

# **Domino Songs Limited**

Report and Financial Statements

Year Ended

31 August 2018

Company Number 03345229



# **Domino Songs Limited**

**Report and financial statements  
for the year ended 31 August 2018**

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## **Directors**

L Bell  
H Martin  
P Lambden

## **Secretary and registered office**

H Martin, Unit 3 Delta Park, Smugglers Way, London, SW18 1EG

## **Company number**

03345229

## **Auditors**

BDO LLP, 55 Baker Street, London, W1U 7EU

# **Domino Songs Limited**

## **Directors' report for the year ended 31 August 2018**

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The directors present their report together with the audited financial statements for the year ended 31 August 2018.

### **Results and dividends**

The company made a profit before tax of £170k in the year ended 31 August 2018 (2017 - £68k).

The company paid a dividend of £Nil (2017 - £Nil).

### **Principal activities and future developments**

The principal activity of the company continued to be that of music publishing. No change in the nature of the company's activities is anticipated to occur in the foreseeable future.

### **Business review**

The income statement is set out on page 7 and shows turnover for the year of £571k (2017 - £328k) and a profit before taxation for the year of £170k (2017 - £68k).

Turnover for the year has increased by 74% compared to 2017. This increase is mainly due to an increase in mechanical and performance income.

In the year ended 31 August 2018 the company made an operating profit of £157k (2017 - £61k). The increase compared to 2017 is due to the reasons mentioned above.

There have been no events since the balance sheet date which materially affect the position of the company.

### **Principal risks and uncertainties**

The company, in common with other businesses serving the music publishing sector, is exposed to the continued global decline in physical compact-disc sales. Whilst we believe that new digital products and services will drive a return to industry growth, there are currently no assurances of the timing or extent of any improvement. A continuing decline in sales of physical products could, if not offset by increasing digital revenues, result in reduced revenues and profits. We are continually dependent on identifying, signing and retaining writers whose music will continue to generate revenues for years to come. Competition for such talent is intense and our financial results will be adversely affected if we fail to identify, sign and retain writers under terms that are commercially attractive to us.

# Domino Songs Limited

## Directors' report for the year ended 31 August 2018 (continued)

### Key performance indicators

The company uses a number of performance indicators to monitor and manage the business effectively. These are both financial and non-financial.

The key performance indicators for the year ended 31 August 2018, with comparatives for the period ended 31 August 2017, are set out below:

#### Financial

	2018	2017
Turnover (£'000)	571	328
Operating profit (£'000)	157	61

#### Non-financial

	2018	2017
Number of songs in the catalogue (estimate)	2,000	1,000

### Directors

The directors of the company during the year were:

L Bell  
H Martin  
P Lambden

L Bell and H Martin are also directors of the ultimate parent company, Domino Music Group Limited.

### Directors' responsibilities

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 the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, 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 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.

# Domino Songs Limited

## Directors' report for the year ended 31 August 2018 (*continued*)

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### Auditors

All of the current directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

BDO LLP have expressed their willingness to continue in office and a resolution to re-appoint them as auditors will be proposed at the next annual general meeting.

This report has been prepared in accordance with the provisions applicable to companies subject to the small companies regime.

### On behalf of the Board

L Bell



Director

31 May 2019

# Domino Songs Limited

## Independent auditor's report

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### TO MEMBERS OF DOMINO SONGS LIMITED

#### Opinion

We have audited the financial statements of Domino Songs Limited ("the Company") for the year ended 31 August 2018 which comprise the income statement, the balance sheet, the statement of changes in equity, and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 August 2018 and of its 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.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

# **Domino Songs Limited**

## **Independent auditor's report (*continued*)**

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### **Other information**

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the director's report.

We have nothing to report in respect of the following matters in relation to which 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 take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

# Domino Songs Limited

## Independent auditor's report (*continued*)

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### Responsibilities of Directors

As explained more fully in the directors' report, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### Use of our report

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 auditor's 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.

**BDO LLP**

*Andrew Gandell (senior statutory auditor)  
For and on behalf of BDO LLP, statutory auditor  
London  
United Kingdom*

31 May 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).



# Domino Songs Limited

## Income statement for the year ended 31 August 2018

	Note	2018 £'000	2017 £'000
Turnover	3	571	328
Cost of sales		(383)	(235)
<b>Gross profit</b>		<b>188</b>	<b>93</b>
Administrative expenses		(31)	(32)
<b>Operating profit</b>	4	<b>157</b>	<b>61</b>
Interest receivable and similar income	5	13	7
<b>Profit on ordinary activities before taxation</b>		<b>170</b>	<b>68</b>
Taxation	6	-	-
<b>Profit on ordinary activities after taxation</b>		<b>170</b>	<b>68</b>

All amounts relate to continuing activities.

All recognised gains and losses in the current year and prior year are included in the income statement.

There is no other comprehensive income in the current or prior year.

The notes on pages 10 to 14 form part of these financial statements.

# Domino Songs Limited

## Balance sheet at 31 August 2018

<b>Company number 03345229</b>	<b>Note</b>	<b>2018 £'000</b>	<b>2018 £'000</b>	<b>2017 £'000</b>	<b>2017 £'000</b>
<b>Fixed assets</b>					
Intangible assets	7		335		362
<b>Current assets</b>					
Debtors	8	566		395	
<b>Creditors: amounts falling due within one year</b>	9	(143)		(169)	
<b>Net current assets</b>			423		226
<b>Total assets less current liabilities</b>			758		588
<b>Capital and reserves</b>					
Called up share capital	11		-		-
Profit and loss account			758		588
<b>Shareholders' funds</b>			758		588

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

The financial statements were approved by the Board of Directors and authorised for issue on 31 May 2019.

L Bell  
Director



The notes on pages 10 to 14 form part of these financial statements.

## Domino Songs Limited

### Statement of changes in equity for the year ended 31 August 2018

	Share capital £'000	Profit and loss account £'000	Total equity £'000
At 31 August 2016	-	520	520
Profit for the year ended 31 August 2017	-	68	68
Total comprehensive income for the year ended 31 August 2017	-	68	68
At 31 August 2017	-	588	588
Profit for the year ended 31 August 2018		170	170
Total comprehensive income for the year ended 31 August 2018		170	170
At 31 August 2018		758	758

The notes on pages 10 to 14 form part of these financial statements.

# Domino Songs Limited

## Notes forming part of the financial statements for the year ended 31 August 2018

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### 1 Accounting policies

Domino Songs Limited is a private company limited by shares incorporated in England & Wales under the Companies Act. The address of the registered office is given on the contents page and the nature of the company's operations and its principal activities are set out in the directors' report. The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland. The functional and presentation currency of the company is Pounds Sterling.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies. These are covered in Note 2.

The following principal accounting policies have been applied:

#### *Going concern*

The financial statements have been prepared on the going concern basis. The directors' have reviewed the company's forecasts and budgets, which show that the company has adequate resources to meet its liabilities as they fall due for the foreseeable future.

#### *Cash flow statement*

The directors have taken advantage of the exemption in Financial Reporting Standard 102 from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

#### *Turnover*

Turnover represents amounts receivable for mechanical, performance and synchronization royalty income net of VAT.

Royalty income is recognised when it has been earned and can be reliably measured.

#### *Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the income statement.

#### *Current and deferred taxation*

The current income tax charge is calculated based on tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company operates and generates taxable income.

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 using the tax rates enacted or substantively enacted by the balance sheet date and which are expected to apply in the periods in which the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

# Domino Songs Limited

## Notes forming part of the financial statements for the year ended 31 August 2018 (*continued*)

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### 1 Accounting policies (*continued*)

#### *Expenditure in relation to advances*

Advance payments to writers and licensors to secure their publishing rights are assessed and the value of the unrecovered amount to be included in debtors is determined by reference to the prospects of future recoupment, based on past sales performance, current popularity and projected sales. Advance payments to writers who are not yet fully established are fully provided for in the income statement as committed to.

#### *Intangible fixed assets and amortisation*

Intangible fixed assets are stated at cost less amortisation. Amortisation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. It is calculated at the following rates:

Purchased catalogue - 5% straight line

#### *Pension costs*

Contributions to the company's defined contribution pension scheme are charged to the income statement in the year in which they become payable.

### 2 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements:

- Determine whether there are indicators of impairment of the company's intangible assets. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit.
- Determine whether advance payments to writers should be written off to the income statement as they are committed to or whether such payments should be included in debtors and written down to the income statement in line with recoupment. This determination is made by reference to the prospects of future recoupment, based on past performance, current popularity and projected sales.
- Management incorporate judgements into setting royalty accruals to which they believe will be owed to artists. Furthermore, estimation uncertainty exists around the expected returns on artists albums, which dictates the value of the artists control accounts. This calculation looks at the legislative maximum threshold, and considers internal evidence on returns to set this threshold.

#### *Other key sources of estimation uncertainty*

- *Intangible fixed assets (see note 7)*

Intangible fixed assets are amortised on a straight line basis over the useful economic lives taking into account residual values, where appropriate. Further intangible assets are reviewed for impairment at the end of the first financial year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recovered.

## Domino Songs Limited

Notes forming part of the financial statements  
for the year ended 31 August 2018 (*continued*)

### 3 Turnover

In the year to 31 August 2018 70% (2017 - 67%) of the company's turnover was to markets outside the United Kingdom.

### 4 Operating profit

	2018 £'000	2017 £'000
This has been arrived at after charging:		
Auditors' remuneration:		
- audit services	1	1
Amortisation of intangible assets	27	26
	<u>          </u>	<u>          </u>

The company had no employees during the current or prior financial year.

### 5 Interest receivable and similar income

	2018 £'000	2017 £'000
Intercompany interest received	13	7
	<u>          </u>	<u>          </u>

### 6 Taxation

	2018 £'000	2017 £'000
Current tax charge	-	-
	<u>          </u>	<u>          </u>

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2018 £'000	2017 £'000
Profit on ordinary activities before tax	170	68
	<u>          </u>	<u>          </u>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2017 – 19.58%)	32	13
Effects of:		
Utilisation of tax losses and other deductions	(32)	(13)
	<u>          </u>	<u>          </u>
Current tax charge for year	-	-
	<u>          </u>	<u>          </u>

# Domino Songs Limited

Notes forming part of the financial statements  
for the year ended 31 August 2018 (*continued*)

## 7 Intangible assets

	Purchased catalogue £'000
<i>Cost</i>	
At 1 September 2017 and at 31 August 2018	535
<i>Amortisation</i>	
At 1 September 2017	173
Charge for the year	27
At 31 August 2018	200
<i>Net book value</i>	
At 31 August 2018	335
At 31 August 2017	362

## 8 Debtors

	2018 £'000	2017 £'000
Amounts owed by fellow group companies	566	395

All amounts shown under debtors fall due for payment within one year.

## 9 Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	1	1
Accruals and deferred income	142	168
	143	169

## 10 Deferred taxation

At 31 August 2018, the group had not recognised a deferred tax asset amounting to £402k (2017 - £431k) relating to trading losses as there is insufficient evidence that it will reverse in the foreseeable future.

## Domino Songs Limited

Notes forming part of the financial statements  
for the year ended 31 August 2018 (*continued*)

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### 11 Share capital

	Allotted, called up and fully paid			2017 £
	2018 Number	2017 Number	2018 £	
Ordinary shares of £1 each	2	2	2	2

### 12 Related party transactions

The company has taken advantage of the exception allowed by FRS 102, not to disclose transactions with members of the Group, headed by Domino Music Group Limited, on the grounds that the company is a wholly owned group member and included in the consolidated financial statements.

Key management personnel are considered to be the directors and their remuneration is borne by a fellow group company.

### 13 Ultimate parent undertaking and controlling party

The immediate and ultimate parent undertaking is Domino Music Group Limited. Consolidated accounts are prepared and are available from Companies House.

The ultimate controlling party is Laurence Bell who owns 95% of the issued share capital of Domino Music Group Limited.