

Company No: 01414045

BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

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BEGGARS GROUP LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

Directors

Martin Mills
Nigel Bolt (resigned 4th December 2013)
Andrew Heath
James Wyllie
Paul Redding
Neela Ebbett (appointed 4th December 2013)

Company number

01414045

Registered Office

17-19 Alma Road
London
SW18 1AA

Auditors

SRLV
89 New Bond Street
London
W1S 1DA

BEGGARS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Principal activities

The group is principally engaged in the production and exploitation of sound recordings.

Results and dividends

The results for the year are set out on page 6.

An interim ordinary dividend was paid amounting to £10,000,000 (2012 - £2,500,000). The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 January 2013:

Martin Mills
Nigel Bolt (resigned 4th December 2013)
Andrew Heath
James Wyllie
Paul Redding
Neela Ebbett (appointed 4th December 2013)

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

There will not be a further new release by Adele during 2014 and consequently there will be a fall in XL Recordings Limited's ("XL") turnover and profits. Nevertheless the directors are confident that by pursuing management policies as outlined in the Group Strategic Report, XL will continue to achieve successes with other artists.

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.

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.

Auditors

Under section 487(2) of the Companies Act 2006, SRLV will be deemed to have been reappointed as auditors 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

BEGGARS GROUP LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

Statement of disclosure to auditors

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

- so far as that director is aware, there is no relevant audit information of which the company and the group's auditors are unaware, and
- that 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 auditors are aware of that information.

Approved by the board of directors on 30 September 2014 and signed on behalf of the board.



Neela Ebbett
Director

BEGGARS GROUP LIMITED
STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

Business review

In 2013, the global music market has seen a continued growth in digital services at the expense of physical sales. Beggars Group Limited ('Beggars Group') has also experienced a similar shift to downloading and streaming in recent years, although we remain committed to supporting the CD and vinyl formats. This format shift, together with an increase in the number of providers and accessible territories, is resulting in significant changes to our internal operations to deal with the increasing complexity. This should equip the company to transition smoothly through these market dynamics whilst retaining our primary focus on our artists.

Back catalogue sales of Adele during 2013 continued to account for a significant proportion of the sales and profit during the period. Beggars Group has a portfolio approach to A&R and continues to seek, identify and sign new artists. The company's future is dependent on our ability to achieve success with these new acts as well as our ability to continue to exploit successfully our growing catalogue.

Principal risks and uncertainties

Market dynamics outlined above may impact on the long term business model and underlying profitability. Nevertheless the group's key focus remains the discovery and promotion of new music, irrespective of format. We believe our ability to adapt to change together with our artist focussed approach give us a significant advantage.

The group relies on the financial success of a number of key artists. As such we continue to identify and sign new artists, and the group's future is dependent on our ability to achieve success with these new artists, as well as our ability to continue to exploit its catalogue successfully.

The group's principal financial instruments comprise bank balances, trade creditors and trade debtors. Due to the nature of the financial instruments used by the group, there is no exposure to price risk. The group's approach to managing other risks applicable to the financial instruments concerned is shown below.

In respect of bank balances, the liquidity risk is managed by maintaining sufficient cash balances.

Trade debtors are managed in respect of credit and cash flow risk by policies concerning the credit offered to customers and regular monitoring of amounts outstanding for both time and credit limits.

Trade creditors liquidity risk is managed by ensuring sufficient funds are available to meet amounts due.

Financial key performance indicators

The group uses a number of performance indicators to monitor and manage the business effectively. The key performance indicators for the year ended 31 December 2013, with comparatives for the year ended 31 December 2012, are laid out below.

	2013 £	2012 £
Turnover including share of associates and joint ventures	52,957,186	67,913,764
Total operating profit	5,778,024	15,110,736
Number of releases	40	29

This report was approved by the board on 30 September 2014 and signed on its behalf.



Neela Ebbett
Director

BEGGARS GROUP LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors are responsible for preparing the Group Strategic Report and the Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and 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;
- 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 group 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.

BEGGARS GROUP LIMITED
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF BEGGARS GROUP LIMITED
FOR THE YEAR ENDED 31 DECEMBER 2013

We have audited the financial statements of Beggars Group Limited for the year ended 31 December 2013 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Parent Company Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or the opinion we have formed.

Respective responsibilities of the directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group Strategic Report and the Directors' Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

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 2013 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the Information given in the Group Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept 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.


Marc Vouters (Senior Statutory Auditor)
For and on behalf of SRLV

Chartered Accountants
Statutory Auditor

30 September 2014

89 New Bond Street
London
W1S 1DA

BEGGARS GROUP LIMITED
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	2013 £	2012 £
Turnover including share of associates and joint ventures		52,957,186	67,913,764
<i>Less share of turnover of:</i>			
Joint ventures		(26,809,616)	(45,705,701)
Associates		(523,624)	(447,970)
Group turnover	1,2	25,623,946	21,760,093
Cost of sales		(9,883,584)	(7,184,859)
Gross profit		15,740,362	14,575,234
Distribution expenses		(2,157,089)	(1,544,894)
Administrative expenses		(13,697,110)	(10,311,372)
Group operating (loss)/profit	3	(113,837)	2,718,968
Share of operating profit from joint ventures	6	5,713,531	12,475,385
Share of operating profit/(loss) from associates	6	28,612	(81,593)
Profit/(loss) on disposal of fixed asset investments		149,718	(2,024)
Total operating profit		5,778,024	15,110,736
Net finance income	7	9,580	4,180
Profit on ordinary activities before taxation		5,787,604	15,114,916
Tax charge on profit on ordinary activities	8	(1,768,150)	(3,927,858)
Profit on ordinary activities after taxation		4,019,454	11,187,058
Equity minority interests	25	(95,510)	(134,962)
Profit for the financial year	23	3,923,944	11,052,096

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

BEGGARS GROUP LIMITED
GROUP STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £	2012 £
Profit for the financial year	3,923,944	11,052,096
Issue of shares by associate	2,538	93,990
Currency translation difference on foreign currency net investments	(59,881)	(57,978)
Total recognised gains and losses in the year	<u>3,866,601</u>	<u>11,088,108</u>

BEGGARS GROUP LIMITED
GROUP BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	£	2013 £	£	2012 £
Fixed assets					
Intangible assets	10		612,363		734,785
Tangible assets	11		6,546,634		6,105,234
Investment properties	12		400,000		400,000
Investments					
<i>Investment in joint ventures:</i>					
Share of gross assets	13	17,820,863		29,856,275	
Share of gross liabilities	13	(6,249,723)		(10,821,127)	
Associated undertakings	13	225,625		194,756	
Other investments	13	1,607,872		<u>1,607,873</u>	
			13,404,637		<u>20,837,777</u>
			20,963,634		28,077,796
Current assets					
Stocks	14	433,716		255,952	
Debtors	15	8,587,306		13,026,492	
Cash at bank and in hand		12,909,402		<u>14,574,667</u>	
			21,930,424		27,857,111
Creditors: amounts falling due within one year	16		(11,774,748)		<u>(19,020,244)</u>
Net current assets			10,155,676		8,836,867
Total assets less current liabilities			31,119,310		<u>36,914,663</u>
Provisions for liabilities and charges					
<i>Investment in joint ventures:</i>					
Share of gross assets	13	670,304		626,732	
Share of gross liabilities	13	(1,868,542)		<u>(1,582,434)</u>	
	17		(1,198,238)		(955,702)
Net assets			29,921,072		<u>35,958,961</u>
Capital and reserves					
Called up share capital	22		200		200
Other reserves	23		579,469		576,931
Revaluation reserve	23		235,040		235,040
Profit and loss account	23		30,179,918		36,315,855
Total shareholders' funds	24		30,994,627		<u>37,128,026</u>
Equity minority interests	25		(1,073,555)		(1,169,065)
Total capital employed			29,921,072		<u>35,958,961</u>

Approved by the board of directors and authorised for issue on 30 September 2014



Martin Mills
Director

Company Registration Number: 01414045

BEGGARS GROUP LIMITED
PARENT COMPANY BALANCE SHEET
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	£	2013 £	£	2012 £
Fixed assets					
Tangible assets	11		1,202,215		885,921
Investment properties	12		400,000		400,000
Investments	13		6,164,308		6,161,468
			7,766,523		7,447,389
Current assets					
Debtors	15	16,237,038		21,858,795	
Cash at bank		2,395,243		2,478,113	
			18,632,281		24,336,908
Creditors: amounts falling due within one year	16		(7,952,143)		(15,218,065)
Net current assets			10,680,138		9,118,843
Total assets less current liabilities			18,446,661		16,566,232
Net assets			18,446,661		16,566,232
Capital and reserves					
Called up share capital	22		200		200
Revaluation reserve	23		235,040		235,040
Profit and loss account	23		18,211,421		16,330,992
Shareholders' funds	24		18,446,661		16,566,232

Approved by the board of directors and authorised for issue on 30 September 2014.



Martin Mills
Director

Company Registration Number: 01414045

BEGGARS GROUP LIMITED
GROUP CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	£	2013 £	£	2012 £
Net cash (outflow)/inflow from operating activities	A		(2,387,167)		14,961,569
Dividend from joint venture			12,000,000		93,122
Returns on investments and servicing of finance					
Interest received		10,766		8,712	
Interest paid		(1,186)		(4,532)	
Net cash inflow for returns on investments and servicing of finance			9,580		4,180
Corporation tax paid			(480,745)		(102,227)
Capital expenditure and financial investment					
Proceeds from sale of tangible assets		2,085		49	
Payments to acquire tangible assets		(809,018)		(4,684,798)	
Net outflow for capital expenditure			(806,933)		(4,684,749)
Equity dividends paid			(10,000,000)		(2,500,000)
(Decrease)/increase in cash in the year			(1,665,265)		7,771,895

BEGGARS GROUP LIMITED
NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £	2012 £	
A. Reconciliation of operating (loss)/profit to net cash (outflow)/inflow from operating activities			
Operating (loss)/profit	(113,837)	2,718,967	
Depreciation of tangible assets	255,287	218,682	
Amortisation of intangible assets	122,422	122,422	
Foreign exchange losses/(gains)	24,032	(19,129)	
Loss on disposal of tangible assets	19,588	40,887	
Increase in stock	(177,764)	(21,427)	
(Increase)/decrease in debtors	(1,423,943)	16,709,116	
Decrease in creditors within one year	(1,092,952)	(4,807,949)	
Net cash (outflow)/inflow from operating activities	(2,387,167)	14,961,569	
B. Analysis of net cash	At 1 Jan 2013	Cash flow	At 31 Dec 2013
Net cash:			
Cash at bank and in hand	14,574,667	(1,665,265)	12,909,402
Net cash	14,574,667	(1,665,265)	12,909,402
C. Reconciliation of net cash flow to movement in the net cash	2013 £	2012 £	
(Decrease)/increase in cash in the year	(1,665,265)	7,771,895	
Movement in net cash in the year	(1,665,265)	7,771,895	
Opening net cash	14,574,667	6,802,772	
Closing net cash	12,909,402	14,574,667	

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2013

1. Accounting policies

1.1 Basis of preparation

The financial statements have been prepared under the historical cost convention, as modified for revaluation of certain tangible fixed assets, and in accordance with the applicable United Kingdom law and accounting standards, which have been applied consistently in the current and prior year.

1.2 Basis of consolidation

The consolidated accounts incorporate the accounts of the company and all group undertakings, together with the group's share of the net assets and results of associated undertakings and joint ventures. These are adjusted, where appropriate, to conform to group accounting policies. Acquisitions are accounted for under the acquisition method and goodwill arising on consolidation is capitalised and written off over ten or twenty years from the year of acquisition.

The results of companies acquired or disposed of are included in the profit and loss account after or up to the date that control passes respectively.

As a consolidated profit and loss account is published, a separate profit and loss account for the parent company is omitted from the group accounts by virtue of Section 408 of the Companies Act 2006. The profit dealt with in the accounts of the parent company was £11,880,429 (2012 profit: £1,135,788).

1.3 Turnover

Turnover represents the value of goods and services provided to customers during the year and is net of discounts, value added tax and provisions for goods likely to be returned.

1.4 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 profit and loss account as they are recouped or where the probability of future recoupment in respect thereof is unlikely.

1.5 Goodwill

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 written off on a straight line basis over its useful economic life, which is 10 or 20 years. Provision is made for any impairment.

1.6 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation and any provision for impairment. Depreciation is calculated to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Land and buildings	2% on cost per annum
Leasehold property	In equal instalments over the period of the lease
Fixtures, fittings and equipment	20-25% per annum on a reducing balance basis
Motor vehicles	25% per annum on a reducing balance basis
Computer equipment	25% per annum on a reducing balance basis

1.7 Investment property

Investment properties are revalued annually. Depreciation is not provided in respect of freehold investment properties. The directors consider that this accounting policy, which represents a departure from the statutory accounting rules, is necessary to provide a true and fair view as required under SSAP 19 "Accounting for investment properties". The financial effect of the departure from the statutory accounting rules is not material to the financial statements.

1. Accounting policies (continued)

1.8 Stock

Stock is valued at the lower of cost and net realisable value.

1.9 Operating lease agreements

Rental 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 period of the lease.

1.10 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 profit and loss account in the year they are payable.

1.11 Taxation

Deferred taxation is provided in full on timing differences that 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 periods different from those in which they are included in the 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.

No provision is made for deferred tax on gains recognised on revaluing property to its market value as the directors do not intend to sell the revalued asset.

Current tax, including UK corporation tax and foreign 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.

1.12 Foreign currencies

Company:

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Group:

The accounts of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange differences arising on the retranslation of opening net assets are taken directly to reserves. All other translation differences are taken to the profit and loss account.

1.13 Restatement of comparative figures

The directors have considered the disclosures in respect of the different classes of business previously separately disclosed in the financial statements. As a result, the comparatives in relation to turnover analysis have been restated to reflect the reclassification of synch and performance income totalling £2,092,615 to sales and licensing of sound recordings which, in the opinion of the directors, is a more appropriate classification.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

2. Turnover

The turnover attributable to the principal activities of the group is as follows:

	2013 £	2012 £ As restated
Sales and licensing of sound recordings	25,623,946	21,760,093
	<u>25,623,946</u>	<u>21,760,093</u>

Turnover is analysed by geographical markets as follows:

UK	6,476,792	6,015,637
Rest of world	19,147,154	15,744,456
	<u>25,623,946</u>	<u>21,760,093</u>

3. Operating (loss)/profit

	2013 £	2012 £
Operating (loss)/profit is stated after charging		
Amortisation	122,422	122,564
Depreciation	255,287	218,682
Loss on disposal of fixed assets	19,588	40,887
Auditors remuneration – group and company		
Audit	148,000	144,000
Tax	17,000	16,000
Consultancy	7,465	13,770
Operating lease costs		
Land and buildings	369,982	356,181
Net loss on foreign currency translation	446,948	624,838

4. Information regarding employees

	2013 No	2012 No
Average number of persons employed (including directors)		
Management	13	13
Administration	88	86
	<u>101</u>	<u>99</u>

The aggregate payroll costs of the above were:

Staff costs during the year		
Wages and salaries	6,166,102	4,543,373
Social security costs	1,436,184	1,095,109
Pension costs	19,506	173,208
	<u>7,621,792</u>	<u>5,811,690</u>

5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2013 £	2012 £
Emoluments	<u>2,125,013</u>	<u>731,238</u>

There are no directors for whom retirement benefits are paid into personal pension plans (2012:1).

Emoluments of highest paid director:

Emoluments	<u>871,854</u>	<u>385,644</u>
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BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

	2013 £	2012 £
6. Share of profits from other fixed asset investments		
Net share of operating profit/(loss) of associates	28,612	(81,593)
Net share of operating profit of joint ventures	5,713,531	12,475,385
	<u>5,742,143</u>	<u>12,393,792</u>

The share of the operating profits of the associates relates to Consolidated Independent Limited – £28,612.

The share of the operating profits/(losses) in joint ventures relates to Remote Control Records Pty Limited – £72,418; Matador Recordings LLC – (£116,086); Matador Records Limited – (£220,716); Popstock Distributions, S. L. – (£28,358); XL Recordings Limited – £6,203,227; Ink Management Limited – (£176) and Rough Trade Records Limited – (£196,778).

	2013 £	2012 £
7. Finance charges (net)		
Interest receivable and similar income		
Interest receivable – bank interest	10,766	8,712
Interest payable and similar charges		
Interest payable on bank borrowing	(1,167)	(1,177)
Other similar charges payable	(19)	(3,355)
	<u>9,580</u>	<u>4,180</u>

	2013 £	2012 £
8. Tax charge on profit on ordinary activities		
(a) Analysis of charge in period		
<i>Current taxation</i>		
UK corporation tax for the year	(19,255)	(620,346)
Adjustments in respect of prior years	<u>(30,716)</u>	<u>-</u>
	(49,971)	(620,346)
Double taxation relief	19,255	97,569
Consortium relief	<u>(48,516)</u>	<u>-</u>
	(79,232)	(522,777)
Foreign tax for current period	(315,034)	(175,425)
Adjustments in respect of prior years foreign tax	52,938	-
Share of joint ventures' tax	<u>(1,426,822)</u>	<u>(3,229,656)</u>
Total current tax charge on profit on ordinary activities	<u>(1,768,150)</u>	<u>(3,927,858)</u>

(b) Factors affecting tax charge for period

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

Profit on ordinary activities before tax	5,787,604	15,114,916
Tax charge on ordinary activities at standard rate of tax 20%/23.25%/34% (2012– 24.5%/20%)	1,466,747	3,722,296
<i>Factors affecting charge for the period</i>		
Expenses not deductible for tax purposes	156,487	111,170
Depreciation in excess of capital allowances	12,155	1,862
Movement in short term timing differences	-	193,177
Tax losses utilised	147,138	-
Adjustments in respect of prior years foreign tax	(52,938)	-
Other tax adjustments	38,561	(100,647)
Current tax charge	<u>1,768,150</u>	<u>3,927,858</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

8. Tax charge on profit on ordinary activities (continued)

(c) Factors that may affect future tax charges

In accordance with FRS19, no provision has been made for deferred tax on gains recognised on revaluing property to its market value as the company does not intend to dispose of this property. However, should the property be sold, the tax payable would be approximately £55,000.

9. Dividends

The following dividends have been paid in respect of the year:

	2013	2012
	£	£
Dividends paid on ordinary equity shares of £50,000 (2012:£12,500) per share	<u>10,000,000</u>	<u>2,500,000</u>

10. Intangible fixed assets

Goodwill

£

Group

Cost

At 1 January 2013 and 31 December 2013

2,149,477

Amortisation

At 1 January 2013

1,414,692

Charge for the year

122,422

At 31 December 2013

1,537,114

Net book value

At 31 December 2013

612,363

At 31 December 2012

734,785

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

11. Tangible fixed assets

	Freehold land & buildings £	Leasehold properties £	Fixtures & fittings £	Motor vehicles £	Total £
Group					
Cost or Valuation					
At 1 January 2013	5,817,846	193,867	935,452	214,180	7,161,345
Foreign exchange	(90,623)	(266)	(2,256)	-	(93,145)
Additions	244,281	301,103	263,634	-	809,018
Disposals	-	-	(88,157)	-	(88,157)
At 31 December 2013	<u>5,971,504</u>	<u>494,704</u>	<u>1,108,673</u>	<u>214,180</u>	<u>7,789,061</u>
Depreciation					
At 1 January 2013	385,338	74,065	532,522	64,186	1,056,111
Foreign exchange	-	(242)	(2,245)	-	(2,487)
Charge for year	27,669	4,539	185,538	37,541	255,287
Disposals	-	-	(66,484)	-	(66,484)
At 31 December 2013	<u>413,007</u>	<u>78,362</u>	<u>649,331</u>	<u>101,727</u>	<u>1,242,427</u>
Net book value					
At 31 December 2013	<u>5,558,497</u>	<u>416,342</u>	<u>459,342</u>	<u>112,453</u>	<u>6,546,634</u>
At 31 December 2012	<u>5,432,508</u>	<u>119,802</u>	<u>402,930</u>	<u>149,994</u>	<u>6,105,234</u>
Company					
Cost or Valuation					
At 1 January 2013	449,734	180,835	738,597	117,394	1,486,560
Additions	-	301,103	175,125	-	476,228
Disposals	-	-	(85,731)	-	(85,731)
At 31 December 2013	<u>449,734</u>	<u>481,938</u>	<u>827,991</u>	<u>117,394</u>	<u>1,877,057</u>
Depreciation					
At 1 January 2013	130,071	62,263	378,227	30,078	600,639
Charge for year	8,995	4,429	105,096	21,829	140,349
Disposals	-	-	(66,146)	-	(66,146)
At 31 December 2013	<u>139,066</u>	<u>66,692</u>	<u>417,177</u>	<u>51,907</u>	<u>674,842</u>
Net book value					
At 31 December 2013	<u>310,668</u>	<u>415,246</u>	<u>410,814</u>	<u>65,487</u>	<u>1,202,215</u>
At 31 December 2012	<u>319,663</u>	<u>118,572</u>	<u>360,370</u>	<u>87,316</u>	<u>1,285,921</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

12. Investment properties

	£
Group and company	
Cost or Valuation	
At 1 January 2013 and 31 December 2013	<u>400,000</u>
Amortisation	
At 1 January 2013 and 31 December 2013	<u>-</u>
Net book value	
At 31 December 2013	<u>400,000</u>
At 31 December 2012	<u>400,000</u>

Investment properties were valued on an open market basis as at 31 December 2013 by Neela Ebbett (director).

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

13. Investments

	Associates	Joint ventures	Loans*	Other	Total
	£	£	£	£	£
Group					
Cost					
At 1 January 2013	194,756	19,035,149	700,000	907,872	20,837,777
Change in value	30,869	(7,464,009)	-	-	(7,433,140)
At 31 December 2013	<u>225,625</u>	<u>11,571,140</u>	<u>700,000</u>	<u>907,872</u>	<u>13,404,637</u>
Net book value					
At 31 December 2013	<u>225,625</u>	<u>11,571,140</u>	<u>700,000</u>	<u>907,872</u>	<u>13,404,637</u>
At 31 December 2012	<u>194,756</u>	<u>19,035,149</u>	<u>700,000</u>	<u>907,872</u>	<u>20,837,777</u>

*Represents loans to undertakings in which the company has a participating interest.

The share of assets of associates and joint ventures are split into associates and joint ventures in a net asset position (including unamortised goodwill) of £11,796,764 and joint ventures in a net liabilities position (including unamortised goodwill) of £1,198,238 (note 17).

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

13. Investments (continued)

The following table shows the total associates and joint venture position:

	Associates £	Joint ventures £	Total £
Group associates and joint ventures			
Share of net assets/(liabilities)/cost			
At 1 January 2013	194,756	16,330,562	16,525,318
Disposals	(282)	-	(282)
Share of retained profit for the year	28,612	4,448,732	4,477,344
Share of dividends paid	-	(12,000,000)	(12,000,000)
Proceeds from the issue of shares	2,538	-	2,538
Foreign currency translation movements	-	6,748	6,748
	<u>225,624</u>	<u>8,786,042</u>	<u>9,011,666</u>
Goodwill			
At 1 January 2013	-	1,748,884	1,748,884
Amortisation	-	(162,023)	(162,023)
At 31 December 2013	<u>-</u>	<u>1,586,861</u>	<u>1,586,861</u>
Net book value			
At 31 December 2013	<u>225,624</u>	<u>10,372,903</u>	<u>10,598,527</u>
At 31 December 2012	<u>194,756</u>	<u>18,079,446</u>	<u>18,274,202</u>

The following information is given in respect of the group's share of all joint ventures:

	2013 £	2012 £
Fixed assets	3,575,416	3,047,588
Current assets	14,915,751	27,435,419
Liabilities due within one year	(7,905,935)	(12,195,438)
Liabilities due after one year	(212,328)	(208,123)

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

13. Investments (continued)

Additional disclosures are given in respect of XL Recordings Limited, Remote Control Records Pty Limited, Matador Records Limited and Matador US Recordings LLC, which exceed certain thresholds under Financial Reporting Standard 9 "Associates and Joint Ventures".

	XL Recordings Limited		Remote Control Records Pty Limited	
	2013 £	2012 £	2013 £	2012 £
Turnover	18,144,661	39,283,339	376,141	267,556
Profit before tax	6,203,566	12,711,833	126,436	(9,938)
Taxation	(1,434,191)	(3,142,691)	-	(71,266)
Profit after tax	4,769,376	9,569,142	126,436	(81,204)
Fixed assets	1,808,640	1,014,362	199,961	65,474
Current assets	12,933,882	25,114,061	134,030	252,029
Share of gross assets	14,742,522	26,128,423	333,991	317,503
Liabilities due within one year	(4,088,631)	(8,240,450)	(37,316)	(121,137)
Share of gross liabilities	(4,088,631)	(8,240,450)	(37,316)	(121,137)
Share of net assets	10,653,891	17,887,973	296,675	196,367
	Matador Records Limited		Matador Recordings LLC	
	2013 £	2012 £	2013 £	2012 £
Fixed assets	90,178	99,044	498,146	673,005
Current assets	276,213	192,172	929,362	1,373,443
Liabilities due within one year	(1,126,022)	(844,874)	(923,389)	(1,413,305)
Liabilities due after one year	-	-	-	-

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 2013.

Name	Nature of business	Country of incorporation	Class of shares held	% of shares held
Beggars Group Media Limited	Licensing of sound recordings	England and Wales	Ordinary	76%
Beggars UK Limited	Wholesale promotion and marketing	England and Wales	Ordinary	76%
Wiiija Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	100%
Mantra Recordings Limited	Dormant	England and Wales	Ordinary	76%
Too Pure Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Beggars Group Holding (USA) Inc	Holding company	United States of America	Ordinary	100%
Beggars Group (USA) Inc	Production and exploitation of sound recordings	United States of America	Ordinary	100%
Beggars Capital LLC	Property holding company	United States of America	Ordinary	100%

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

13. Investments (continued)

Name	Nature of business	Country of incorporation	Class of shares held	% of shares held
Beggars Group Digital Limited	Management and exploitation of digital rights	England and Wales	Ordinary	100%
4AD Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	100%
Playlouder recordings Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	76%
Bidcall Limited	Holding company	England and Wales	Ordinary	75% <i>Indirect</i>
Playlouder Limited	Holding company	England and Wales	Ordinary	75% <i>Indirect</i>
Concrete and Glass Limited	Operation of a music and arts festival	England and Wales	Ordinary	76%
Associates and joint ventures				
Consolidated Independent Limited	Provision of information technology services	England and Wales	Ordinary	41.41% <i>Indirect</i>
Media Service Provider Limited	Broadband ISP Provider	England and Wales	Ordinary	15.38% <i>Indirect</i>
Remote Control Records Pty Limited	Promotion and marketing of sound recordings	Australia	Ordinary	50%
Popstock	Distribution of sound recordings	Spain	Ordinary	50%
Distribuciones S.L.	Production and exploitation of sound recordings	Spain	Ordinary	50% <i>Indirect</i>
Everlasting Records S.L.	Production and exploitation of sound recordings	Spain	Ordinary	50% <i>Indirect</i>
Matador Recordings LLC	Production and exploitation of sound recordings	United States of America	Ordinary	50%
Matador Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
XL Recordings Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
XL Recordings (USA) Inc	Property holding	United States of America	Ordinary	50% <i>Indirect</i>
Rough Trade Records Limited	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
Mattitude Music LLC	Music publishing	United States of America	Ordinary	50%
Ink Management Limited	Music management	England and Wales	Ordinary	50% <i>Indirect</i>

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

XL Recordings Limited owns 100% of the issued share capital of XL Recordings (USA) Inc. XL Recordings Limited also owns 35% of Rough Trade Retail Group Limited, which in turn owns 100% of The Album Club Limited, Rough Trade Limited, Rough Trade Retail (USA) Holdings Inc. and Rough Trade Retail LLC.

4AD Limited owns 50.00% of Ink Management Limited.

The accounting reference date for Consolidated Independent Limited is 31 March and the latest financial statements are for the year ended 31 March 2013.

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

Mattitude Music LLC is immaterial to the group, and has thus not been consolidated.

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

13. Investments (continued)

	Subsidiary companies	Associated undertakings and joint ventures	Other investments	Loans	Total
Company	£	£	£	£	£
Cost					
As at 1 January 2013	2,245,455	2,614,510	819,948	700,000	6,379,913
Additions	2,840	-	-	-	2,840
	<u>2,248,295</u>	<u>2,614,510</u>	<u>819,948</u>	<u>700,000</u>	<u>6,382,753</u>
Amounts written off					
At 31 December 2013 and 1 January 2013	<u>1,764</u>	<u>216,681</u>	<u>-</u>	<u>-</u>	<u>218,445</u>
Net book value					
At 31 December 2013	<u>2,246,531</u>	<u>2,397,829</u>	<u>819,948</u>	<u>700,000</u>	<u>6,164,308</u>
At 31 December 2012	<u>2,243,691</u>	<u>2,397,829</u>	<u>819,948</u>	<u>700,000</u>	<u>6,161,468</u>

14. Stocks

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Finished goods for resale	<u>433,716</u>	<u>255,952</u>	<u>-</u>	<u>-</u>

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

15. Debtors

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade debtors	5,924,218	5,851,534	56,579	696
Amounts owed by subsidiary undertakings	-	-	14,024,810	20,687,921
Amounts owed by associated undertakings and joint ventures	160,031	222,802	1,714,529	673,476
Other debtors	2,112,326	6,090,235	306,025	404,356
Prepayments and accrued income	390,731	861,921	135,095	92,346
	<u>8,587,306</u>	<u>13,026,492</u>	<u>16,237,038</u>	<u>21,858,795</u>

16. Creditors: amounts falling due within one year

	Group		Company	
	2013 £	2012 £	2013 £	2012 £
Trade creditors	3,020,866	4,003,834	145,971	222,696
Amounts owing to subsidiary undertakings	-	-	60,310	2,649,436
Amounts owing to participating interests	4,139,085	10,200,726	6,483,067	11,783,091
Other taxation and social security	386,214	407,791	386,214	404,529
Corporation taxation	252,136	343,041	-	-
Other creditors	2,904,463	2,984,018	1,155	1,153
Accruals and deferred income	1,071,984	1,080,834	875,426	157,160
	<u>11,774,748</u>	<u>19,020,244</u>	<u>7,952,143</u>	<u>15,218,065</u>

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

17. Provisions for liabilities and charges

	Group		Company	
	2013	2012	2013	2012
	£	£	£	£
Share of net liabilities of joint ventures	1,198,238	955,702	-	-
Provision carried forward	1,198,238	955,702	-	-

See note 12 for movements on the provision for share of liabilities of joint ventures.

In 2013 and 2012, the share of liabilities in joint ventures has arisen on the holdings in Popstock Distribuciones S.L. and Matador Records Limited.

18. Pension and other post-retirement benefit commitments.

Defined Contribution

The company makes payments into personal pension plans. The pension cost charge represents contributions payable by the company to the fund. There were no outstanding balances at the year end.

	2013	2012
	£	£
Contributions payable by the company for the year	19,506	173,208

19. Commitments under operating leases

At 31 December, the group had annual commitments under non-cancellable operating leases as follows:

	Plant and machinery		Land and buildings	
Group	2013	2012	2013	2012
	£	£	£	£
Operating leases which expire:				
In less than one year	-	15,385	61,217	19,313
Between two and five years	-	7,808	270,169	57,000
In more than five years	-	-	-	208,429
	-	23,193	331,386	284,742

20. 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 2013 was a loan of £50,221 (2012: £50,221) to Yvonne Damant, the wife of Martin Mills. The loan is interest free, unsecured and repayable on demand. Yvonne Damant uses the investment property disclosed in note 11 and pays no rent for this use.

£572,594 (2012: £355,000) 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.

During the year the director, Martin Mills, was paid dividends amounting to £10,000,000 (2012: £2,500,000).

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

21. Related party transactions

At the year end, the company utilised the exemption contained in FRS8 – Related Party Disclosures not to disclose any transactions with entities which were part of the Beggars group.

During the year, rent of £57,000 (2012: £57,000) was charged by the Beggars Banquet Executive Pension Scheme, of which Martin Mills is a trustee and beneficiary.

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

	2013		2012	
	Turnover	Costs	Turnover	Costs
	£	£	£	£
Mowax Labels Limited	674	370	444	150
Matador Records Limited	3,081,255	2,333,899	1,043,822	788,359
XL Recordings Limited	8,156,915	5,528,322	27,109,248	13,333,806
Rough Trade Records Limited	1,403,262	1,025,389	1,610,773	974,500

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

	2013	2012
	£	£
Mowax Labels Limited	7,500	10,000
Matador Records Limited	585,019	573,633
XL Recordings Limited	1,679,326	2,415,850
Rough Trade Records Limited	585,790	907,033

At the balance sheet, date the following balances existed between the company and other group members:

Amount due from/(to):	2013	2012
	£	£
Mowax Labels Limited	(3,057)	(4,138)
Matador Records Limited	704,901	14,963
XL Recordings Limited	(6,480,010)	(11,778,953)
Rough Trade Records Limited (trade debt)	673,178	498,565
Rough Trade Records Limited (other)	700,000	700,000
Mattitude Music LLC	160,024	222,802

During the year, royalties were paid by Beggars Group (USA) Inc. in respect of US sales, to the following companies, who in turn made a contribution to that company's overheads:

	2013		2012	
	Royalties	Overhead	Royalties	Overhead
	£	£	£	£
Mowax Labels Limited	417	2,500	1,251	-
XL Recordings Limited	3,341,875	680,303	2,029,876	57,563
Rough Trade Records Limited	95,164	314,046	158,240	10,399

During the year, payments were made to Remote Control Records Pty Limited of £413,929 (2012: £516,983) in respect of commission.

During the year, payments were made to Consolidated Independent Limited in respect of services provided of £159,493 (2012: £157,608.)

At the year end, the group was owed £668,458 (2012 - £317,954) by Popstock Distribuciones SL in respect of distributed sales. A provision for bad and doubtful debts of £260,911 (2012 - £nil) was recognised against the balance at the year end.

At the year end, there was a balance due from Mattitude LLC of £160,024 (2012 - £222,802) by way of a loan made to the company.

During the year, the group charged 4AD Music Limited, a company subject to common control, management fees of £nil (2012: £98,624). At the year end there was a balance due to the group of £25,000 (2012: £25,000).

BEGGARS GROUP LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

22. Share capital

	2013 No	2013 £	2012 No	2012 £
Company				
Allotted, called up and fully paid:				
Ordinary 'A' shares of £1.00 each	198	198	98	98
Ordinary 'B' shares of £1.00 each	-	-	100	100
Preferred 'C' Shares of £1.00 each	2	2	2	2
	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>

During the year, the company passed a special resolution to convert the existing Ordinary 'B' shares in the company into Ordinary 'A' shares having the same rights as, and ranking pari passu in all respects with, the existing Ordinary 'A' shares in the company.

23. Reserves

	Profit and loss account £	Other reserves £	Revaluation reserve £	Total £
Group				
Balance at 1 January 2013	36,315,855	576,931	235,040	37,127,826
Issue of shares by associate	-	2,538	-	2,538
Retained profit for the year	3,923,944	-	-	3,923,944
Dividends paid	(10,000,000)	-	-	(10,000,000)
Currency translation difference on foreign currency net investments	(59,881)	-	-	(59,881)
Balance at 31 December 2013	<u>30,179,918</u>	<u>579,469</u>	<u>235,040</u>	<u>30,994,427</u>
	Profit and loss account £	Revaluation reserve £		
Company				
Balance at 1 January 2013	16,330,992	235,040		
Profit for the year	11,880,429	-		
Dividends paid	(10,000,000)	-		
Balance at 31 December 2013	<u>18,211,421</u>	<u>235,040</u>		

24. Reconciliation of movement in shareholders' funds

	2013 £	2012 £
Group		
Equity shareholders' funds		
Profit for the financial year	3,923,944	11,052,096
Dividends	(10,000,000)	(2,500,000)
Proceed from the issue of shares	2,538	93,990
Currency translation difference on foreign currency net investments	(59,881)	(57,978)
Net (depletion)/addition to shareholders' funds	(6,133,399)	8,588,108
Opening shareholders' funds	<u>37,128,024</u>	<u>28,539,916</u>
Closing shareholders' funds	<u>30,994,625</u>	<u>37,128,024</u>
Opening and closing shareholders non-equity funds	2	2
Total shareholders' funds	<u>30,994,627</u>	<u>37,128,026</u>

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NOTES FORMING PART OF THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2013

24. Reconciliation of movement in shareholders' funds (continued)

Company	2013 £	2012 £
Profit for the financial year	11,880,429	1,135,788
Dividends	(10,000,000)	(2,500,000)
Net addition/(depletion) to shareholders' funds	1,880,429	(1,364,212)
Opening shareholders' funds	16,566,230	17,930,442
Closing shareholders' funds	18,446,659	16,566,230
Opening and closing shareholders' non-equity funds	2	2
Total shareholders' funds	18,446,661	16,566,232

25. Equity minority interests

	2013 £
At 1 January 2013	(1,169,065)
Share of retained profits for the year	95,510
At 31 December 2013	(1,073,555)

26. Controlling party

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