

REGISTERED NUMBER: 02373931 (England and Wales)

Financial Statements
for the Year Ended 31 July 2017
for
European Music Company Limited

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for the year ended 31 July 2017**

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European Music Company Limited

**Company Information
for the year ended 31 July 2017**

DIRECTORS:

D Kommer
A J Flatt
M Kommer

SECRETARY:

D Matthews

REGISTERED OFFICE:

1st Floor, Cromwell House
14 Fulwood Place
London
WC1V 6HZ

REGISTERED NUMBER:

02373931 (England and Wales)

European Music Company Limited (Registered number: 02373931)

**Balance Sheet
31 July 2017**

	Notes	31.7.17 £	£	31.7.16 £	£
FIXED ASSETS					
Tangible assets	4		18,318		26,979
Investments	5		<u>1</u>		<u>1</u>
			18,319		26,980
CURRENT ASSETS					
Stocks		463,729		400,138	
Debtors	6	984,585		718,898	
Cash at bank and in hand		<u>515,861</u>		<u>813,152</u>	
		1,964,175		1,932,188	
CREDITORS					
Amounts falling due within one year	7	<u>557,567</u>		<u>595,151</u>	
NET CURRENT ASSETS			<u>1,406,608</u>		<u>1,337,037</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,424,927		1,364,017
PROVISIONS FOR LIABILITIES			<u>3,500</u>		<u>5,250</u>
NET ASSETS			<u>1,421,427</u>		<u>1,358,767</u>
CAPITAL AND RESERVES					
Called up share capital			100		100
Other reserves	8	534,610		411,963	
Retained earnings	8	<u>886,717</u>		<u>946,704</u>	
SHAREHOLDERS' FUNDS			<u>1,421,427</u>		<u>1,358,767</u>

The company is entitled to exemption from audit under Section 477 of the Companies Act 2006 for the year ended 31 July 2017.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 July 2017 in accordance with Section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Sections 386 and 387 of the Companies Act 2006 and preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Sections 394 and 395
- (b) and which otherwise comply with the requirements of the Companies Act 2006 relating to financial statements, so far as applicable to the company.

European Music Company Limited (Registered number: 02373931)

Balance Sheet - continued
31 July 2017

The financial statements have been prepared and delivered in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

In accordance with Section 444 of the Companies Act 2006, the Income Statement has not been delivered.

The financial statements were approved by the Board of Directors on 1 November 2017 and were signed on its behalf by:

D Kommer - Director

A J Flatt - Director

M Kommer - Director

The notes form part of these financial statements

**Notes to the Financial Statements
for the year ended 31 July 2017**

1. STATUTORY INFORMATION

European Music Company Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with the provisions of Section 1A "Small Entities" of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Preparation of consolidated financial statements

The financial statements contain information about European Music Company Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company has taken the option under Section 398 of the Companies Act 2006 not to prepare consolidated financial statements.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery etc - 33% on cost

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Taxation

Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Foreign currencies

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 transaction. Exchange differences are taken into account in arriving at the operating result.

Notes to the Financial Statements - continued
for the year ended 31 July 2017

2. ACCOUNTING POLICIES - continued

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Interest income

Interest income is recognised using the effective interest method.

Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable (debtors) and payable (creditors),

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

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. if a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and the best estimate, which is an approximation, of the amount that the company would receive for the asset if it were to be sold at the reporting date.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits that are subject to an insignificant risk to changes in value.

3. EMPLOYEES AND DIRECTORS

The average number of employees during the year was 9 .

Notes to the Financial Statements - continued
for the year ended 31 July 2017

4. **TANGIBLE FIXED ASSETS**

	Plant and machinery etc £
COST	
At 1 August 2016	106,018
Additions	<u>606</u>
At 31 July 2017	<u>106,624</u>
DEPRECIATION	
At 1 August 2016	79,039
Charge for year	<u>9,267</u>
At 31 July 2017	<u>88,306</u>
NET BOOK VALUE	
At 31 July 2017	<u>18,318</u>
At 31 July 2016	<u>26,979</u>

5. **FIXED ASSET INVESTMENTS**

	Other investments £
COST	
At 1 August 2016 and 31 July 2017	<u>1</u>
NET BOOK VALUE	
At 31 July 2017	<u>1</u>
At 31 July 2016	<u>1</u>

6. **DEBTORS**

	31.7.17 £	31.7.16 £
Amounts falling due within one year:		
Trade debtors	843,459	558,671
Other debtors	<u>73,276</u>	<u>63,677</u>
	<u>916,735</u>	<u>622,348</u>
Amounts falling due after more than one year:		
Other debtors	<u>67,850</u>	<u>96,550</u>
Aggregate amounts	<u>984,585</u>	<u>718,898</u>

European Music Company Limited (Registered number: 02373931)

**Notes to the Financial Statements - continued
for the year ended 31 July 2017**

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.17	31.7.16
	£	£
Trade creditors	149,956	74,407
Amounts owed to participating interests	-	58,800
Taxation and social security	22,512	26,904
Other creditors	385,099	435,040
	<u>557,567</u>	<u>595,151</u>

8. RESERVES

	Retained earnings £	Other reserves £	Totals £
At 1 August 2016	946,704	411,963	1,358,667
Profit for the year	40,013		40,013
Transfer : proposed dividends	-	69,647	69,647
Other reserve	(100,000)	100,000	-
Dividends paid	-	(47,000)	(47,000)
At 31 July 2017	<u>886,717</u>	<u>534,610</u>	<u>1,421,327</u>

9. OTHER FINANCIAL COMMITMENTS

At 31 July 2017 the company had annual rental and service charge commitments of £96,252 in respect of property leases due to expire within two to five years of the balance sheet date.

10. RELATED PARTY DISCLOSURES

During the year, total dividends of £33,000 (2016 - £115,102) were paid to the directors .

The company's ultimate controlling party is Mr D Kommer, a director.

EMC Ltd Pension Scheme owns three warehouses used by the company for which rent of £96,252 was paid in the year.

The company lent EMC Ltd Pension Scheme £287,000 in August 2013; the balance outstanding at 31st July 2017 was £96,550. Interest of £7,256 was paid to the company in the year to 31st July 2017.

The directors are also directors of and shareholders in Tanglewood Guitar Company Limited, which owed the company £167,893 (net) on trading account at 31st July 2017. Goods to the value of £1,209,624 excluding vat were sold to Tanglewood Guitar Company Limited in the year.

The company paid payroll costs of £43,692; a management charge of £81,600, and business rates of £24,283 to or on behalf of Tanglewood Guitar Company Limited in the year.

This document was delivered using electronic communications and authenticated in accordance with the registrar's rules relating to electronic form, authentication and manner of delivery under section 1072 of the Companies Act 2006.