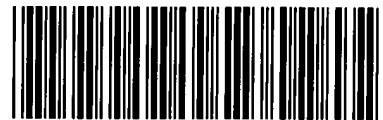


Company No: 01414045

BEGGARS GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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BEGGARS GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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BEGGARS GROUP LIMITED
COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2020

Directors

Martin Mills
Andrew Heath
James Wyllie
Paul Redding
Neela Ebbett
Rupert Skellett
Simon Wheeler
Victoria Fry

Company secretary

Neela Ebbett

Company number

01414045

Registered Office

17-19 Alma Road
London
SW18 1AA

Independent auditor

SRLV Audit Limited
Chartered Accountants & Statutory Auditor
Elsley Court
20-22 Great Titchfield Street
W1W 8BE

BEGGARS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report and the financial statements for the year ended 31 December 2020.

Principal activity

The group is principally engaged in the production and exploitation of sound recordings. The Beggars stable of labels includes XL Recordings, 4AD, Rough Trade Records, Matador and Young Recordings.

Results and dividends

The results for the year are set out on page 10.

No interim or final dividend was recommended during the year (2019 - £NIL).

Directors

The following directors have held office since 1 January 2020:

Martin Mills
Andrew Heath
James Wyllie
Paul Redding
Neela Ebbett
Rupert Skellett
Simon Wheeler
Victoria Fry

Fixed assets

Changes in fixed assets are shown in the notes to the financial statements. In the opinion of the directors, the market value of interests in land and buildings held as fixed assets at the balance sheet date were in excess of their book value.

Future developments

The directors are confident that by pursuing the management policies the group will achieve continued successes in the years ahead.

Events after the balance sheet date

On 18 June 2021, Beggars Group Limited was transferred 167 of the issued share capital in Young HQ Limited for their nominal value of £1 per share. On the same day, Beggars Group Limited was issued 499,833 new shares in the company at a value of £1 per share. This was part of a larger share issue involving other group companies that resulted in Beggars Group Limited maintaining its 16.67% shareholding in the company. As part of the agreement, Beggars Group Limited also advanced a loan of £1,500,000 to Young HQ Limited.

Directors' insurance

The company maintains insurance policies on behalf of the directors against liability arising from negligence, breach of duty and breach of trust in relation to the company.

BEGGARS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Greenhouse gas emissions, energy consumption and energy efficiency action

	2020
	£
Total energy consumption (kWh)	290,721
Scope 1 emissions from combustion of gas (tCO ₂ e)	35
Scope 2 emissions (tCO ₂ e)	23
Emissions from combustion of fuel for transport purposes (tCO ₂ e)	1.51
Emissions from business travel in rental cars or employee -owned vehicles where Beggars Group is responsible for purchasing the fuel (tCO ₂ e)	0.82
Total gross CO ₂ e (tonnes) based on above	<u>61</u>

Intensity ratio

Intensity ratio (tCO ₂ e / full-time employees)	0.51
--	-------------

Methodology

Emissions have been calculated using methodologies aligned with the GHG Protocol Scope 2 Guidance and the Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

Location-based energy consumption data (scope 1 and 2) is collected directly from energy suppliers. Conversion factors are sourced from the UK Government's Company Reporting framework (2020).

Business travel data (scope 1 and 2) is extracted from internal company accounting systems, in the form of fuel spend for the following categories of vehicle:

- Fuel used in company cars on business use
- Fuel used in fleet vehicles operated on business use
- Fuel used in personal cars on business use

In accordance with GHG Protocol guidance, a secondary emissions factor was applied to fuel spend data to generate a GHG emissions figure. The spend-based emission factor was acquired from the GHG Protocol Scope 3 Evaluator Tool.

The emissions and energy consumption data above covers both the companies within the Beggars group and also the other labels within the Beggars stable that include XL Recordings, Rough Trade Records, Matador and Young Recordings.

Energy Efficiency Statement

In 2020, we hired a Head of Sustainability to establish a rigorous and market-leading sustainability programme for Beggars Group. We have committed to become 'carbon negative' by the end of 2022. This will be achieved by following a strategy rooted in climate science. We will reduce internal and supply chain-related carbon emissions at a rate aligned with the Paris Agreement's goal to limit global warming to 1.5 degrees. This means reducing total emissions by 46%, by 2030. Emissions that cannot be avoided will be neutralised by investing in projects that prevent carbon from entering the atmosphere and, wherever possible, projects that actively remove and store carbon.

In the period covered by the statement, we completed head office renovations including the installation of LED lighting, motion sensors and upgraded heating systems throughout the building. Further to this work, the Head of Sustainability undertook energy audits of UK offices. A number of energy saving opportunities were identified (including the installation of solar PV system and office behaviour-change initiatives) which will be implemented throughout 2021.

Detailed information on sustainability can be found on our website.

Matters covered in the group strategic report

The principal risks and uncertainties facing the group and the company have been considered in the group strategic report.

BEGGARS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of disclosure to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company and the group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company and the group's auditor is aware of that information.

Approved by the board of directors on 26 July 2021 and signed on behalf of the board.

Neela Ebbett

Neela Ebbett
Director

BEGGARS GROUP LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their annual report and the audited financial statements for the year ended 31 December 2020.

Principal activities and business review

Beggars Group is principally engaged in the production and exploitation of sound recordings. The Beggars stable of labels includes XL Recordings, 4AD, Rough Trade Records, Matador Records and Young Recordings.

Business review

It was a difficult year for promoting new releases, given that many of our acts were unable to travel and do in-person promotion or tour due to Covid restrictions. Nevertheless, we were able to compensate through a greater degree of online marketing driven by increasing tailored content creation. We delivered 32 new releases (against 40 last year). Notable successes include 'Miss Anthropocene' – Grimes (4AD) and 'Set my heart on fire immediately' – Perfume Genius (Matador).

A by-product of not being able to promote new releases to the extent we would have liked is that we have seen significantly reduced marketing and promotional expenditure across all labels which has worked its way through to the bottom line, compared to the previous 'normal' year. We believe this will be the case for the duration of the pandemic.

As well as the above we re-issued or remastered some forty catalogue albums. Perhaps not surprisingly at a time when many of us have spent more time at home, our catalogue revenues have increased as people discover or remember classic repertoire. We have seen a significant growth in vinyl sales of our catalogue across the group and across almost all major territories. We are committed to promoting our catalogue on vinyl formats with our retail partners and pleased for the records to find a new audience.

Streaming has continued to grow during the pandemic, but the surprise story was the surge in vinyl and the rapid growth of individual record store online sales. We have always worked closely with independent stores, and particularly so during this period of threat to their existence. The shortage of vinyl pressing capacity, though, has been one of the year's many major challenges.

Much of our focus has involved further developing our ethnicity, diversity and inclusion policy in response to global events and supporting those in our industry commercially less fortunate than ourselves.

For much of the year our staff in almost all territories were working from home, and we are grateful to live in an age where technology can allow us to continue to work in teams globally, largely without interruption to the services we provide our artists.

We are dependent on our ability to achieve successes with new acts as much as our ability to continue to exploit globally our prestigious catalogue. To that end we are committed to treating artists fairly and have developed several industry-leading policies to reflect that which have become a key component in what the company represents.

Principal risks and uncertainties

Political & economic risks

Business with our EU suppliers and customers are a critical element of the business. As expected, Brexit has made our supply routes into Europe more difficult and more costly. We do not expect that to change in the near term.

Restrictions on free travel to and within Europe for touring artists are expected to cause difficulties. These issues have yet to come to fruition to ongoing Covid travel restrictions. We are *profoundly disappointed* that our various governments have managed to 'break so comprehensively something that was working so well.

We are concerned with the uncertainty around post-Brexit plans for passing legislation like the Copyright Directive passed by the EU last year. We believe such laws are needed in the UK to protect IP rights.

However, our international customer base and the borderless global streaming market act as a limited hedge against these disruptive elements.

Nevertheless, we continue to work with UK Music and with AIM to voice concerns with policy makers.

BEGGARS GROUP LIMITED
GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2020

DCMS Inquiry

In July 2021 the DCMS Select Committee released recommendations following the enquiry into the economics of streaming. We are pleased for the report to recommend fairer treatment of artists, such as modern streaming royalty rates for legacy artists and writing off unrecouped balances - as has been our policy for many years.

However, the report has ignored submissions regarding where in the chain the risk and cost of investment in new music resides. Labels like us are the source of new A&R, and it can take years for such investment to recoup, if ever. Our model is one of risk taking where in fact only small numbers of breakout acts ever reach huge commercial success. But many others succeed on a smaller scale, and it is important that that continues to work. We are concerned that the DCMS recommendations could have unintended consequences by undermining parts of the current business model, and the part that we and other independent labels play in breaking new music. If certain of those recommendation were put into law, this would have a significant impact on our ability to continue to operate under our current structure.

Financial risks

The group's principal financial instruments comprise bank balances, trade creditors and trade debtors. Liquidity risk is managed by maintaining sufficient cash balances.

Price risk is managed through natural diversification of formats and sales channels.

Exchange risk is managed through holding sufficient levels of sterling and foreign currency receipts to service payables in the same respective currency.

Credit risk is managed by closely monitoring customers' outstanding amounts for both time and credit limits.

Interest rate risk is negligible because the group has no external borrowings.

Directors' statement of compliance with duty to promote success of the group

The board of directors consider, both individually and as a board, that they have acted in a manner that, in their opinion, would be most likely to promote the success of the company for the benefit of its members as whole (having regard for the to the stakeholders and matters set out in s172 (1) (a-f) of the Companies Act 2006) in the decisions made during the year ended 31 December 2020.

The directors consider the likely consequences that might result from any decisions made or actions taken on the long-term future of the company and its stakeholders. In doing so, the interests and well-being of the company's employees are key considerations.

The directors continue to monitor and develop relationships with artists, customers and suppliers as a key contributor to the company's ongoing success.

The decisions made and actions undertaken by the directors' aim to represent and maintain the company's reputation for appropriate standards of business conduct.

Key performance indicators

The group uses a number of performance indicators to monitor and manage the business effectively. The financial and non-financial key performance indicators for the year ended 31 December 2020, with comparatives for the year ended 31 December 2019, are set out below.

	2020	2019
	£	£
Turnover including share of joint ventures	61,655,617	63,102,422
Turnover excluding share of joint ventures	36,258,981	37,702,721
Total operating profit	6,487,271	3,665,832
Number of releases	<u>32</u>	<u>40</u>

This report was approved by the board on 26 July 2021 and signed on its behalf.

Neela Ebbett

Neela Ebbett
Director

BEGGARS GROUP LIMITED
DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2020

Statement of directors' responsibilities

The directors are responsible for preparing the group strategic report, the directors' report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 the group and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group and to 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

BEGGARS GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEGGARS GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2020

Opinion

We have audited the financial statements of Beggars Group Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2020, set out in the Consolidated Profit and Loss account, Consolidated Statement of Comprehensive Income, the Consolidated and Company Balance Sheets, the Consolidated and Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 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 group's and of the parent company's affairs as at 31 December 2020 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- 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 group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council'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 directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our auditor's report thereon. 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.

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 such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in 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 in this regard.

Opinion 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 group 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 group strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

BEGGARS GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEGGARS GROUP LIMITED
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

Matters on which we are required to report by exception

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

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

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company 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 on page 6, 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 group's and the parent 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 group or the parent 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.

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:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the entity's industry and sector, control environment, business performance and management incentives;
- the results of our specific enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the group's documentation of their policies and procedures relating to:
 - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
 - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the potential opportunities and incentives that may exist within the organisation and identified the following areas: the recognition of revenue and provision against artist balances. In response to these risks we undertook detailed revenue and cut-off testing, as well as considering the appropriateness and rationale of provisions against artist balances. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls.

BEGGARS GROUP LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BEGGARS GROUP LIMITED
(CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

We also obtained an understanding of the legal and regulatory frameworks in which the group operates, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified, in addition to those note above, included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of control: testing the appropriateness of journal entries and other adjustments, assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Whilst the procedures above describe the extent to which our procedures are capable of detecting irregularities, including fraud, there are inherent limitations in these audit procedures. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. 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, misrepresentation or through collusion. We are not responsible for preventing irregularities, including fraud, or non-compliance with laws and regulations and cannot be expected to detect all irregularities or non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 members, as a body, 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 members 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 members, as a body, for our audit work, for this report, or for the opinions we have formed.

SRLV Audit Limited

Marc Voulters (Senior Statutory Auditor)
For and on behalf of
SRLV Audit Limited

Chartered Accountants
Statutory Auditor

Elsley Court
20-22 Great Titchfield Street
London
W1W 8BE
26 July 2021

BEGGARS GROUP LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2020

	Notes	2020 £	2019 £
Turnover	5	36,258,981	37,702,721
Cost of sales		<u>(8,482,863)</u>	<u>(9,038,715)</u>
Gross profit		27,776,118	28,664,006
Distribution expenses		(2,965,081)	(4,163,103)
Administrative expenses		(21,317,010)	(22,910,338)
Other operating income		<u>84,043</u>	<u>702</u>
Group operating profit	6	3,578,070	1,591,267
Share of profit of joint ventures	10	<u>2,909,201</u>	<u>2,074,565</u>
Total operating profit		6,487,271	3,665,832
Loss on dissolution of subsidiaries	18	-	(472,727)
Amounts written off investments		(50,000)	(50,000)
Interest receivable and similar income	11	39,686	14,668
Interest payable and similar charges	12	(3,513)	(1,462)
Profit on ordinary activities before taxation		6,473,444	3,156,311
Tax charge on profit on ordinary activities	13	<u>(369,115)</u>	<u>(741,425)</u>
Profit for the financial year		<u>6,104,329</u>	<u>2,414,886</u>
Profit attributable to:			
Owners of the parent		6,009,704	2,328,619
Non-controlling interests		<u>94,625</u>	<u>86,267</u>
		<u>6,104,329</u>	<u>2,414,886</u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The notes on pages 19 to 39 form part of these financial statements.

BEGGARS GROUP LIMITED
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

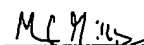
	2020 £	2019 £
Profit for the financial year	<u>6,104,329</u>	<u>2,414,886</u>
Other comprehensive income		
Currency translation loss on net investments in foreign operations	(670,323)	(483,711)
Share of joint venture currency translation loss	(14,138)	(12,538)
Other comprehensive income for the year	<u>(684,461)</u>	<u>(496,249)</u>
Total comprehensive income for the year	<u>5,419,868</u>	<u>1,918,637</u>
Total comprehensive income attributable to:		
Owners of the parent company	5,325,243	1,832,370
Non-controlling interests	94,625	86,267
	<u>5,419,868</u>	<u>1,918,637</u>

BEGGARS GROUP LIMITED
CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	15		126,986		311,819
Tangible assets	16		12,949,278		13,798,827
Investment properties	17		450,000		450,000
Investments:					
Joint ventures	18	19,719,778		16,310,013	
Other investments	18	1,915,431		1,844,272	
			21,635,209		18,154,285
			35,161,473		32,714,931
Current assets					
Stocks	19	756,181		983,768	
Debtors	20	20,837,360		18,955,780	
Cash at bank and in hand	21	25,450,549		24,887,599	
			47,044,090		44,827,147
Creditors: amounts falling due within one year	22		(13,900,683)		(15,327,370)
Net current assets			33,143,407		29,499,777
Total assets less current liabilities			68,304,880		62,214,708
Provisions for liabilities	24		(3,015,132)		(2,337,663)
Net assets			65,289,748		59,877,045
Capital and reserves					
Called up share capital	25		200		200
Revaluation reserve	26		285,040		285,040
Profit and loss account			65,063,818		59,738,575
Equity attributable to owners of the parent			65,349,058		60,023,815
Non-controlling interests			(59,310)		(146,770)
Total equity			65,289,748		59,877,045

The notes on pages 19 to 39 form part of these financial statements.

Approved by the board of directors and authorised for issue on 26 July 2021



Martin Mills (20/7/21 14:26 GMT+1)

Martin Mills
Director

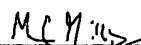
Company Registration Number: 01414045

BEGGARS GROUP LIMITED
 COMPANY BALANCE SHEET
 AS AT 31 DECEMBER 2020

	Notes	£	2020 £	£	2019 £
Fixed assets					
Intangible assets	15		74,536		251,695
Tangible assets	16		3,900,612		4,135,430
Investment properties	17		450,000		450,000
Investments	18		<u>6,406,514</u>		<u>6,285,435</u>
			10,831,662		11,122,560
Current assets					
Debtors	20	23,491,486		24,282,436	
Cash at bank and in hand	21	<u>3,901,922</u>		<u>6,681,284</u>	
			27,393,408		30,963,720
Creditors: amounts falling due within one year	22		<u>(9,371,655)</u>		<u>(13,988,250)</u>
Net current assets			18,021,753		16,975,470
Total assets less current liabilities			28,853,415		28,098,030
Provisions for liabilities	24		(321,164)		(268,502)
Net assets			<u>28,532,251</u>		<u>27,829,528</u>
Capital and reserves					
Called up share capital	25		200		200
Revaluation reserve	26		285,040		285,040
Profit and loss account			28,247,011		27,544,288
Shareholders' funds			<u>28,532,251</u>		<u>27,829,528</u>

The notes on pages 19 to 39 form part of these financial statements.

Approved by the board of directors and authorised for issue on 26 July 2021



Martin Mills (2021/07/26 14:26 GMT+1)

Martin Mills
 Director

Company Registration Number: 01414045

BEGGARS GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company
	£	£	£	£
At 1 January 2020	200	285,040	59,738,575	60,023,815
Comprehensive income for the year				
Profit for the year	-	-	6,009,704	6,009,704
Other comprehensive income for the year	-	-	(684,461)	(684,461)
Total comprehensive income for the year	-	-	5,325,243	5,325,243
At 31 December 2020	200	285,040	65,063,818	65,349,058

	Equity attributable to owners of parent company	Non-controlling interest	Total equity
	£	£	£
At 1 January 2020	60,023,815	(146,770)	59,877,045
Comprehensive income for the year			
Profit for the year	6,009,704	87,460	6,097,164
Other comprehensive income for the year	(684,461)	-	(684,461)
Total comprehensive income for the year	5,325,243	87,460	5,412,703
At 31 December 2020	65,349,058	(59,310)	65,289,748

BEGGARS GROUP LIMITED
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company
	£	£	£	£
At 1 January 2019	200	285,040	57,906,205	58,191,445
Comprehensive income for the year				
Profit for the year	-	-	2,328,619	2,328,619
Other comprehensive income for the year	-	-	(496,249)	(496,249)
Total comprehensive income for the year	-	-	1,832,370	1,832,370
At 31 December 2019	200	285,040	59,738,575	60,023,815

	Equity attributable to owners of parent company	Non-controlling interest	Total equity
	£	£	£
At 1 January 2019	58,191,445	(706,166)	57,485,279
Comprehensive income for the year			
Profit for the year	2,328,619	86,267	2,414,886
Non-controlling interest on disposal	-	473,129	473,129
Other comprehensive income for the year	(496,249)	-	(496,249)
Total comprehensive income for the year	1,832,370	559,396	2,391,766
At 31 December 2019	60,023,815	(146,770)	59,877,045

BEGGARS GROUP LIMITED
 COMPANY STATEMENT OF CHANGES IN EQUITY
 FOR THE YEAR ENDED 31 DECEMBER 2020

	Share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company
	£	£	£	£
At 1 January 2020	200	285,040	27,544,288	27,829,528
Comprehensive income for the year				
Profit for the year	-	-	702,723	702,723
Total comprehensive income for the year	-	-	702,723	702,723
At 31 December 2020	200	285,040	28,247,011	28,532,251

	Share capital	Revaluation reserve	Profit and loss account	Equity attributable to owners of parent company
	£	£	£	£
At 1 January 2019	200	285,040	23,684,333	23,969,573
Comprehensive income for the year				
Profit for the year	-	-	3,859,955	3,859,955
Total comprehensive income for the year	-	-	3,859,955	3,859,955
At 31 December 2019	200	285,040	27,544,288	27,829,528

BEGGARS GROUP LIMITED
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2020

	2020 £	2019 £
Cash flows from operating activities		
Profit for the financial year	6,104,329	2,414,886
Adjustments for:		
Tax on profit on ordinary activities	369,115	741,425
Net interest income	(36,173)	(13,206)
Share of profit from joint ventures	(2,909,201)	(2,074,565)
Loss on disposal of fixed assets	73,367	7,737
Amortisation of intangible assets	184,834	235,156
Depreciation of tangible assets	654,589	642,216
Loss on foreign exchange movements	(225,530)	(160,475)
Decrease in stock	227,587	3,601
Increase in debtors	(1,867,973)	(304,927)
Decrease in creditors	(1,441,724)	(8,805,161)
Group relief not received/(paid)	13,604	(83)
Loss on disposal of subsidiary	-	472,727
Amounts written off investments	50,000	50,000
Net cash generated from/(used in) operating activities	<u>1,196,824</u>	<u>(6,790,669)</u>
Tax paid	<u>(315,026)</u>	<u>(850,493)</u>
Cash flows from investing activities		
Purchase of tangible assets	(207,360)	(1,216,212)
Purchase of intangible assets	-	(1,448)
Dividends received	2,339	5,029,034
Purchase of investment	(150,000)	-
Interest received	39,686	14,668
Net cash (used in)/generated from investing activities	<u>(315,335)</u>	<u>3,826,042</u>
Cash flows from financing activities		
Dividends paid	-	-
Interest paid	(3,513)	(1,462)
Net cash used in financing activities	<u>(3,513)</u>	<u>(1,462)</u>
Net increase/(decrease) in cash and cash equivalents	562,950	(3,816,582)
Cash and cash equivalents at beginning of the year	24,887,599	28,704,181
Cash and cash equivalents at the end of the year	<u>25,450,549</u>	<u>24,887,599</u>
Cash and cash equivalents at the end of the year comprise:		
Cash at bank and in hand	25,450,549	24,887,599
	<u>25,450,549</u>	<u>24,887,599</u>

BEGGARS GROUP LIMITED
CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE YEAR ENDED 31 DECEMBER 2020

	At 1 January 2020 £	Cash flows £	At 31 December 2020 £
Cash at hand and in bank	24,887,599	562,950	25,450,549
	<u>24,887,599</u>	<u>562,950</u>	<u>25,450,549</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

1. General information

Beggars Group Limited and its subsidiaries (together "the group") are principally engaged in the production and exploitation of sound recordings.

The company is a private company limited by shares and is registered in England and Wales. The address of its registered office and principal place of business 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 and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the company's accounting policies (see note 3).

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings together with the group's share of the results of associates and joint ventures made up to 31 December.

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

Where a subsidiary has different accounting policies from the group, adjustments are made to those subsidiary financial statements to apply the group's accounting policies when preparing the consolidated financial statements.

The consolidated financial statements present the results of the group and its own subsidiaries as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated profit and loss account from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available under FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 1 January 2014.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

2.3 Going concern

The directors note that the impact of the COVID-19 virus has resulted in many of the group's artists being unable to travel and do in-person promotion or tour due to the restrictions in place. In addition, the group experienced a slowdown in sync activity following the disruption to the film and TV production business caused by these restrictions. The group expect both these issues to resolve in a post-pandemic world, notwithstanding Brexit-related restrictions on free travel. The group has the benefit of a strong back catalogue generating a significant portion of its sales, and neither streaming nor overall physical product sales were negatively impacted. At year end and as at the date of signature of the financial statements, the parent company and group's activities remain positive and the group have strong cash reserves.

On this basis, the directors are satisfied that the parent company and group will be able to satisfy its financial obligations for at least 12 months from the date of signature of the financial statements, which have been prepared on the going concern basis.

2.4 Foreign currency

(i) Functional and presentation currency

The group financial statements are presented in pound sterling.

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

(ii) Transactions and balances

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

At each year 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 the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated profit and loss account.

(iii) Translations

The trading results of group undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year end. Exchange adjustments arising from the retranslation of opening net investments and from the translation of the profits or losses at average rates are recognised in 'other comprehensive income' and allocated to non-controlling interest as appropriate.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

2.5 Revenue

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

(i) Physical sales

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

(ii) 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.

(iii) 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.

(iv) Management charges

Revenues from management charges are recognised in relation to services provided to group and related companies during the period.

(v) Interest income

Interest income is recognised using the effective interest rate method.

(vi) Dividends

Dividend income is recognised when the right to receive payment is established.

2.6 Intangible fixed 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 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.

Amortisation is provided on the following bases:

Software and development costs	20% - 33% straight line
Catalogue	10 years

Amortisation is charged to administrative expenses in the profit and loss account.

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and amortised on a straight line basis over its useful economic life, which is 10 or 20 years. Provision is made for any impairment.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

2.7 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 group 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 group 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 group. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to the 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 useful economic lives, using the straight-line method. The estimated useful lives range as follows:

Freehold property	2% straight-line
Leasehold property	In equal instalments over the period of the lease
Fixtures, fittings and equipment	20% straight line
Motor vehicles	25% straight line
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 within 'other operating income' in the consolidated profit and loss account.

2.8 Operating leases

Rentals paid under operating leases are charged to the consolidated profit and loss account on a straight line basis over the period of the lease.

2.9 Investment properties

Investment property is carried at fair value determined annually by the directors and derived from the current market rents and investment property yields for comparable real estate, adjusted if necessary for any difference in the nature, location or condition of the specific asset. Changes in fair value are recognised in the consolidated profit and loss account.

Depreciation is not provided in respect of freehold investment properties. The directors consider that this accounting policy, which represents a departure from the Companies Act 2006, is necessary to provide a true and fair view as required under Section 16 of FRS 102. The financial effect of this departure is not material to the financial statements.

2.10 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Joint ventures are held at cost less impairment.

2.11 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimate 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 the consolidated profit and loss account.

2.12 Debtors

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

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

2.13 Advances to artists

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

2.14 Cash and cash equivalents

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

2.15 Financial instruments

The group only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors, loans from other third parties and loans to related parties.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables and receivables, are measured, initially and subsequently, at the undiscounted amount of the cash and other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised 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 consolidated profit and loss account.

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, 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.

2.16 Creditors

Short term creditors are measured at the transaction price.

2.17 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

The group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

(i) Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

(ii) Derecognition of financial liabilities

A liability is derecognised when the contract that gives rise to it is settled, sold, cancelled or expires.

2.18 Finance costs

Finance costs are charged to the consolidated 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.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

2.19 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.20 Pensions

The company operates an executive pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. No contributions are made by the company to the pension scheme.

The group makes payments into personal pension plans for certain directors and employees. Contributions payable are charged to the consolidated profit and loss account in the year they are payable.

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

The contributions are recognised as an expense in the consolidated 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.

2.21 Provisions for liabilities

Provisions are made where an event has taken place that gives the group a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the consolidated profit and loss account in the year that the group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the balance sheet.

2.22 Interest income

Interest income is recognised in the consolidated profit and loss account using the effective interest method.

2.23 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the consolidated profit and loss account, except that a change 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 substantially enacted at the balance sheet date in the countries where the company operates and generates income.

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;
- any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the company can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the group's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent sensitivity involved in making judgements, estimates and assumptions, the actual results and outcomes may differ.

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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

a) Critical judgements in applying the group's accounting policies

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment to assets, including goodwill, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability.

Assessing the functional currency

The directors are required to identify the functional currency of the company and each subsidiary undertaking. In making this judgement the directors have considered factors such as the currency which mainly influences both sales and cost prices, and the countries whose competitive forces and regulations affect those prices.

b) Key accounting estimates and assumptions

Recoverability of receivables, including advances to artists

The group establishes a provision for receivables that are estimated not to be recoverable or recoupable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of the debtor. When assessing if artist balances are recoupable the directors consider factors such as the current and likely future sales performance.

Determining residual values useful economic lives of property, plant and equipment

The group depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value, management aim to assess the amount that the group would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

Provisions against slow moving inventory

The group establishes a provision for slow moving inventory. When determining the provision, the directors consider factors such as the amount of the inventory holding and subsequent sales.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

4. Parent company profit for the year

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The profit after tax of the parent company for the year was £702,723 (2019 – £3,859,955).

5. Analysis of turnover

Analysis of turnover by category:

	2020 £	2019 £
Sales and licensing of sound recordings	29,626,783	31,243,245
Management charges	6,632,198	6,459,476
	<u>36,258,981</u>	<u>37,702,721</u>

Analysis of turnover by country of destination:

	2020 £	2019 £
UK	10,185,737	9,890,777
Rest of world	26,073,244	27,811,944
	<u>36,258,981</u>	<u>37,702,721</u>

6. Group operating profit

The operating profit is stated after charging/(crediting):

	2020 £	2019 £
Depreciation of tangible fixed assets	654,589	642,216
Amortisation of intangible assets, including goodwill	184,834	235,156
Loss on disposal of fixed assets	73,367	7,737
Operating lease costs – land and buildings	283,724	363,583
Defined contribution pension cost	394,957	385,544
Exchange differences	<u>(457,803)</u>	<u>(384,094)</u>

7. Auditor's remuneration

	2020 £	2019 £
Fees payable to the company's auditor for the audit of the group's annual accounts	<u>130,000</u>	<u>112,500</u>
	130,000	112,500

Fees payable to the company's auditor in respect of:

Taxation services	21,333	20,000
Accountancy services	<u>18,667</u>	<u>17,500</u>
	<u>170,000</u>	<u>150,000</u>

The audit and tax fees for the current and prior year have been borne by the company on behalf of subsidiaries and certain joint ventures.

BEGGARS GROUP LIMITED
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2020

8. Employees

Staff costs, including directors' remuneration, were as follows

	2020 £	2019 £
Wages and salaries	8,897,400	9,926,235
Social security costs	902,949	993,593
Pension costs	394,957	385,544
	<u>10,195,306</u>	<u>11,305,372</u>

Staff costs have been recharged by the company to other group companies in respect of services its staff provide to those companies.

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

	2020 No.	2019 No.
Management	15	14
A&R, Marketing & Operations	127	133
	<u>142</u>	<u>147</u>

9. Directors' emoluments

	2020 £	2019 £
Directors' emoluments	2,229,547	2,936,425
Company pension contributions to pension schemes on behalf of current directors	106,314	98,967
	<u>2,335,861</u>	<u>3,035,392</u>

During the year, retirement benefits were accruing to 6 directors in respect of defined contribution pension schemes (2019 - 5).

Emoluments of highest paid director:

Emoluments	429,377	643,521
Company pension contributions to pension schemes	13,378	13,378
	<u>442,755</u>	<u>656,899</u>

10. Share of profits from joint ventures

	2020 £	2019 £
Net share of operating profit of joint ventures	<u>2,909,201</u>	<u>2,074,565</u>

The share of operating profit/(loss) of joint ventures relates to:

- Remote Control Records Pty Limited: £69,691 (2019 - (£51,843))
- Matador Recordings LLC: £462,341 (2019 - £224,512)
- Matador Records Limited: (£70,240) (2019 - £7,274)
- Popstock Distribuciones S. L.: (£12,001) (2019 - £75,206)
- XL Recordings Limited: £2,983,195 (2019 - £2,540,217)
- Rough Trade Records Limited: (£523,785) (2019 - (£720,801))

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

11. Interest receivable and similar income

	2020 £	2019 £
Bank interest receivable	13	307
Other similar interest receivable	<u>39,673</u>	<u>14,361</u>
	<u>39,686</u>	<u>14,668</u>

12. Interest payable and similar charges

	2020 £	2019 £
Other interest payable	<u>3,513</u>	<u>1,462</u>

13. Taxation

	2020 £	2019 £
Corporation tax		
Current tax on profits for the year	220,680	24,201
Adjustments in respect of previous periods	-	10
	<u>220,680</u>	<u>24,211</u>
Double taxation relief	(33,655)	(24,201)
Group taxation relief	<u>13,604</u>	<u>(83)</u>
	<u>(20,051)</u>	<u>(24,284)</u>
Foreign tax for current year	115,824	656,918
Total current tax	<u>316,453</u>	<u>656,845</u>
Deferred tax		
Fixed asset timing differences	7,272	128,764
Tax losses	<u>45,390</u>	<u>(44,184)</u>
Total deferred tax	<u>52,662</u>	<u>84,580</u>
Tax on profit on ordinary activities	<u>369,115</u>	<u>741,425</u>

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2019 – higher than) the standard rate of corporation tax in the UK of 19% (2019 – 19%). The differences are explained below:

Profit on ordinary activities before tax	<u>6,473,444</u>	<u>3,156,311</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (US - 21%) (2019 – 19% (US - 21%))	1,229,954	599,698
Effects of:		
Expenses not deductible for tax purposes	71,427	532,683
Non-taxable income	(745,571)	(380,132)
R&D tax credit	(188,944)	-
Adjustment in respect of prior periods	-	10
Unprovided deferred tax movements	2,249	(10,834)
Total tax charge for the year	<u>369,115</u>	<u>741,425</u>

Factors that may affect future tax charges

The group has estimated losses of £29,533 (2019 - £268,428) available to carry forward against future trading profits. No deferred tax has been recognised in respect of these losses due to the uncertainty of sufficient future profits against which to recover the asset.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

14. Dividends

	2020 £	2019 £
Dividends paid on equity capital	-	-

15. Intangible fixed assets

Group	Goodwill £	Catalogue £	Software £	Total £
Cost				
At 1 January 2020	1,896,590	76,754	1,159,168	3,132,512
Disposals	-	-	(3,580)	(3,580)
At 31 December 2020	1,896,590	76,754	1,155,588	3,128,932
Amortisation				
At 1 January 2020	1,896,590	16,629	907,474	2,820,693
Charge for the year	-	7,675	177,158	184,833
Disposals	-	-	(3,580)	(3,580)
At 31 December 2020	1,896,590	24,304	1,081,052	3,001,946
Net book value				
At 31 December 2020	-	52,450	74,536	126,986
At 31 December 2019	-	60,125	251,694	311,819

Company

	Software £
Cost	
At 1 January 2020	1,159,169
Disposals	(3,580)
At 31 December 2020	1,155,589
Amortisation	
At 1 January 2020	907,474
Charge for the year	177,159
Disposals	(3,580)
At 31 December 2020	1,081,053
Net book value	
At 31 December 2020	74,536
At 31 December 2019	251,695

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

15. Intangible fixed assets (continued)

The individual intangible assets, excluding goodwill, which are material to the financial statements are:

	Carrying value		Remaining amortisation period (years)	
	2020 £	2019 £	2020	2019
IT systems	<u>74,536</u>	<u>251,695</u>	<u>0</u>	<u>1</u>

16. Tangible fixed assets

Group	Freehold land & buildings £	Leasehold properties £	Fixtures & fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2020	12,316,101	2,247,994	2,284,554	264,769	17,113,418
Foreign exchange	(346,640)	(5,080)	(21,606)	-	(373,326)
Additions	6,457	73,408	127,495	-	207,360
Disposals	-	(73,367)	(81,175)	-	(154,542)
At 31 December 2020	<u>11,975,918</u>	<u>2,242,955</u>	<u>2,309,268</u>	<u>264,769</u>	<u>16,792,910</u>
Depreciation					
At 1 January 2020	1,424,814	193,847	1,552,605	143,325	3,314,591
Foreign exchange	(28,406)	(1,575)	(14,392)	-	(44,373)
Charge for the year	247,299	42,324	328,123	36,843	654,589
Disposals	-	-	(81,175)	-	(81,175)
At 31 December 2020	<u>1,643,707</u>	<u>234,596</u>	<u>1,785,161</u>	<u>180,168</u>	<u>3,843,632</u>
Net book value					
At 31 December 2020	<u>10,332,211</u>	<u>2,008,359</u>	<u>524,107</u>	<u>84,601</u>	<u>12,949,278</u>
At 31 December 2019	<u>10,891,287</u>	<u>2,054,147</u>	<u>731,949</u>	<u>121,444</u>	<u>13,798,827</u>
Company					
Cost					
At 1 January 2020	1,908,800	2,109,188	1,568,670	196,894	5,783,552
Additions	6,457	73,408	58,064	-	137,929
Disposals	-	(73,367)	(63,979)	-	(137,346)
At 31 December 2020	<u>1,915,257</u>	<u>2,109,229</u>	<u>1,562,755</u>	<u>196,894</u>	<u>5,784,135</u>
Depreciation					
At 1 January 2020	263,898	150,820	1,107,729	125,675	1,648,122
Charge for the year	38,089	40,327	201,089	19,875	299,380
Disposals	-	-	(63,979)	-	(63,979)
At 31 December 2020	<u>301,987</u>	<u>191,147</u>	<u>1,244,839</u>	<u>145,550</u>	<u>1,883,523</u>
Net book value					
At 31 December 2020	<u>1,613,270</u>	<u>1,918,082</u>	<u>317,916</u>	<u>51,344</u>	<u>3,900,612</u>
At 31 December 2019	<u>1,644,902</u>	<u>1,958,368</u>	<u>460,941</u>	<u>71,219</u>	<u>4,135,430</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

17. Investment properties

	£
Group and company	
Valuation	
At 31 December 2020 and 1 January 2020	<u>450,000</u>
Net book value	
At 31 December 2020	<u>450,000</u>
At 31 December 2019	<u>450,000</u>

Investment properties were valued on an open market basis as at 31 December 2020 by Neela Ebbett (director).

The historic cost of the investment property included at valuation is £164,960.

18. Investments

Group	Joint ventures £	Other £	Total £
Cost			
At 1 January 2020	16,310,013	2,005,108	18,315,121
Additions	-	150,000	150,000
Change in value	3,409,765	-	3,409,765
Foreign exchange	-	(36,401)	(36,401)
At 31 December 2020	<u>19,719,778</u>	<u>2,118,707</u>	<u>21,838,485</u>
Impairment			
At 1 January 2020	-	160,836	160,836
Charge for the year	-	50,000	50,000
Foreign exchange	-	(7,560)	(7,560)
At 31 December 2020	<u>-</u>	<u>203,276</u>	<u>203,276</u>
Net book value			
At 31 December 2020	<u>19,719,778</u>	<u>1,915,431</u>	<u>21,635,209</u>
At 31 December 2019	<u>16,310,013</u>	<u>1,844,272</u>	<u>18,154,285</u>

Included in other fixed asset investments are working capital loans that are considered to be interest free and repayable on demand. However, the directors have no current intention of recalling the loans.

The share of assets of joint ventures in a net asset position (including unamortised goodwill) is £19,719,778 and joint ventures in a net liabilities position (including unamortised goodwill) is £2,693,968 (note 24).

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

18. Investments (continued)

The following table shows the total joint venture position:

	Joint ventures
	£
Group joint ventures	
Share of net assets/(liabilities)/cost	
At 1 January 2020	13,709,679
Share of retained profit for the year	3,090,762
Minority interest share of profit for the year	(7,165)
Foreign currency translation movements	(117,077)
	<u>16,676,199</u>
Goodwill	
At 1 January 2020	531,172
Amortisation	(181,561)
	<u>349,611</u>
At 31 December 2020	<u>349,611</u>
Net book value	
At 31 December 2020	<u>17,025,810</u>
At 31 December 2019	<u>14,240,851</u>

Subsidiaries

The company owns more than 50% of the issued share capital of the following companies which have been consolidated for the year to 31 December 2020.

Name	Nature of business	Country of incorporation	Class of shares held	% of shares held
Beggars Group Media Limited ¹	Licensing of sound recordings	England and Wales	Ordinary	76%
Beggars UK Limited ¹	Wholesale promotion and marketing	England and Wales	Ordinary	76%
Too Pure Limited ¹	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Beggars Group Holding (USA) Inc. ²	Holding company	United States of America	Ordinary	100%
Beggars Group (USA) Inc. ²	Production and exploitation of sound recordings	United States of America	Ordinary	100%
Beggars Capital LLC ²	Property holding company	United States of America	Ordinary	100%
Beggars Group Digital Limited ¹	Management and exploitation of digital rights	England and Wales	Ordinary	100%
4AD Limited ¹	Production and exploitation of sound recordings	England and Wales	Ordinary	100%
Playluderecordings Limited ¹	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Bidcall Limited ¹	Holding company	England and Wales	Ordinary	75%
Playlouder Limited ¹	Holding company	England and Wales	Ordinary	75% <i>Indirect</i>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

18. Investments (continued)

Associates and joint ventures

Remote Control Records Pty Limited ³	Promotion and marketing of sound recordings	Australia	Ordinary	50%
Popstock Distribuciones S.L. ⁴	Distribution of sound recordings	Spain	Ordinary	50%
Everlasting Records S.L. ⁴	Production and exploitation of sound recordings	Spain	Ordinary	50% <i>Indirect</i>
Matador Recordings LLC ²	Production and exploitation of sound recordings	United States of America	Ordinary	50%
Matador Records Limited ¹	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
XL Recordings Limited ¹	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
XL Recordings (USA) Inc. ²	Property holding	United States of America	Ordinary	50% <i>Indirect</i>
Mowax Labels Limited ¹	Production and exploitation of sound recordings	England and Wales	Ordinary	25% <i>Indirect</i>
Young Recordings Limited ¹	Production and exploitation of sound recordings	England and Wales	Ordinary	25% <i>Indirect</i>
Beggars Music Limited ¹	Music publishing	England and Wales	Ordinary	45% <i>Indirect</i>
Beggars Catalogues LLP ¹	Music publishing	England and Wales	Member Interest	45% <i>Indirect</i>
4AD Songs Limited ¹	Music publishing	England and Wales	Ordinary	34% <i>Indirect</i>
Young Music Publishing Limited ¹	Music publishing	England and Wales	Ordinary	34% <i>Indirect</i>
Rough Trade Records Limited ¹	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
Mattitude Music LLC ²	Music publishing	United States of America	Ordinary	50%
Independent Distribution Cooperative LLC ⁵	Negotiation and execution of one or more physical distribution agreements	United States of America	Ordinary	20%
Rough Trade Retail Holdings Limited ⁶	Sale and distribution of music goods	England and Wales	Ordinary	19% <i>Indirect</i>
Rise Bristol Limited ⁷	Retail sale of music	England and Wales	Ordinary	19% <i>Indirect</i>

Bidcall Limited owns 100% of the issued share capital of Playluder Limited.

XL Recordings Limited owns 100% of the issued share capital of XL Recordings (USA) Inc. XL Recordings Limited also owns 90% of Beggars Music Limited and 90% of Beggars Catalogues LLP, which in turn owns 75% of 4AD Songs Limited and 75% of Young Music Publishing Limited. Young Music Publishing Limited changed its name from Young Turks Publishing Limited on 8 April 2021.

XL Recordings Limited owns 37% of Rough Trade Retail Holdings Limited, which in turn owns 100% of Rough Trade Retail (UK) Limited ⁶, 100% of Rough Trade Retail (USA) Holdings Inc. ⁸ and 65% of Rough Trade Retail LLC ⁸. XL Recordings Limited owns 50% of the issued share capital of Mowax Labels Limited and 50% of the issued share capital of Young Recordings Limited. Young Recordings Limited changed its name from Young Turks Recordings Limited on 31 March 2021.

During the year, XL Recordings Limited acquired 90% of the issued share capital in Beggars Music Limited and 90% of the member interests in Beggars Catalogues LLP, for total consideration of £2,024,997.

Popstock Distribuciones S.L. owns 100% of the issued share capital of Everlasting Records, S.L.

Mattitude Music LLC and Independent Distribution Cooperative LLC are immaterial to the group, and have thus not been consolidated.

During the year, Rough Trade Retail Group Limited changed its name to Rough Trade Retail (UK) Limited.

During the year, the Rough Trade Retail (UK) Limited group underwent a group restructuring whereby a new holding company, Rough Trade Retail Holdings Limited, was incorporated and became the ultimate parent undertaking of the group. XL Recording Limited's ordinary shares transferred from Rough Trade Retail (UK) Limited to Rough Trade Retail Holding Limited as part of the restructuring.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

18. Investments (continued)

Registered office

- 1 - 17/19 Alma Road, London, SW18 1AA
- 2 - 134 Grand Street, New York, NY 10013, United States of America
- 3 - 20 Wreckyn Street, North Melbourne, Victoria 3051, Australia
- 4 - Calle Azcona 33, 3º, 28028 Madrid, Spain
- 5 - PO Box 3306, Durham, NC 27702, United States of America
- 6 - 10 Cheyne Walk, Northampton, Northamptonshire, NN1 5PT
- 7 - 5 Broad Street, Nottingham, NG1 3AJ
- 8 - 64 North 9th Street, Brooklyn, New York, NY 11249, United States of America

Company	Subsidiary companies	Associated undertakings and joint ventures	Loans	Total
	£	£	£	£
Cost				
At 1 January 2020	2,243,118	2,770,548	1,490,214	6,503,880
Additions	-	150,000	-	150,000
Foreign exchange	-	-	(28,921)	(28,921)
At 31 December 2020	<u>2,243,118</u>	<u>2,920,548</u>	<u>1,461,293</u>	<u>6,624,959</u>
Amounts provided At 1 January 2020 and 31 December 2020	<u>1,764</u>	<u>216,681</u>	-	<u>218,445</u>
Net book value				
At 31 December 2020	<u>2,241,354</u>	<u>2,703,867</u>	<u>1,461,293</u>	<u>6,406,514</u>
At 31 December 2019	<u>2,241,354</u>	<u>2,553,867</u>	<u>1,490,214</u>	<u>6,285,435</u>

Included in fixed asset investments are working capital loans that are considered to be interest free and repayable on demand. However, the directors have no current intention of recalling the loans.

The comparative has been restated in order to reclassify balances between categories.

19. Stocks

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Finished goods for resale	<u>756,181</u>	<u>983,768</u>	-	-

There is no material difference between the balance sheet value of the stocks and their replacement cost.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

20. Debtors

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Due after more than one year				
Amounts owed by associated undertakings and joint ventures	100,000	-	100,000	-
Due within one year				
Trade debtors	10,836,936	9,292,980	8,966	102,433
Amounts owed by subsidiary undertakings	-	-	16,823,517	17,833,874
Amounts owed by associated undertakings and joint ventures	5,843,503	4,611,622	5,843,503	4,611,622
Other debtors	3,798,092	4,891,722	531,043	1,594,990
Prepayments and accrued income	258,829	159,456	184,457	139,517
	<u>20,837,360</u>	<u>18,955,780</u>	<u>23,491,486</u>	<u>24,282,436</u>

21. Cash and cash equivalents

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Cash at bank and in hand	25,450,549	24,887,599	3,901,922	6,681,284
	<u>25,450,549</u>	<u>24,887,599</u>	<u>3,901,922</u>	<u>6,681,284</u>

22. Creditors: amounts falling due within one year

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Trade creditors	1,441,686	1,446,359	358,015	176,442
Amounts owing to subsidiary undertakings	-	-	4,202,369	6,147,408
Amounts owing to joint ventures	4,252,735	6,789,536	4,252,735	6,789,536
Corporation tax	150,270	135,238	1,888	1,725
Other taxation and social security	284,174	610,024	263,073	592,912
Other creditors	5,307,280	4,364,058	44,844	19,968
Accruals and deferred income	2,464,538	1,982,155	248,731	260,259
	<u>13,900,683</u>	<u>15,327,370</u>	<u>9,371,655</u>	<u>13,988,250</u>

23. Financial instruments

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Financial assets that are debt instruments measured at amortised cost	20,478,531	18,796,324	23,207,029	24,142,919
Financial assets measured at fair value through the profit or loss	25,450,549	24,887,599	3,901,922	6,681,284
	<u>45,929,080</u>	<u>43,683,923</u>	<u>27,108,951</u>	<u>30,824,203</u>
Financial liabilities measured at amortised cost	13,466,239	14,582,108	9,106,694	13,393,613

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

23. Financial instruments (continued)

Financial assets measured at amortised cost comprise trade debtors, amounts owed by subsidiary undertakings, amounts owed by joint ventures, other debtors and accrued income.

Financial assets measured at fair value through the profit or loss comprise cash.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owing to subsidiary undertakings, amounts owing to joint ventures, other creditors and accruals.

24. Provisions for liabilities

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Share of net liabilities of joint ventures	2,693,968	2,069,161	-	-
Deferred tax	321,164	268,502	268,502	268,502
Provision carried forward	<u>3,015,132</u>	<u>2,337,663</u>	<u>268,502</u>	<u>268,502</u>

Share of net liabilities of joint ventures

See note 18 for movements on the provision for share of liabilities of joint ventures.

In 2020 and 2019, the share of liabilities in joint ventures arose on the holdings in Rough Trade Records Limited, Popstock Distribuciones S.L. and Matador Records Limited.

Deferred taxation

	Group Deferred tax £	Company Deferred tax £
At 1 January 2020	268,502	268,502
Charged to the profit and loss account	52,662	52,662
At 31 December 2020	<u>321,164</u>	<u>321,164</u>

	Group		Company	
	2020 £	2019 £	2020 £	2019 £
Short term timing differences	54,158	54,158	54,158	54,158
Fixed asset timing differences	272,617	265,345	272,617	265,345
Tax losses	(5,611)	(51,001)	(5,611)	(51,001)
	<u>321,164</u>	<u>268,502</u>	<u>321,164</u>	<u>268,502</u>

25. Share capital

	2020 No	2019 £	2020 No	2019 £
Company				
Allotted, called up and fully paid:				
Ordinary 'A' shares of £1.00 each	198	198	198	198
Preferred 'C' shares of £1.00 each	2	2	2	2
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

There are no differences in rights assigned to 'A' and 'C' class shares and they rank pari passu. There are no restrictions on the distribution of dividends and the repayment of capital.

26. Reserves

Revaluation reserve

The revaluation reserve arises from revaluations to fair value in respect of investment properties held by the company and group.

BEGGARS GROUP LIMITED
 NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEAR ENDED 31 DECEMBER 2020

27. Commitments under operating leases

At 31 December 2020, the group had future minimum lease payments under non-cancellable operating leases as follows:

Group	Land and buildings	
	2020 £	2019 £
Not later than one year	219,411	224,935
Later than one year and not later than five years	64,313	138,648
	<u>283,724</u>	<u>363,583</u>

28. Pension commitments

The group makes payments into personal pension plans and operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the group to the personal pension plans and defined contribution pension scheme.

Contributions paid by the group for the year amounted to £394,957 (2019 - £385,544). There were no contributions payable at the year end (2019 - £NIL).

29. Transactions with directors

During the year, the company and group had the following transactions and balances arising with entities in which the directors had a material interest:

Included in other debtors at 31 December 2020 was a loan of £50,221 (2019 - £50,221) to Yvonne Damont, the wife of Martin Mills. The loan is interest free, unsecured and repayable on demand. Yvonne Damont uses the investment property disclosed in note 17 and pays no rent for this use.

£429,580 (2019 - £541,854) was paid to James Wyllie and Andrew Heath, directors, either directly or through companies in which they had an interest, in respect of professional fees and consultancy services.

30. Related party transactions

Group

During the year, rent of £74,000 (2019 - £74,000) was charged by the Beggars Banquet Executive Pension Scheme, of which Martin Mills is a trustee and beneficiary.

During the year, Beggars UK Limited, Beggars Group Digital Limited and Beggars Group Media Limited operated a central accounting role for Mowax Labels Limited, Matador Records Limited, XL Recordings Limited, Rough Trade Records Limited and Young Recordings Limited. Sales and production costs were passed through Beggars UK Limited, Beggars Group Digital Limited and Beggars Group Media Limited and transferred out at the year end as detailed below:

Beggars UK Limited:	2020		2019	
	Turnover £	Costs £	Turnover £	Costs £
Mowax Labels Limited	61	221	1	2
Matador Records Limited	1,254,348	817,264	1,184,164	817,957
XL Recordings Limited	3,643,241	2,217,350	3,945,329	2,639,694
Rough Trade Records Limited	1,373,661	856,004	1,065,213	650,304
Young Recordings Limited	<u>558,946</u>	<u>387,489</u>	<u>603,765</u>	<u>385,753</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2020

30. Related party transactions (continued)

Beggars Group Digital Limited:	2020		2019	
	Turnover £	Costs £	Turnover £	Costs £
Mowax Labels Limited	9,029	183	5,766	41
Matador Records Limited	3,553,465	81,519	3,274,311	30,669
XL Recordings Limited	17,791,319	318,147	16,995,006	125,762
Rough Trade Records Limited	2,452,009	48,558	2,489,481	20,865
Young Recordings Limited	<u>2,990,035</u>	<u>56,292</u>	<u>2,818,889</u>	<u>20,782</u>

Beggars Group Media Limited:	2020		2019	
	Turnover £	Costs £	Turnover £	Costs £
Mowax Labels Limited	3,181	317	6,423	195
Matador Records Limited	400,264	66,994	493,976	23,726
XL Recordings Limited	4,026,561	474,880	5,269,351	279,507
Rough Trade Records Limited	686,559	79,782	1,035,023	118,233
Young Recordings Limited	<u>740,518</u>	<u>67,221</u>	<u>741,276</u>	<u>42,966</u>

Management charges receivable by Beggars Group Limited and Beggars UK Limited for services during the year were as follows:

Beggars Group Limited:	2020	2019
	£	£
Mowax Labels Limited	7,500	7,500
Matador Records Limited	944,526	830,620
XL Recordings Limited	2,345,518	2,184,107
Rough Trade Records Limited	1,019,307	1,148,314
Young Recordings Limited	<u>720,638</u>	<u>610,166</u>

Beggars UK Limited:	2020	2019
	£	£
Mowax Labels Limited	2,516	2,537
Matador Records Limited	323,858	286,058
XL Recordings Limited	579,650	593,751
Rough Trade Records Limited	323,803	379,542
Young Recordings Limited	<u>160,225</u>	<u>165,250</u>

At the balance sheet, date the following balances existed between the group and other related parties:

Amount due from/(to):	2020	2019
	£	£
Mowax Labels Limited	27,361	25,736
Matador Records Limited	(52,916)	458,180
XL Recordings Limited	(3,559,365)	(6,769,132)
Rough Trade Records Limited (trade debt)	3,278,071	2,503,497
Rough Trade Records Limited (other)	700,000	700,000
Young Recordings Limited	(640,454)	(20,404)
Matador Recordings LLC	2,434,318	1,259,258
Mattitude Music LLC	<u>0</u>	<u>213,444</u>

Beggars Group Limited holds fixed and floating charges over the assets of Rough Trade Records Limited in respect of the balances due from Rough Trade Records Limited.

BEGGARS GROUP LIMITED
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 FOR THE YEAR ENDED 31 DECEMBER 2020

30. Related party transactions (continued)

During the year, net distribution income was paid by Beggars Group (USA) Inc. in respect of US sales less actual cost of sales and overheads to the following companies:

	2020 £	2019 £
Mowax Labels Limited	1,258	2,429
XL Recordings Limited	4,991,918	4,757,239
Rough Trade Records Limited	468,291	392,213
Young Recordings Limited	<u>1,144,837</u>	<u>749,633</u>

During the year, the group incurred rental costs from XL Recordings (USA) Inc. of £55,949 (2019 - £56,409).

During the year, payments were made to Remote Control Records Pty Limited of £72,991 (2019 - £31,217) in respect of commission. Also during the year, sales of £18,768 (2019 - £69,717) were made by Beggars Group Media Limited to Remote Control Records Pty Limited.

During the year, net sales of £224,007 (2019 - £310,659) were made by the group to Popstock Distribuciones SL in respect of distributed sales. At the year end, the group was owed £461,049 (2019 - £752,202) by Popstock Distribuciones SL. A provision for bad and doubtful debts of £280,053 (2019 - £579,057) was recognised against the balance at the year end.

During the year, net sales of £237,596 (2019 - £324,272) were made by the group to Beggars Music Limited, a subsidiary of XL Recordings Limited. At the year end, there was a balance due to the group from Beggars Music Limited of £239 (2019 - £98,253).

Other than as disclosed within directors' emoluments in note 9, there was no remuneration in relation to key management personnel in the current or prior year.

Company

Other than the transactions disclosed above, the company's related party transactions with wholly owned subsidiaries have not been disclosed in accordance with Section 33 of FRS 102. Related party transactions with subsidiaries that are not wholly owned were as follows:

Management charges receivable by Beggars Group Limited for services during the year were as follows:

	2020 £	2019 £
Playluderecordings Limited	5,000	5,000
Too Pure Limited	<u>16,000</u>	<u>16,000</u>

At the balance sheet date, the following balances existed between the company and subsidiaries that are not wholly owned:

	2020 £	2019 £
Playluderecordings Limited	129,404	219,593
Too Pure Limited	<u>1,617,530</u>	<u>1,718,659</u>

A provision for bad and doubtful debts of £129,404 (2019 - £212,809) was recognised in respect of the balance due from Playluderecordings Limited. A provision for bad and doubtful debts of £1,617,530 (2019 - £1,714,348) was recognised in respect of the balance due from Too Pure Limited.

31. Controlling party

Martin Mills is the ultimate controlling party by virtue of his shareholding.