

Company Registration No. 00315155

Music Sales Limited

Report and Financial Statements

31 December 2019

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Music Sales Limited

Report and financial statements 2019

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Music Sales Limited

Report and financial statements 2019 Officers and professional advisers

Directors

R Wise
M B Wise
T Wise
D B Rockberger
C M Butler
N J M Kemp
I N Gilroy
J A B Smith

Company Secretary

N J M Kemp

Registered Office

14/15 Berners Street
London
United Kingdom
W1T 3LJ

Bankers

Coutts & Co
440 Strand
London
United Kingdom
WC2R 0QS

Music Sales Limited

Strategic report Year ended 31 December 2019

The directors present their strategic report for the year ended 31 December 2019.

Business review and principal activities

The Company's principal activity is that of book publishing.

As shown in the Company's profit and loss account on page 5, the Company made a loss after taxation for the year of £932,460 (2018: profit of £2,667,292).

The balance sheet on page 6 shows that the Company's net assets at 31 December 2019 are £7,448,643 (2018: £8,381,103). The Company's cash levels at 31 December 2019 are £13,167,067 (2018: £15,178,756).

Key performance indicators

The Wise Music Group manages its operations on the basis of business units which span legal entities. For this reason, the Company's directors do not consider that presentation of non-financial indicators for the Company are necessary or appropriate for an understanding of the development, performance or position of the business.

The Company takes care to minimise the impact of its operation on the environment.

Principal risks and uncertainties

The Company operates in a highly competitive market which is a continuing risk to the Company and could result in losing sales to its key competitors. The Company manages this risk by providing high quality services to its customers, having fast response times to customer queries and maintaining strong relationships with its customers.

The Company's sales to its customers are worldwide and therefore the Company is exposed to movements in exchange rates. The Company sources some of its products in local territories and therefore minimises the risk of exchange rate fluctuations by operating local currency bank accounts.

Future developments

The result for 2019 was impacted by challenging market conditions for print publishing. The level of underlying business is satisfactory and the directors look to the future with confidence. The Company is in a net assets and net current assets position.

Post Balance Sheet Events

There have been no material post balance sheet events.

This report was approved by the board on 25 March 2021 and signed on its behalf.



J A B Smith
Chief Financial Officer

Music Sales Limited

Directors' report Year ended 31 December 2019

The directors present their annual report and the audited financial statements for the year ended 31 December 2019.

Directors

The directors who served throughout the year and to the date of this report, except as noted, were as follows:

R Wise	M B Wise	T Wise
D B Rockberger	C M Butler	N J M Kemp
I N Gilroy	J A B Smith (appointed 1 March 2019)	

Dividends

An interim dividend of £nil (2018: £10,000,000) was paid in the year. The directors recommend a final dividend of £nil for 2019 (2018: £nil).

Strategic report

The information that fulfils the Companies Act requirements of the business review is included in the Strategic Report. This includes a review of the development of the business of the Company during the year, of its position at the end of the year, of its principal risks and uncertainties, and of the likely future developments in its business including any post balance sheet events.

Directors' indemnities

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were made during the year and remain in force at the date of this report.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements. More information is provided in note 1 to the financial statements.

Donations

Donations to charitable organisations amounted to £nil (2018: £nil).

Employees

The Company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the Company. The Company supports the employment of disabled people wherever possible.

Approved by the Board of Directors and signed on behalf of the Board



J A B Smith
Chief Financial Officer

25 March 2021

14/15 Berners Street
London W1T 3LJ
United Kingdom

Music Sales Limited

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

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

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

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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Music Sales Limited

Profit and loss account Year ended 31 December 2019

	Notes	2019 £	Continuing Operations £	Discontinued Operations £	Total 2018 £
Turnover	3	1,127,647	901,716	983,490	1,885,206
Cost of sales		(1,027,023)	(498,214)	(481,239)	(979,453)
Gross profit		100,624	403,502	502,251	905,753
Distribution costs		-	-	(75,031)	(75,031)
Administrative expenses		(1,269,489)	(10,512,108)	(208,827)	(10,720,935)
Other operating income		162,462	381,168	-	381,168
Operating loss	5	(1,006,403)	(9,727,438)	218,393	(9,509,045)
Profit on disposal of operations		-	-	13,717,160	13,717,160
Interest receivable and similar income	6	145,434	75,948	-	75,948
Interest payable and similar charges	7	(235,306)	(285,064)	-	(285,064)
Profit/(Loss) on ordinary activities before taxation		(1,096,275)	(9,936,554)	13,935,553	3,998,999
Tax on profit/loss on ordinary activities	8	163,815	(1,331,707)	-	(1,331,707)
Profit/(Loss) for the financial year	17	(932,460)	(11,268,261)	13,935,553	2,667,292

There are no items of comprehensive income, other than shown above; accordingly, no separate statement of comprehensive income is given.

The notes on pages 8 to 21 form part of these financial statements.

Music Sales Limited

Balance sheet

As at 31 December 2019

	Notes	2019 £	2018 £
Fixed assets			
Intangible assets	9	-	-
Investments	10	6,028,454	6,028,454
		<u>6,028,454</u>	<u>6,028,454</u>
Current assets			
Stocks	11	260,289	283,186
Debtors			
Amounts falling due within one year	12	13,869,468	12,989,010
Amounts falling due after more than one year	12	14,293,803	14,132,553
Cash at bank and in hand		13,167,067	15,178,756
		<u>41,590,627</u>	<u>42,583,505</u>
Creditors: amounts falling due within one year	13	<u>(34,082,417)</u>	<u>(34,651,647)</u>
Net current assets		<u>7,508,210</u>	<u>7,931,858</u>
Total assets less current liabilities		<u>13,536,664</u>	<u>13,960,312</u>
Creditors: amounts falling due after more than one year	13	<u>(6,088,021)</u>	<u>(5,579,209)</u>
Net assets		<u><u>7,448,643</u></u>	<u><u>8,381,103</u></u>
Capital and reserves			
Called-up share capital	15	21,000	21,000
Profit and loss account	16	7,427,643	8,360,103
		<u>7,448,643</u>	<u>8,381,103</u>
Shareholder's funds	17	<u><u>7,448,643</u></u>	<u><u>8,381,103</u></u>

For the year ending 31 December 2019 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- the members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476;
- the directors acknowledge their responsibilities for complying with the requirements of this Act with respect to accounting records and the preparation of accounts.

The financial statements of Music Sales Limited, registered number 00315155 were approved by the board of directors and authorised for issue on 25 March 2021.

Signed on behalf of the Board of Directors

J A B Smith

J A B Smith
Chief Financial Officer

The notes on pages 8 to 21 form part of these financial statements.

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

	Called-up share capital £	Profit and loss account £	Total £
At 1 January 2018	21,000	15,692,811	15,713,811
Profit for the financial year	-	2,667,292	2,667,292
Total comprehensive income	-	2,667,292	2,667,292
At 31 December 2018	21,000	8,360,103	8,381,103
Loss for the financial year	-	(932,460)	(932,460)
Total comprehensive income	-	7,427,643	7,448,643
At 31 December 2019	21,000	7,427,643	7,448,643

The notes on pages 8 to 21 form part of these financial statements.

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the current year and the preceding year.

These audited financial statements cover a period of 12 months, 1 January 2019 to 31 December 2019.

General information and basis of accounting

Music Sales Limited ('the Company') is a company incorporated in the United Kingdom under the Companies Act. The address of the registered office is given on page 1. The nature of the Company's operations and its principal activities are set out in the strategic report on page 2.

The financial statements have been prepared under the historical cost convention, modified to include certain items at fair value, and in accordance with Financial Reporting Standard 102 (FRS 102) issued by the Financial Reporting Council.

The functional currency of the Company is considered to be pounds sterling because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the disclosure exemptions available to it in respect of its separate financial statements. The Company is consolidated in the financial statements of its parent, Wise Music Group Limited, which may be obtained at the Company's registered office. Exemptions have been taken in these separate Company financial statements in relation to presentation of a cash flow statement.

Going concern

The Company made a loss in the year of £932,460. Music Sales Limited holds net current assets of £7,508,210, net assets of £7,448,643 and a positive cash balance of £13,167,067 as at 31 December 2019. The directors have a reasonable expectation that the Company has adequate resources to return to profitability and to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Consolidation

The Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 not to prepare group financial statements. The Company is a wholly-owned subsidiary of a Company registered in the United Kingdom which prepares group financial statements, into which the results of the Company are consolidated.

Cash flow statement

The Company has taken advantage of the exemption in FRS 102 and has not prepared a cash flow statement. A consolidated cash flow statement is shown in the consolidated financial statements of Wise Music Group Limited.

Turnover

Turnover is the total amount of income receivable by the Company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT. Turnover from the sale of goods is recognised at a point of sale or when the goods are delivered to the customer and the amount is reliably measured.

Investments

Investments are included at cost less amounts written off. Listed investments are shown at cost or market value, if this is lower. Profits or losses arising from disposals of fixed asset investments are treated as part of the results from ordinary activities. Where investments in group undertakings include copyrights, the copyrights are classified under intangible fixed assets.

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

1. Accounting Policies (continued)

Intangible fixed assets

Amortisation initially recognised at cost is calculated to write off the cost of an asset, less estimated residual value, over the useful economic life of the asset as follows:

Copyrights & Print rights	10-20 years
Software development	2-10 years

Amortisation of rights commences in the month following purchase, amortisation of software development commences when the software is implemented and being used by the business to generate revenues or operate and control business processes. Provision is made for any impairment.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents the purchase or production price of goods.

Work in progress is valued on the basis of direct costs based on normal levels of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight-line basis over the year of the lease. Rentals under operating leases are charged on a straight-line basis over the term of the lease.

Assets held under finance leases and other similar contracts, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

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

(i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

1. Accounting policies (continued)

Debt instruments which meet the following conditions are subsequently measured at amortised cost using the effective interest method:

- (a) The contractual return to the holder is (i) a fixed amount; (ii) a positive fixed rate or a positive variable rate; or (iii) a combination of a positive or a negative fixed rate and a positive variable rate.
- (b) The contract may provide for repayments of the principal or the return to the holder (but not both) to be linked to a single relevant observable index of general price inflation of the currency in which the debt instrument is denominated, provided such links are not leveraged.
- (c) The contract may provide for a determinable variation of the return to the holder during the life of the instrument, provided that (i) the new rate satisfies condition (a) and the variation is not contingent on future events other than (1) a change of a contractual variable rate; (2) to protect the holder against credit deterioration of the issuer; (3) changes in levies applied by a central bank or arising from changes in relevant taxation or law; or (ii) the new rate is a market rate of interest and satisfies condition (a).
- (d) There is no contractual provision that could, by its terms, result in the holder losing the principal amount or any interest attributable to the current period or prior periods.
- (e) Contractual provisions that permit the issuer to prepay a debt instrument or permit the holder to put it back to the issuer before maturity are not contingent on future events, other than to protect the holder against the credit deterioration of the issuer or a change in control of the issuer, or to protect the holder or issuer against changes in levies applied by a central bank or arising from changes in relevant taxation or law.
- (f) Contractual provisions may permit the extension of the term of the debt instrument, provided that the return to the holder and any other contractual provisions applicable during the extended term satisfy the conditions of paragraphs (a) to (c).

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

With the exception of some hedging instruments, other debt instruments not meeting these conditions are measured at fair value through profit or loss.

Commitments to make and receive loans which meet the conditions mentioned above are measured at cost (which may be nil) less impairment.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the Company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the Company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

(ii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in years different from those in which they are included in financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

1. Accounting policies (continued)

Bank borrowings

Interest-bearing bank loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in profit or loss account using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Pension costs

The Company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the Company. The annual contributions payable is charged to the profit and loss account.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

2. Critical accounting judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised 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.

Critical judgements in applying the Company's accounting policies

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Revenue recognition

Royalty income is recognised on a cash basis.

Key source of estimation uncertainty – impairment of investments

Determining whether investments are impaired requires a review of their value to the Company. The value is appraised with reference to the carrying value of the net assets of the underlying entity.

Determining whether stock is obsolete or not requires an estimation of future sales. The Company takes the approach that any stock over two years old should be regarded as obsolete and fully provided for.

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

3. Turnover

Turnover is attributable to the Company's continuing activities, being the income from book publishing.

An analysis of turnover by geographical market is given below:

	2019 £	2018 £
United Kingdom	982,129	1,343,352
Other European countries	-	425,582
USA and Canada	125,097	59,943
Australia and New Zealand	20,421	6,482
Other countries	-	49,847
	<u>1,127,647</u>	<u>1,885,206</u>

An analysis of the Company's revenue is as follows:

	2019 £	2018 £
Sale of goods	1,071,985	1,573,413
Rendering of services	-	21,376
Royalties	55,662	49,363
Commissions	-	241,054
	<u>1,127,647</u>	<u>1,885,206</u>

4. Information regarding directors and employees

The average number of staff, including directors, employed by the Company during the financial year amounted to:

	2019 No.	2018 No.
Distribution	-	9
Administrative	3	10
	<u>3</u>	<u>19</u>

The aggregate payroll costs of the above were:

	2019 £	2018 £
Wages and salaries	165,721	493,239
Social security costs	19,215	54,458
Other pension costs	5,943	16,389
	<u>190,879</u>	<u>564,086</u>

The employees are contracted by Wise Music Group Limited. Costs directly attributable to Music Sales Limited are subsequently borne in these financial statements.

No emoluments were payable to the directors by the Company during the current year and the preceding year.

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

5. Operating loss

	2019 £	2018 £
Operating loss is after charging/(crediting):		
Amortisation of intangible fixed assets	-	33,612
Depreciation of tangible fixed assets	-	33,495
Fees payable to the Company's auditor for the audit of the Group annual financial statements	3,500	16,250
Operating lease rentals		
Land and buildings	440,616	450,126
Other	-	2,303
Net loss on foreign currency translation	(279,113)	(72)
Impairment of stock recognised as an expense	172,018	707,704
	<u>172,018</u>	<u>707,704</u>

6. Interest receivable and similar income

	2019 £	2018 £
Bank interest receivable	123,475	57,758
Interest receivable from group undertakings	-	3,988
Interest receivable from related party undertakings (note 21)	14,459	10,452
Interest receivable from third parties	7,500	3,750
	<u>145,434</u>	<u>75,948</u>

7. Interest payable and similar charges

	2019 £	2018 £
Bank loans and overdrafts	226,198	280,994
Finance leases and hire purchase contracts	-	593
Interest payable to related party undertakings (note 21)	9,108	3,477
	<u>235,306</u>	<u>285,064</u>

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

8. Tax on loss on ordinary activities

	2019 £	2018 £
Current		
United Kingdom corporation tax based on the result for the year at 19% (2018: 19%)		
Group relief receivable	-	75,483
Adjustment to prior periods	(75,483)	(78,529)
Foreign taxation	1,669	1,669
Adjustment in respect of prior periods (Foreign taxation)	-	-
	<u>(73,814)</u>	<u>(1,377)</u>
Deferred taxation		
Origination and reversal of timing differences	(74,854)	1,366,090
Adjustment to prior periods	(11,947)	(33,006)
Effect of tax change on opening balance	(3,200)	-
	<u>(89,999)</u>	<u>(1,377)</u>
Total tax on profit/(loss)	<u>(163,815)</u>	<u>1,331,707</u>

The actual tax charge for the current year and the previous year differs from the standard tax rate for the reasons set out in the following reconciliation:

	2019 £	2018 £
Profit/(Loss) on ordinary activities before tax	<u>(1,096,275)</u>	<u>3,998,999</u>
Tax on profit/(loss) on ordinary activities at standard UK corporation tax rate of 19% (2018: 19%)	(208,292)	759,810
Effects of:		
Expenses not deductible for tax purposes	133,439	1,793,124
Income not taxable for tax purposes	(78,054)	(2,726,107)
Fixed asset differences	-	6,976
Unrelieved tax losses and other deductions	74,850	-
Group relief surrendered	-	(75,483)
Payment/(Receipt) for group relief	-	75,483
Adjustments to tax charge in respect of previous periods – Current tax	(75,483)	(78,529)
Adjustments to tax charge in respect of previous periods – Deferred tax	(11,947)	(33,006)
Adjust closing deferred tax to average rate of 19%	-	1,794
Adjust opening deferred tax to average rate of 19%	-	(162,511)
Foreign tax credits	1,669	1,669
Other short term timing differences	3	1,768,487
	<u>(163,815)</u>	<u>1,331,707</u>
Total tax charge for the year	<u>(163,815)</u>	<u>1,331,707</u>

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

9. Intangible fixed assets

	Software Development £	Copyrights/ Print Rights £	Goodwill £	Total £
Cost				
At 31 December 2018 and 31 December 2019	-	680,000	-	680,000
Amortisation				
At 31 December 2018 and 31 December 2019	-	680,000	-	680,000
Net book value				
At 31 December 2018 and 31 December 2019	-	-	-	-

10. Investments

	Subsidiary undertakings £	Associate companies £	Unlisted investments £	Total £
Cost				
At 1 January 2019	6,280,590	14,630	127,614	6,422,834
Additions	-	-	-	-
Transfers	-	-	-	-
Disposals	-	-	-	-
At 31 December 2019	6,280,590	14,630	127,614	6,422,834
Amounts written off				
At 1 January 2019	349,210	-	45,170	394,380
At 31 December 2019	349,210	-	45,170	394,380
Net book value				
At 31 December 2019	5,931,380	14,630	82,444	6,028,454
At 31 December 2018	5,931,380	14,630	82,444	6,028,454

In the opinion of the directors the aggregate value of the shares in the group undertakings is not less than the aggregate amount at which those assets are stated in Music Sales Limited's balance sheet.

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Notes to the financial statements Year ended 31 December 2019

10. Investments (continued)

Key Subsidiaries	Country of registration	Proportion held	Nature of business
Music Sales Properties Limited	United Kingdom	100% directly	Property Company
Music Sales Properties No.2 Limited	United Kingdom	100% indirectly	Property Company
Music Sales Properties No.3 Limited	United Kingdom	100% directly	Property Company
Charanga Limited	United Kingdom	60% directly	Digital Education
Edition Wilhelm Hansen AS Copenhagen	Denmark	100% directly	Music publishing
Storyville Records ApS	Denmark	100% indirectly	Music publishing
Edition Wilhelm Hansen GmbH	Germany	100% directly	Music publishing
Union Musical Ediciones SL	Spain	99.98% directly	Music publishing
K.K. Music Sales	Japan	100% directly	Music publishing

Associates and joint ventures

Hao Hao Music Sales Ltd	Hong Kong	50% indirectly	Music publishing
Music Sales Furtados India PVT Ltd	India	50% directly	Music publishing

A complete list of the subsidiary and associated undertakings (trading and dormant) will be attached to the Annual Return made to the Registrar of Companies. Unless otherwise stated all shares held are ordinary shares.

The following subsidiary of Music Sales Limited has taken advantage of the audit exemption provisions under section 479A of the Companies Act 2006 in relation to their annual financial statements for the financial year ended 31 December 2019:

Music Sales Properties Limited
Music Sales Properties No.2 Limited
Music Sales Properties No.3 Limited

11. Stocks

	2019 £	2018 £
Work in progress	54,803	145,166
Finished goods	205,486	138,020
	<u>260,289</u>	<u>283,186</u>

There were no significant differences between the replacement cost and values disclosed for any categories of stock.

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

12. Debtors

	2019 £	2018 £
Amounts falling due within one year		
Trade debtors	368,906	540,768
Amounts owed by group undertakings	11,853,076	10,479,681
Amounts owed by related party undertakings (note 21)	843,792	821,883
Prepayments and accrued income	536,915	222,919
Taxation recoverable	11,391	11,391
Other debtors	150,136	897,117
Deferred taxation (note 14)	105,252	15,251
	<u>13,869,468</u>	<u>12,989,010</u>
Amounts falling due after more than one year		
Amounts owed by group undertakings	14,088,766	14,088,766
Amounts owed by related party undertakings (note 21)	43,787	43,787
Other debtors	161,250	-
	<u>14,293,803</u>	<u>14,132,553</u>

13. Creditors

	2019 £	2018 £
Amounts falling due within one year		
Trade creditors	224,067	260,601
Amounts owed to group undertakings	32,036,367	31,908,477
Amounts owed to related undertakings (note 21)	840,608	12,007
Other taxation and social security	7,688	6,481
Other creditors	230,725	1,261,742
Accruals and deferred income	242,962	198,043
Bank loan	500,000	1,000,000
Obligations under finance leases	-	4,296
	<u>34,082,417</u>	<u>34,651,647</u>
Amounts falling due after more than one year		
Bank loans	5,500,000	5,000,000
Obligations under finance leases	-	296
Amounts owed to related undertakings (note 21)	588,021	578,913
	<u>6,088,021</u>	<u>5,579,209</u>

Bank loans comprise a Loan of £6,000,000 which is repayable at a rate of £500,000 each December, expiring December 2022. Interest is charged at 3% above LIBOR. The bank loan is secured.

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

13. Creditors (continued)

Borrowings are repayable as follows:

	2019 £	2018 £
Bank loans		
Within one year	500,000	1,000,000
In more than one year but not more than two years	1,500,000	1,000,000
In more than two years but not more than five years	4,000,000	4,000,000
	<u>6,000,000</u>	<u>6,000,000</u>
Finance leases		
Within one year	-	4,296
In more than one year but not more than two years	-	296
	<u>-</u>	<u>4,592</u>

14. Deferred taxation

The deferred tax included in the balance sheet is as follows:

	£
At 1 January 2019	15,251
Profit and loss account charge	90,001
	<u>105,252</u>
At 31 December 2019	

The balance consists of:

	2019 £	2018 £
Other timing differences	98	15,251
Losses and other deductions	105,154	-
	<u>105,252</u>	<u>15,251</u>

15. Called-up share capital

	2019 £	2018 £
Authorised, called-up, allotted and fully paid		
21,000 ordinary shares of £1 each	<u>21,000</u>	<u>21,000</u>

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

16. Profit and loss account

	£
At 1 January 2019	8,360,103
Profit/(Loss) for the financial year	(932,460)
	<hr/>
	7,427,643
Dividends paid on equity shares in year	-
	<hr/>
At 31 December 2019	<u>7,427,643</u>

17. Reconciliation of movements in shareholder's funds

	2019 £	2018 £
Profit/(Loss) for the financial year	(932,460)	2,667,292
Dividends paid on equity shares in year	-	(10,000,000)
	<hr/>	<hr/>
Net decrease in shareholder's funds	(932,460)	(7,332,708)
Opening shareholder's funds	8,381,103	15,713,811
	<hr/>	<hr/>
Closing shareholder's funds	<u>7,448,643</u>	<u>8,381,103</u>

18. Dividends on equity shares

	2019 £	2018 £
Amounts recognised as distributions to equity holders in the year:		
Interim dividend for the year ended 31 December 2019 of £nil (2018: 476.1905p) per ordinary share	-	10,000,000
	<hr/>	<hr/>
	-	10,000,000
	<hr/>	<hr/>

19. Operating lease commitments

At 31 December 2019 the Company had total commitments under non-cancellable operating leases which expire as set out below:

	Land and buildings		Other items	
	2019 £	2018 £	2019 £	2018 £
Leases which expire:				
Within one year	127,500	672,083	-	-
Between two and five years	12,396	2,139,896	-	-
After more than five years	-	2,625,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	139,896	5,436,979	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

20. Contingent liabilities

The Company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other Wise Music Group companies' unpaid debts in this connection.

Certain of the Wise Music Group companies have provided cross guarantees to a bank under which such companies guarantee to the bank on a joint and several basis, all present and future group indebtedness in respect to the group overdraft facility.

21. Related party transactions

As a wholly-owned subsidiary the Company has taken advantage of the exemption within Financial Reporting Standard 102 with respect to the disclosure of transactions with related parties which are part of the Wise Music Group.

	2019	2018
	£	£
Amounts owed by related party undertakings:		
Glad Music Ltd	10,029	10,029
Twangy Music Ltd	1,611	1,611
Veronica Music Ltd	20,055	17,400
Moving Image Music Ltd	53,188	53,188
Sabre Music Ltd	2,378	2,225
Ixion Publishing Ltd	4,862	4,862
Madena Publishing Ltd	404	393
Whitman Publishing Ltd	5	5
O Music Ltd	343	45
B.W. Investments Ltd	43,221	43,221
MS Digital LLC	63,354	61,125
Newman Street Investments Ltd	54,404	54,404
Reba Music Sales	20,642	20,642
NTM Investments	35,807	35,807
Wise I Trust	22,489	22,489
Wise II Trust	46,465	46,465
Wise IV Trust	43,191	43,191
Music Sales (Pty) Limited	400,021	385,563
Focus on Sound Ltd	2,494	389
Wise Enterprises Espana SL	11,984	11,984
Mr R Wise	6,845	6,845
	843,792	821,883
	2019	2018
	£	£
Amounts falling due after more than one year		
Wise Investments SARL	43,787	43,787
	43,787	43,787

Music Sales Limited

Notes to the financial statements Year ended 31 December 2019

21. Related party transactions (continued)

	2019 £	2018 £
Amounts owed to related party undertakings:		
Music Sales Digital Limited	1	1
Chester NY	12,006	12,006
Music Sales Corporation	272,812	-
Music Sales (Pty) Limited	555,789	-
	<u>840,608</u>	<u>12,007</u>
Amounts owed after more than one year		
Music Sales Corporation	562,913	562,913
Mr R Wise Loan – Accrued Interest	25,108	16,000
	<u>588,021</u>	<u>578,913</u>

During the 12-month period Music Sales Limited entered into arms-length transactions and arrangements on normal commercial terms with the following related parties. The Company is related to the companies noted below by common management:

	2019 £	2018 £
Goods sold by Music Sales Limited to:		
Music Sales America	-	75,849
Music Sales (Pty) Limited	-	17,319
	<u>-</u>	<u>93,168</u>
Loan interest charged to:		
Music Sales (Pty) Limited	14,459	10,452
	<u>14,459</u>	<u>10,452</u>
Loan interest charged by:		
Mr R Wise	9,108	3,477
	<u>9,108</u>	<u>3,477</u>

The Company rents an apartment in New York from M B Wise at an annual rent of \$82,400 (2018: \$82,400).

22. Ultimate controlling party

The ultimate parent Company and controlling party is Newman Street Investments Limited which is registered in Jersey. Wise Music Group Limited is the largest and smallest undertaking for which group financial statements are prepared. Group financial statements are available from 14/15 Berners Street, London, United Kingdom W1T 3LJ. The immediate parent Company is Wise Music Group Limited, a Company registered in the United Kingdom.