
ABC MUSIC LIMITED

UNAUDITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017



ABC MUSIC LIMITED
REGISTERED NUMBER: 02107888

BALANCE SHEET
AS AT 31 MARCH 2017

	Note	2017 £	2016 £
Fixed assets			
Tangible assets	6	909,224	930,764
Investments	7	1	1
		<u>909,225</u>	<u>930,765</u>
Current assets			
Stocks	8	478,188	565,313
Debtors: amounts falling due within one year	9	71,996	20,309
Cash at bank and in hand		1,209	11,921
		<u>551,393</u>	<u>597,543</u>
Creditors: amounts falling due within one year	10	(518,246)	(602,185)
Net current assets/(liabilities)		<u>33,147</u>	<u>(4,642)</u>
Total assets less current liabilities		<u>942,372</u>	<u>926,123</u>
Creditors: amounts falling due after more than one year	11	-	(47,261)
		<u>942,372</u>	<u>878,862</u>
Provisions for liabilities			
Deferred taxation	13	(146,561)	(155,764)
		<u>(146,561)</u>	<u>(155,764)</u>
Net assets		<u><u>795,811</u></u>	<u><u>723,098</u></u>
Capital and reserves			
Called up share capital		100	100
Revaluation reserve	14	706,867	715,044
Profit and loss account	14	88,844	7,954
		<u><u>795,811</u></u>	<u><u>723,098</u></u>

The directors consider that the Company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the Company to obtain an audit for the year in question in accordance with section 476 of Companies Act 2006.

ABC MUSIC LIMITED
REGISTERED NUMBER: 02107888

BALANCE SHEET (CONTINUED)
AS AT 31 MARCH 2017

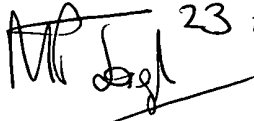
The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The Company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

 23 August 2017.

M P Joseph
Director

The notes on pages 4 to 15 form part of these financial statements.

ABC MUSIC LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017**

	Called up share capital £	Revaluation reserve £	Profit and loss account £	Total equity £
At 1 April 2015	100	731,590	(22,086)	709,604
Comprehensive income for the year				
Profit for the year	-	-	78,229	78,229
Transfer of revaluation of freehold property	-	-	17,259	17,259
Deferred tax movements	-	713	-	713
Total comprehensive income for the year	-	713	95,488	96,201
Dividends: Equity capital	-	-	(65,448)	(65,448)
Transfer to/from profit and loss account	-	(17,259)	-	(17,259)
At 1 April 2016	100	715,044	7,954	723,098
Comprehensive income for the year				
Profit for the year	-	-	136,233	136,233
Transfer of revaluation of freehold property	-	-	17,259	17,259
Deferred tax movements	-	9,082	-	9,082
Total comprehensive income for the year	-	9,082	153,492	162,574
Dividends: Equity capital	-	-	(72,602)	(72,602)
Transfer to/from profit and loss account	-	(17,259)	-	(17,259)
At 31 March 2017	100	706,867	88,844	795,811

ABC MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. General information

ABC Music Limited ("the Company") is a private company limited by shares, incorporated in England and Wales. Its registered office is 85 High Street, Esher, Surrey, KT10 9QA .

The principal activity of the company continues to be that of hire and retail of musical instruments.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK 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 management to exercise judgment in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

The financial statements have been prepared on a going concern basis.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.3 Revenue

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

Sale of goods

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the Company has transferred the significant risks and rewards of ownership to the buyer;
- the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably; and
- the costs incurred and the costs to complete the contract can be measured reliably.

2.4 Intangible 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 any 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.

2.5 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.

ABC MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.5 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Land and buildings	- 2% on cost
Motor vehicles	- 25% on cost
Fixtures & fittings	- 10% on cost
Office equipment	- 10% and 25% on cost

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 in the Statement of comprehensive income.

2.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

2.7 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell.

2.8 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.9 Cash and cash equivalents

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

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Finance costs

Finance costs are charged to the Statement of comprehensive income 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. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

ABC MUSIC LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017**

2. Accounting policies (continued)

2.12 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. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

2.13 Operating leases: the Company as lessor

Rentals income from operating leases is credited to the Statement of comprehensive income on a straight line basis over the term of the relevant lease.

2.14 Operating leases: the Company as lessee

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2.15 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Statement of income and retained earnings 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.

2.16 Interest income

Interest on cash deposits is recognised as received. Other interest income is recognised in the Statement of income and retained earnings using the effective interest method.

2.17 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

ABC MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

2. Accounting policies (continued)

2.18 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Statement of comprehensive income, except that a charge 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 substantively enacted by 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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

a) Critical judgments in applying the company's accounting policies

No significant judgments have had to be made by management in preparing these financial statements.

b) Key accounting estimates and assumptions

The key source of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year include:

i) Useful economic life of tangible fixed assets

The annual depreciation charge for tangible fixed assets is sensitive to changes in the estimated useful economic lives and residual values of the assets.

4. Employees

The average monthly number of employees, including directors, during the year was 8 (2016 - 13).

ABC MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

5. Intangible assets

	Goodwill £
Cost	
At 1 April 2016	31,500
At 31 March 2017	<u>31,500</u>
Amortisation	
At 1 April 2016	31,500
At 31 March 2017	<u>31,500</u>
Net book value	
At 31 March 2017	<u>-</u>
At 31 March 2016	<u>-</u>

ABC MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

6. Tangible fixed assets

	Freehold property £	Leasehold property improve- ments £	Fixtures & fittings £	Office equipment £	Total £
Cost					
At 1 April 2016	1,000,000	19,857	85,297	59,484	1,164,638
Additions	-	-	-	525	525
At 31 March 2017	1,000,000	19,857	85,297	60,009	1,165,163
Depreciation					
At 1 April 2016	85,000	14,608	81,564	52,702	233,874
Charge for the year on owned assets	20,000	131	737	1,197	22,065
At 31 March 2017	105,000	14,739	82,301	53,899	255,939
Net book value					
At 31 March 2017	895,000	5,118	2,996	6,110	909,224
At 31 March 2016	915,000	5,249	3,733	6,782	930,764

The net book value of land and buildings may be further analysed as follows:

	2017 £	2016 £
Freehold	895,000	915,000
Short leasehold	5,118	5,249
	900,118	920,249

ABC MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

7. Fixed asset investments

	Investments in subsidiary companies £
Cost or valuation	
At 1 April 2016	1
At 31 March 2017	1
Net book value	
At 31 March 2017	1
At 31 March 2016	1

Subsidiary undertakings

The following were subsidiary undertakings of the Company:

Name	Country of incorporation	Class of shares	Holding	Principal activity
XYZ Music Ltd	England & Wales	Ordinary	100 %	Dormant

The aggregate of the share capital and reserves as at 31 March 2017 and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

	Aggregate of share capital and reserves £
XYZ Music Ltd	1
	1

XYZ Music Ltd has generated zero profit/loss as it was dormant throughout the period.

8. Stocks

	2017 £	2016 £
Goods for resale	478,188	565,313

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NOTES TO THE FINANCIAL STATEMENTS
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9. Debtors

	2017 £	2016 £
Trade debtors	131	1,596
Amounts owed by group undertakings	47,000	-
Other debtors	7,500	7,500
Prepayments and accrued income	17,365	11,213
	<u>71,996</u>	<u>20,309</u>

10. Creditors: Amounts falling due within one year

	2017 £	2016 £
Bank overdrafts	116,905	154,976
Bank loans	46,854	49,269
Trade creditors	122,287	75,588
Corporation tax	41,435	24,536
Other taxation and social security	33,524	35,718
Other creditors	154,131	164,165
Accruals and deferred income	3,110	97,933
	<u>518,246</u>	<u>602,185</u>

11. Creditors: Amounts falling due after more than one year

	2017 £	2016 £
Bank loans	-	47,261
	<u>-</u>	<u>47,261</u>

Secured loans

The bank loans are secured on the freehold property.

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NOTES TO THE FINANCIAL STATEMENTS
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12. Loans

Analysis of the maturity of loans is given below:

	2017 £	2016 £
Amounts falling due within one year		
Bank loans	46,854	49,269
Amounts falling due 1-2 years		
Bank loans	-	47,261
	<u>46,854</u>	<u>96,530</u>

13. Deferred taxation

	2017 £	2016 £
At beginning of year	(155,764)	(156,423)
Charged to the profit or loss	121	(54)
Charged to other comprehensive income	9,082	713
At end of year	<u>(146,561)</u>	<u>(155,764)</u>

The provision for deferred taxation is made up as follows:

	2017 £	2016 £
Accelerated capital allowances	(1,088)	(1,209)
Deferred tax on revaluations	(145,473)	(154,555)
	<u>(146,561)</u>	<u>(155,764)</u>

14. Reserves

Revaluation reserve

The revaluation reserve represents unrealised valuation gains of tangible fixed assets investments.

Profit & loss account

The profit and loss account represents cumulative profits and losses net of adjustments.

ABC MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

15. Pension commitments

The pension charge represents contribution payable by the company to the defined contribution pension plan and amounted to £523 (2016 - £Nil). An amount of £154 (2016 - £Nil) was payable at the year end.

16. Related party transactions

The company had the following transactions and balances with related parties:

	2017 £	2016 £
Companies with control over the company		
Balances owed from	47,000	-
Key management personnel		
Interest in dividends paid	72,602	65,448

ABC MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

17. First time adoption of FRS 102

The Company transitioned to FRS 102 from previously extant UK GAAP as at 1 April 2015. The impact of the transition to FRS 102 is as follows:

Reconciliation of equity at 1 April 2015

	£
Equity at 1 April 2015 under previous UK GAAP	864,872
Deferred tax recognised on property revaluation	(159,239)
Equity shareholders funds at 1 April 2015 under FRS 102	705,633

Reconciliation of equity at 31 March 2016

	£
Equity at 31 March 2016 under previous UK GAAP	877,653
Deferred tax recognised on property revaluation	(158,526)
Equity shareholders funds at 31 March 2016 under FRS 102	719,127

The following were changes in accounting policies arising from the transition to FRS 102:

- 1 Deferred tax has been recognised on the revaluation of property.

Under the exemptions available to entities on transition to FRS102, the company has elected for the revalued amount of its freehold property to be used as the deemed cost of the property on transition.