<u>14,618</u>	<u>-</u>
		<b>165,710</b>	<b>15,482</b>
<b>Creditors: amounts falling due within one year</b>			
Trade and other payables	6	(364,848)	(63,129)
Loans and borrowings	7	<u>-</u>	<u>(1,325)</u>
		<b>(364,848)</b>	<b>(64,454)</b>
<b>Net current liabilities</b>		<b>(199,138)</b>	<b>(48,972)</b>
<b>Creditors: amounts falling due after one year</b>			
Loans and borrowings	7	<u>(1,325)</u>	<u>-</u>
		<b>(1,325)</b>	<b>-</b>
<b>Net liabilities</b>		<b>(200,462)</b>	<b>(48,972)</b>
<b>Capital and reserves</b>			
Called up share capital	8	1	1
Retained earnings		<u>(200,463)</u>	<u>(48,973)</u>
<b>Equity</b>		<b>(200,462)</b>	<b>(48,972)</b>

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies' regime.

The financial statements were approved by the Board of Directors and authorised for issue on 20 September 2023 and signed on its behalf by:



Andrew Sutch  
Director

The accompanying notes on pages 13 to 20 form an integral part of the financial statements.

## Hipgnosis SFH XIX Limited

### STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2023

	Share capital	Retained earnings	Foreign currency reserve	Total
1 April 2022 to 31 March 2023	\$	\$	\$	\$
Balance as at 1 April 2022	1	(48,798)	(175)	(48,972)
Loss for the year	-	(151,490)	-	(151,490)
Balance as at 31 March 2023	1	(200,288)	(175)	(200,462)

	Share capital	Retained earnings	Foreign currency reserve	Total
1 April 2021 to 31 March 2022	\$	\$	\$	\$
Balance as at 1 April 2021	1	(28,626)	(175)	(28,800)
Loss for the year	-	(20,172)	-	(20,172)
Balance as at 31 March 2022	1	(48,798)	(175)	(48,972)

The accompanying notes on pages 13 to 20 form an integral part of the financial statements.

## Hipgnosis SFH XIX Limited

### Notes to the Financial Statements

For the year ended 31 March 2023

#### 1. SIGNIFICANT ACCOUNTING POLICIES

##### Basis of accounting

The Company meets the definition of a qualifying entity under Financial Reporting Standard 100 *Application of Financial Reporting Requirements* issued by the Financial Reporting Council as it is a member of a group where the parent, Hipgnosis Songs Fund Limited (the "PLC"), prepares publicly available consolidated financial statements, where the Company and the other subsidiaries are included in the consolidation, together as the "Group". Therefore, these financial statements have been prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework ("FRS 101") as issued by the Financial Reporting Council.

FRS 101 sets out a reduced disclosure framework which addresses the financial reporting requirements and disclosure exemptions for the individual financial statements of subsidiaries and ultimate parents that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS ("IFRS").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of IFRS, but makes amendments where necessary in order to comply with the Companies Act 2006. Exemptions have been taken from the disclosure of intra-group related party transactions with wholly owned subsidiaries, the effects of new but not yet effective IFRSs and the presentation of a cash flow statement and related notes.

The Company does not meet the definition of a Financial Institution as defined in FRS 101 because its activity is to support and recognise the trading activity of the companies within the group that hold and manage the Catalogues of Songs (the investment portfolios), in accordance with the objectives and policies set by the board of the PLC and it is passive in using financial instruments to generate wealth and manage risk as this is performed by the board of the PLC. As the consolidated financial statements of the PLC include the equivalent disclosures, the Company has therefore taken a number of exemptions. The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- IFRS 7, 'Financial instruments: Disclosures',
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities),
- IAS 7, 'Statement of cash flows'.
- The requirements in IAS 24, 'Related party disclosures', to disclose related party transactions entered into between two or more members of a group

The financial statements of the PLC are available to the public at [www.hipgnosissongs.com](http://www.hipgnosissongs.com).

Furthermore the Company itself is exempt from the requirement to prepare group accounts since it is itself a subsidiary undertaking and is included in the consolidated financial statements of the PLC.

The financial statements have been prepared on the historical cost basis, and are presented in Dollars which is the currency of the primary economic environment in which the Company operates, unless otherwise stated. The principal accounting policies are set out below.

## **Hipgnosis SFH XIX Limited**

### **Notes to the Financial Statements**

**For the year ended 31 March 2023 (continued)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Going concern**

As at 31 March 2023, the Company had net current liabilities of \$199,138 (31 March 2022: \$48,972). Hipgnosis Holdings UK Limited has confirmed that adequate financial assistance will be provided to enable the Company to continue as a going concern for a period of no less than 12 months from the date of these financial statements. The Directors therefore do not consider there to be a material uncertainty over the Company's ability to continue as a going concern.

The Directors have also reviewed Company forecasts and projections which cover a period of no less than 12 months from the date of these financial statements, taking into account foreseeable changes in investment and trading performance, which show that the Company has sufficient financial resources.

On the basis of this review, and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the Financial Statements.

##### **Share capital**

Financial instruments issued by the Company are treated as equity if the holder has only a residual interest in the assets of the Company after the deduction of all liabilities. The Company's ordinary shares are classified as equity instruments.

##### **Foreign currency reserve**

The Foreign currency translation reserve is arising from the restatement of the financial reporting currency from Sterling to Dollars in the prior year.

##### **Revenue**

Revenues from operations are recorded when it is probable that future economic benefits will be obtained by the Company and when they can be reliably measured. The revenue earned by the Company is recognised in accordance with IFRS 15 and solely consists of masters royalties – these are royalties collected on our masters rights. These are collected by record companies and collection agencies and paid to master rights owners based on their contractual rates.

As royalty income is typically reported by the royalty collection agents/performance rights organisations on an arrears basis via statement and where statements have not been received at the year end, the Company accrues for revenue relating to processing delays (outstanding royalty statements/time lag in royalty reporting) and for the period between consumption and reporting. This is done by assessing historic and forecasted earnings over the equivalent reporting period based on evidenced historic revenue reporting, seasonality and industry consumption and growth rates since the last statement date.

The Company enters into licence arrangements in respect of Catalogues of Songs with third-party collection agents. Licences granted to collection agents are deemed to constitute usage based, right of use licences as per IFRS 15. Revenue arising from licences entered into with collection agents is therefore recognised in the period. Payment is received once the royalty statement is delivered, the royalty statement includes amounts covered by both the usage and processing accrual.

## **Hipgnosis SFH XIX Limited**

### **Notes to the Financial Statements**

**For the year ended 31 March 2023 (continued)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Revenue (continued)**

This revenue, which is net of the administration fee retained by the collection agent, is disaggregated to be reviewed by song usage period, source of income, work title, reporting period and any third-party royalty entitlements where necessary. The contractual basis of the licence arrangements are such that the agents are deemed as 'principals' for tax purposes, therefore the Company recognises its revenue net of administration fees. Where available at the end of each month or at an earlier interval to which the revenue relates, revenue is recorded on the basis of royalty statements received from collection agents.

Where notification has not yet been received from collection agents, an estimate is made of the revenue due to the Company at the end of the month to which the usage of the music copyright relates. Estimates are made on the basis of the historical track record of music Catalogues, ad hoc data provided by collection agents, industry forecasts and expected seasonal variations. Non-recourse fixed fee arrangements are recognised at the point at which control of the licence passes to the collection agents. Variable consideration is recognised in the period when the usage of the Catalogues of Songs occurs.

##### **Royalty costs**

Royalty costs are contractual royalties due to songwriters, calculated on a quarterly or semi-annual basis, and these are deducted from gross revenue when calculating net revenue. Royalty costs are paid when the songwriter is in a recouped position.

##### **Expenses**

Expenses are accounted for on an accruals basis. Expenses are charged through the Profit and Loss Account.

##### **Assets**

###### ***Loans and receivables***

Trade receivables, loans, and other receivables that have fixed or determinable payments that are not quoted in an active market are initially measured at fair value plus transaction costs directly attributable to the acquisition and subsequently measured at amortised cost using the effective interest method, less allowance for Expected Credit Loss. Interest income is recognised by applying the effective interest rate, except for short term receivables when the recognition of interest would be immaterial.

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

The Company derecognises an asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the asset and substantially all the risks and rewards of ownership of the asset to another entity.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay.

On derecognition of an asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received is recognised in the Statement of Profit and Loss.



## **Hipgnosis SFH XIX Limited**

### **Notes to the Financial Statements**

**For the year ended 31 March 2023 (continued)**

#### **1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

##### **Other Receivables**

Other receivables do not carry interest and are short-term in nature and are accordingly recognised at fair value.

##### **Cash and Cash Equivalents**

Cash and cash equivalents which are held to maturity are carried at cost. Cash and cash equivalents are defined as call deposits, short term deposits with a term of no more than three months from the start of the deposit and highly liquid investments readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Cash and cash equivalents consist of cash in hand and short-term deposits in banks with an original maturity of three months or less.

##### **Liabilities**

###### ***Financial liabilities***

Financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

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

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

##### **Functional and Foreign currency**

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in US Dollars, which is the Company's functional and presentation currency.

At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated. Exchange differences are recognised in profit or loss in the period in which they arise. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction.

##### **Taxation**

Under the current system of taxation in the UK, the Company is liable to taxation on its operations in the UK.

Payment received or receivable from the Company for losses surrendered has been recognised in the financial statements and form part of the tax. In some situations, it might not be appropriate to recognise the tax until the Company tax affairs have been finalised and the losses elections have been made.

Current tax is the expected tax payable on the taxable income for the year, using tax rates that have been enacted or substantively enacted at the date of the Balance Sheet.

## Hipgnosis SFH XIX Limited

### Notes to the Financial Statements

For the year ended 31 March 2023 (continued)

#### 1. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax assets and liabilities are not recognised if the temporary differences arise 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. Deferred tax liabilities are recognised for taxable temporary differences arising on investments, except where the Company is able to control the timing of the reversal of the difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited to the Profit and Loss Account except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off tax assets against tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis. Deferred tax assets and liabilities are not discounted.

##### Adoption of new and revised standards

Upon becoming an active entity, the Company adopted all of the standards and interpretations that were in effect at that date and are applicable. The board have considered standards effective for future accounting periods and consider that these will not have a material impact on the results of the Company.

##### Critical accounting judgements, estimates and assumptions

There are no critical accounting judgements, estimates or assumptions that have a significant risk of resulting in a material adjustment to the carrying amounts of the assets and liabilities within the next financial year.

#### 2. OPERATING EXPENSES

	1 April 2022 to 31 March 2023	1 April 2021 to 31 March 2022
	\$	\$
Record label costs	97,657	-
Administration expenses	10,799	4,850
Audit fees	6,248	15,104
Bank charges	877	124
Other expenses	722	-
Foreign exchange loss	9,744	94
	<b>126,047</b>	<b>20,172</b>

## Hipgnosis SFH XIX Limited

### Notes to the Financial Statements

For the year ended 31 March 2023 (continued)

#### 3. TAXATION

The major components of income tax expense for the years ended 31 March 2023 and 31 March 2022 are:

	1 April 2022 to 31 March 2023	1 April 2021 to 31 March 2022
	\$	\$
<b>Current tax</b>		
United Kingdom corporation tax based on the loss for the year at 19% (31 March 2022: 19%)	-	-
<b>Total current tax</b>	-	-

The actual tax charge for the current year is calculated as per the below:

	1 April 2022 to 31 March 2023	1 April 2021 to 31 March 2022
	\$	\$
Loss on the Company's ordinary activities before tax	(151,490)	(20,172)
Tax on the loss on the Company's ordinary activities at the standard UK rate of 19%	(28,783)	(3,833)
<b>Factors affecting charge for the year:</b>		
Effects of group relief	28,646	-
Expenses not deductible	137	-
Pre-trading expenses not recognised	-	3,833
<b>Total tax charge per Profit and Loss Account</b>	-	-

#### 4. LONG TERM LOAN RECEIVABLE

	31 March 2023	31 March 2022
	\$	\$
Amounts owed by parent	1	-
	1	-

#### 5. TRADE AND OTHER RECEIVABLES

	31 March 2023	31 March 2022
	\$	\$
Label production costs	115,546	15,481
Other debtors	14,297	-
VAT receivable	10,367	-
Accrued income	10,573	-
Trade receivables	309	-
Intercompany receivable	-	1
	<b>151,092</b>	<b>15,482</b>

\$1 receivable from Hipgnosis Holdings UK Limited, in relation to the share capital of the entity. Due to the long term nature of this balance, in the current year this has been classified as a non-current asset.

## Hipgnosis SFH XIX Limited

### Notes to the Financial Statements

For the year ended 31 March 2023 (continued)

#### 6. TRADE AND OTHER PAYABLES

	31 March 2023	31 March 2022
	\$	\$
Trade payables	83,163	9,010
Accruals	32,194	41,706
Amounts owed to group undertakings	249,491	12,413
	<b>364,848</b>	<b>63,129</b>

#### 7. LOANS AND BORROWINGS

	31 March 2023	31 March 2022
	\$	\$
Amounts owed to parent	1,325	1,325
	<b>1,325</b>	<b>1,325</b>

The loans payable to Hipgnosis Holdings UK Limited have no fixed repayment schedule. Hipgnosis Holdings UK Limited has confirmed that the loan will not be recalled for repayment unless the Company has the necessary financial resources to make such repayment. As such, the loans and borrowings balance has been classified as a non-current liability in the current year.

#### 8. CALLED UP SHARE CAPITAL – ORDINARY SHARES OF £0.01

Issued and fully paid	Number of shares issued	Share capital \$	Share premium \$	Total \$
Opening and closing balance - Ordinary shares	100	1	-	1

#### 9. AUDITOR'S REMUNERATION

Fees payable to PricewaterhouseCoopers CI LLP for the audit of the Company's annual financial statements were \$6,248, representing a fee of \$15,428 for the current year (31 March 2022: \$15,104) and the release of an accrual of \$9,180 relating to prior years.

The current year audit fee will be paid by Hipgnosis Songs Fund Limited post year end. PricewaterhouseCoopers CI LLP did not provide any non-audit services to the Company during the financial year.

#### 10. RELATED PARTY TRANSACTIONS

The Directors have waived their right to remuneration, all expenses incurred as part of the role of Director for the Company are settled by the PLC which is the ultimate controlling party of the Company. There were no such expenses during the year.

#### 11. ULTIMATE CONTROLLING PARTY

The Company's ultimate parent company and ultimate controlling party is Hipgnosis Songs Fund Limited, a company incorporated in Guernsey. Copies of the financial statements of Hipgnosis Songs Fund Limited are available at [www.hipgnosissongs.com](http://www.hipgnosissongs.com).

## **Hipgnosis SFH XIX Limited**

### **Notes to the Financial Statements**

**For the year ended 31 March 2023 (continued)**

#### **12. EVENTS AFTER THE BALANCE SHEET DATE**

There were no significant events after the Balance Sheet date.

## **Hipgnosis SFH XIX Limited**

### **DEFINED TERMS**

**Administrator** means Ocorian Administration (UK) Limited

**ASCAP** means the American Society of Composers, Authors and Publishers

**Board or Directors** means the Directors of the Company

**Catalogue** means one or more Songs acquired from a single songwriter or artist

**CD** means compact disc

**CISAC** means the International Confederation of Societies of Authors and Composers

**Company** means Hipgnosis SFH XIX Limited

**Companies Act 2006** means the main piece of legislation which governs Company law in the UK

**Companies Law** means the Companies Act 2006

**Company Secretary** means Ocorian Administration (UK) Limited

**Copyright Royalty Board** means the U.S. Copyright Royalty Board

**COVID-19** means the global coronavirus pandemic

**DCF** means discounted cash flows

**Digital Downloads** means royalties for the permanent digital mechanical transfer of music

**ECL** means expected credit losses

**Group** means Hipgnosis Songs Fund Limited and its subsidiaries

**IFPI** means International Federation of the Phonographic Industry

**IFRS** means International Financial Reporting Standards

**Investment Adviser** means Hipgnosis Song Management Limited

**MAU** means monthly active users

**Mechanical** means royalties for reproducing music, for example CD, vinyl, etc. (excluding mechanical downloads and mechanical streaming)

**Other income** means any income not covered by the other income types, for example sheet income and lyric exploitation

**Performance** means royalties for playing music in public, for example TV/radio broadcasts, live performance, etc. and paid through to the publisher

## **Hipgnosis SFH XIX Limited**

### **DEFINED TERMS (CONTINUED)**

**Performance Rights Organisation** means a performance rights organisation, which represents and collects performance royalties for and on behalf of each of its members

**Portfolio** means the portfolio of Songs (whether organised into Catalogues or otherwise) held by the PLC directly or indirectly from time to time

**PLC** means Public Limited Company, being Hipgnosis Songs Fund Limited

**PricewaterhouseCoopers CI LLP** means the Company's Auditor as at the reporting date

**PRS** means performing right society

**Song** means a songwriter's and/or publisher's share of copyright interest in a song, being a musical composition of words and/or music and the songwriter's proportion of the publishing rights of a single musical track, and when construction permits, the collection of words and/or music as purchased by consumers

**SPVs** means special purpose vehicles

**Streaming** means performance and mechanical royalties for digitally playing music in real-time, for example through Spotify

**Synchronisation** means royalties for playing music in connection with visual media (for example film, TV, advertisements)

**TV** means television

**UK or United Kingdom** means the United Kingdom of Great Britain and Northern Ireland

**U.S.** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia

**Writer's Share** means performance royalties collected by a Performance Rights Organisation and paid through directly to the songwriter as opposed to the publisher share of performance

**\$ or Dollars or USD** means United States Dollar

## **Hipgnosis SFH XIX Limited**

### **DIRECTORS AND GENERAL INFORMATION**

#### **Directors**

Andrew Sutch  
Andrew Wilkinson  
Paul Burger

#### **Registered Office**

Eastcastle House  
27-28 Eastcastle Street  
London  
W1W 8DH

#### **Investment Adviser**

Hipgnosis Song Management Limited  
Notting Hill United House  
9 Pembridge Road  
Notting Hill  
London  
W11 3JY  
[www.hipgnosissongs.com](http://www.hipgnosissongs.com)

#### **Administrator and Company Secretary**

Ocorian Administration (UK) Limited  
5th Floor  
20 Fenchurch Street  
London  
EC3M 3BY

#### **Independent Auditor**

PricewaterhouseCoopers CI LLP  
P.O. Box 321  
Royal Bank Place  
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St Peter Port  
Guernsey  
GY1 4ND

#### **Legal Advisers**

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#### **Principal Banker**

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