
PIAS UK LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014

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PIAS UK LIMITED

COMPANY INFORMATION

DIRECTORS

M Lambot
P Thompson
K Gates
N Hartley

COMPANY SECRETARY

N Hartley

REGISTERED NUMBER

02685907

REGISTERED OFFICE

1 Bevington Path
London
SE1 3PW

INDEPENDENT AUDITORS

Nexia Smith & Williamson
Chartered Accountants & Statutory Auditors
Imperial House
18-21 Kings Park Road
Southampton
SO15 2AT

BANKERS

Coutts & Co
440 Strand
London
WC2R 0QS

PIAS UK LIMITED

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PIAS UK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of the sale and distribution of compact discs and records to retail and wholesale outlets, and the sale and distribution of music in digital format.

DIRECTORS

The directors who served during the year were:

M Lambot
P Thompson
K Gates
N Hartley

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Directors' Report and the 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 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

FINANCIAL RISK MANAGEMENT

The company's operations expose it to a variety of financial risks that include the effects of changes in price risk, liquidity risk and interest rate risk.

Price risk

The company is exposed to price risk due to normal inflationary increases in the purchase price of goods and services. The company has no exposure to equity securities price risk as it holds no listed or other equity investments.

Liquidity risk

Liquidity risk is managed through forecasting the company's future cash flow requirements and maintaining sufficient cash reserves at Group level.

PIAS UK LIMITED

**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2014**

Interest rate risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include only cash balances which earn interest at variable rates.

DISCLOSURE OF INFORMATION 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'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's auditors are aware of that information.

AUDITORS

Under section 487(2) of the Companies Act 2006, Nexia Smith & Williamson 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.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

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



N Hartley
Director

Date: 22 December 2015

PIAS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PIAS UK LIMITED

We have audited the financial statements of PIAS UK Limited for the year ended 31 December 2014, which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

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 members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Directors' Responsibilities Statement, 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 Financial Reporting Council's (FRC's) Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

PIAS UK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF PIAS UK LIMITED

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Directors' Report.

Nexia Smith & Williamson

Andrew Edmonds (Senior Statutory Auditor)

for and on behalf of

Nexia Smith & Williamson

Chartered Accountants & Statutory Auditors

Imperial House
18-21 Kings Park Road
Southampton
SO15 2AT

Date:

29th December 2015

PIAS UK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014**

	Note	2014 £	2013 £
TURNOVER	1	5,091,535	4,244,949
Cost of sales		<u>(837,067)</u>	<u>(138,467)</u>
GROSS PROFIT		4,254,468	4,106,482
Distribution costs		<u>(1,214,930)</u>	<u>(978,621)</u>
Administrative expenses		<u>(2,855,339)</u>	<u>(3,053,470)</u>
Provision against intercompany debts		<u>(1,035,649)</u>	<u>-</u>
Total administrative expenses		<u>(3,890,988)</u>	<u>(3,053,470)</u>
OPERATING (LOSS)/PROFIT	2	(851,450)	74,391
Interest receivable and similar income		-	3,999
Interest payable and similar charges	4	<u>(24,027)</u>	<u>(36,667)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(875,477)	41,723
Tax on (loss)/profit on ordinary activities	5	<u>-</u>	<u>-</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR	11	<u>(875,477)</u>	<u>41,723</u>

The notes on pages 7 to 14 form part of these financial statements.

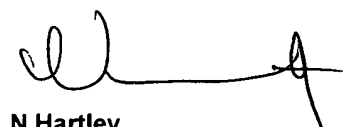
PIAS UK LIMITED
REGISTERED NUMBER: 02685907

BALANCE SHEET
AS AT 31 DECEMBER 2014

	Note	£	2014 £	£	2013 £
FIXED ASSETS					
Intangible assets	6		332,290		402,254
CURRENT ASSETS					
Stocks	7	343,999		22,064	
Debtors	8	99,148,714		71,788,335	
Cash at bank and in hand		4,721		-	
			<u>99,497,434</u>	<u>71,810,399</u>	
CREDITORS: amounts falling due within one year	9	<u>101,489,839)</u>		<u>(72,997,291)</u>	
NET CURRENT LIABILITIES			<u>(1,992,405)</u>		<u>(1,186,892)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(1,660,115)</u>		<u>(784,638)</u>
CAPITAL AND RESERVES					
Called up share capital	10		200		200
Other reserves	11		16,736		16,736
Profit and loss account	11		<u>(1,677,051)</u>		<u>(801,574)</u>
SHAREHOLDERS' DEFICIT			<u>(1,660,115)</u>		<u>(784,638)</u>

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

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



N Hartley
Director

Date: 22 December 2015

The notes on pages 7 to 14 form part of these financial statements.

PIAS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company is a subsidiary of a group that prepares consolidated financial statements. It has therefore taken advantage of the exemption from preparing consolidated financial statements for its sub group. Therefore these financial statements provide information about the company as a single entity and not its sub group.

1.2 Going concern

The company has net current liabilities of £391,682 (2013: net assets £413,831) and net liabilities of £1,660,115 (2013: £784,638) as at 31 December 2014 and has made a loss of £875,477 (2013: profit £41,723) for the year then ended. The directors have prepared the financial statements on the going concern basis, which assumes that future incomes from artists will be sufficient to cover any advances to artists carried on the balance sheet and the continued support of the immediate parent company, PIAS Holding (UK) Limited.

The ability of PIAS Holding (UK) Limited to continue as a going concern is itself dependent on the ultimate parent company, LGS 2 SPRL not requiring repayment of intercompany funds. The directors have obtained confirmation from LGS 2 SPRL that they will continue to support PIAS Holding (UK) Limited through its existing facilities.

After considering the support available from LGS 2 SPRL, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

1.3 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied during the year, exclusive of Value Added Tax and trade discounts. The company operates two main revenue stream being physical sales and digital sales. Both streams of revenue are recognised when supplies are made to the customer.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to the Profit and Loss Account over its estimated economic life.

Amortisation is provided at the following rates:

Goodwill	-	10% straight line.
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1.5 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account on a straight line basis over the period of the lease.

PIAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

1. ACCOUNTING POLICIES (continued)

1.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

The company has consignment stock arrangements, in the ordinary course of business, with certain suppliers. The principal benefit of owning the stock and principal risks of ownership rest with the supplier. Accordingly, these stocks are disclosed in the notes to the financial statements but are not accounted for in the balance sheet.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the Profit and Loss Account.

1.9 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

1.10 Labels' advances

Unrecouped labels' advances are deferred in the accounting year unless it is considered by the directors that part or all of the advance will not be recouped from future sales at the year end.

PIAS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

2. OPERATING (LOSS)/PROFIT

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

	2014 £	2013 £
Amortisation - intangible fixed assets	69,964	69,963
Auditors' remuneration	23,000	21,300
Pension costs	9,900	8,786
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2013 - £NIL). All directors are remunerated through other group companies.

3. STAFF COSTS

Staff costs were as follows:

	2014 £	2013 £
Wages and salaries	843,533	839,639
Social security costs	78,913	80,265
Other pension costs	9,900	8,786
	<u> </u>	<u> </u>
	<u>932,346</u>	<u>928,690</u>

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

	2014 No.	2013 No.
Selling	22	21
	<u> </u>	<u> </u>

4. INTEREST PAYABLE

	2014 £	2013 £
On loans from group undertakings	24,027	36,667
	<u> </u>	<u> </u>

5. TAXATION

	2014 £	2013 £
UK corporation tax charge on (loss)/profit for the year	-	-
	<u> </u>	<u> </u>

PIAS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

5. TAXATION (continued)

Factors that may affect future tax charges

The tax losses carried forward at 31 December 2014 are approximately £479,562 (2013: £665,000).

6. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 January 2014 and 31 December 2014	699,634
Amortisation	
At 1 January 2014	297,380
Charge for the year	69,964
At 31 December 2014	367,344
Net book value	
At 31 December 2014	332,290
At 31 December 2013	402,254

7. STOCKS

	2014 £	2013 £
Finished goods and goods for resale	343,999	22,064

At 31 December 2014 the company also held consignment stocks of £1,528,687 (2013: £1,696,667).

8. DEBTORS

	2014 £	2013 £
Due after more than one year		
Other debtors	77,946	400,910
Due within one year		
Trade debtors	5,184,048	4,816,916
Amounts owed by group undertakings	91,602,682	64,844,655
Other debtors	143,952	601,443
VAT recoverable	416,860	290,462
Prepayments and accrued income	1,723,226	833,949
	99,148,714	71,788,335

PIAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

9. CREDITORS:

Amounts falling due within one year

	2014 £	2013 £
Bank loans and overdrafts	999,758	840,437
Other loans	-	556,853
Trade creditors	9,877,910	8,403,280
Amounts owed to group undertakings	84,821,997	58,214,046
Other taxation and social security	124,104	96,435
Other creditors	1,949,144	2,130,008
Accruals and deferred income	3,716,926	2,756,232
	<u>101,489,839</u>	<u>72,997,291</u>

The bank overdraft is secured by the following:

- Mortgage debenture in bank's standard form dated 16 April 2002.
- Guarantee in the bank's standard form limited to £1,000,000 by PIAS Holding (UK) Limited dated 15 January 2003
- Cross composite guarantee in the bank's standard form dated 18 June 2013 with PIAS Digital Limited.
- Postponement of members' loans totaling £1,000,000 dated 3 May 2002

The bank liabilities relating to these guarantees as at 31 December 2014 amounted to £999,661.

10. SHARE CAPITAL

	2014 £	2013 £
Allotted, called up and fully paid		
200 Ordinary shares of £1 each	<u>200</u>	<u>200</u>

11. RESERVES

	Merger reserve £	Profit and loss account £
At 1 January 2014	16,736	(801,574)
Loss for the year	-	(875,477)
At 31 December 2014	<u>16,736</u>	<u>(1,677,051)</u>

PIAS UK LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

12. CONTINGENT LIABILITIES

PIAS UK Limited has entered into a cross guarantee with PIAS Holding (UK) Limited and Coutts & Co up to the value of £1,000,000. PIAS Holding (UK) Limited's bank borrowing amounted to £nil (2013: £nil) at 31 December 2014. The guarantee is dated 15 January 2003.

13. PENSION COMMITMENTS

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,900 (2013 - £8,786). No contributions (2013: £nil) were due to the fund at the balance sheet date.

14. OPERATING LEASE COMMITMENTS

At 31 December 2014 the company had annual commitments under non-cancelable operating leases as follows:

	2014 £	2013 £
Expiry date:		
After more than 5 years	<u>185,060</u>	<u>185,060</u>

PIAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

15. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption in Financial Reporting Standard 8 from the requirement to disclose transactions with the parent company and fellow wholly owned group companies.

Group companies that do not fall under the exemption are disclosed as follows:

	Sub Notes	Year Ended 31 December 2014 £	Year Ended 31 December 2013 £
Debtor/(creditor)			
PIAS SPRL	2	(1,625,884)	(4,351,767)
PIAS FRANCE	2	238,373	(618,105)
PIAS SPAIN	2	777,256	328,031
PIAS RECORDINGS	1,3	11,109,928	7,133,702
PIAS/Wall of Sound	1,4	1,943,678	1,973,220
Fat Cat	1	(141,247)	(196,289)
PIAS HOLDING UK	1	8,267,984	6,349,822
PIAS GROUP SPRL	2	(2,750,961)	(2,907,859)
PIAS DIGITAL	1	(10,308,956)	(530,770)
PIAS COOPERATIVE	1	-	-
PIAS GERMANY	2	(169,034)	(88,124)
PIAS PRODUCTIONS	2	(514,199)	(667,338)
PIAS AMERICA	2	229,578	10,554
PIAS NETHERLANDS	2	200,303	195,532
Income/(expense)			
PIAS SPRL	2	2,393,187	778,106
PIAS FRANCE	2	802,082	688,620
PIAS SPAIN	2	492,257	215,960
PIAS RECORDINGS	1,3	(4,893,015)	(932,242)
PIAS/Wall of Sound	1,4	(4,475)	(5,449)
Wall of Sound Nordic	1	-	(896)
Fat Cat	1	-	(65,839)
PIAS HOLDING UK	1	(1,364,500)	(958,755)
PIAS GROUP SPRL	2	(34,256)	(36,667)
PIAS DIGITAL	1	10,359,903	9,941,902
PIAS COOPERATIVE	1	-	(1,048,172)
PIAS GERMANY	2	(4,837)	(88,124)

Sub Notes

1) PIAS UK Limited, PIAS Recordings UK Limited, PIAS Holding (UK) Limited, PIAS/Wall of Sound Limited, Wall of Sound (Nordic) Limited, Fat Cat Records Limited and PIAS Cooperative are fellow group companies in the UK.

2) These entities are fellow group companies operating overseas.

3) £1,669,551 of the £11,109,928 debtor balance of PIAS Recordings is included within the provision of intercompany bad debts at year end.

4) £1,035,649 of the £1,943,678 debtor balance of Wall of Sound is included within the provision of intercompany bad debts at year end

PIAS UK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

PIAS Holding (UK) Limited, a company registered in England, is the immediate parent company.

LGS 2 SPRL, a company registered in Belgium, is the ultimate parent company and controlling party. Copies of the group financial statements of LGS 2 SPRL are available from 90 Rue de Veeweyde, 1070 Bruxelles, Belgium.