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**PIAS/WALL OF SOUND LIMITED**

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**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



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**PIAS/WALL OF SOUND LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	M J Lambot N B Hartley
<b>Company secretary</b>	N B Hartley
<b>Registered number</b>	04217683
<b>Registered office</b>	1 Bevington Path London SE1 3PW
<b>Independent auditors</b>	Nexia Smith & Williamson Chartered Accountants & Statutory Auditor 4th Floor Cumberland House 15-17 Cumberland Place Southampton Hampshire SO15 2BG
<b>Bankers</b>	Coutts & Co 440 Strand London WC2R 0QS

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**PIAS/WALL OF SOUND LIMITED**

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**PIAS/WALL OF SOUND LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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The directors present their report and the financial statements for the year ended 31 December 2019.

**Principal activity**

The principal activity of the Company continues to be that of a record label.

**Directors**

The directors who served during the year were:

M J Lambot  
N B Hartley

**Post balance sheet events**

The Group's business has been impacted by the COVID-19 global pandemic which has reduced physical sales and other incomes such as Neighbouring Rights and Synchronisation in 2020. In addition, certain releases were deferred from 2020 into future years. However, the Board took action to reduce overhead costs, have made use of government schemes and reduced working hours for staff such that there will not be a material impact on the financial results for 2020. The Board would like to thank the staff for their tremendous support and commitment during the last year.

**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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- the 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.

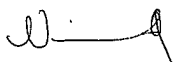
**Auditors**

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

**Small companies' note**

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 B Hartley**  
Director

Date: 22/12/2020

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**PIAS/WALL OF SOUND LIMITED**

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**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 to 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.

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**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIAS/WALL OF SOUND LIMITED**

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**Opinion**

We have audited the financial statements of PIAS/Wall of Sound Limited (the 'Company') for the year ended 31 December 2019 which comprise the Statement of Income and Retained Earnings, the Balance Sheet and the 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 Section 1A of FRS 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 December 2019 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.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIAS/WALL OF SOUND LIMITED (CONTINUED)

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### **Other information**

The other information comprises the information included in the Directors' Report and Financial Statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information. 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.

### **Opinion 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 Directors' Report.

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 take advantage of the small companies' exemption in preparing the Directors' Report and from the requirement to prepare a Strategic Report.

### **Responsibilities of directors**

As explained more fully in the Directors' Responsibilities Statement set out on page 2, 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 determine 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.

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIAS/WALL OF SOUND LIMITED (CONTINUED)

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### **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 on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://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.

Nexia Smith & Williamson  
Nexia Smith & Williamson (Dec 22, 2020 17:28 GMT)

Andrew Edmonds (Senior Statutory Auditor)

for and on behalf of

**Nexia Smith & Williamson**

Chartered Accountants

Statutory Auditor

4th Floor Cumberland House

15-17 Cumberland Place

Southampton

Hampshire

SO15 2BG

Date: 22/12/2020



**PIAS/WALL OF SOUND LIMITED**

**STATEMENT OF INCOME AND RETAINED EARNINGS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Note	2019 £	2018 £
Turnover	3	233,480	309,537
Cost of sales		(93,570)	(134,008)
<b>Gross profit</b>		<b>139,910</b>	<b>175,529</b>
Administrative expenses		(1,881)	(2,385)
(Loss)/profit on foreign exchange		(69,079)	12,402
<b>Operating profit</b>		<b>68,950</b>	<b>185,546</b>
Interest payable and expenses		(2,054)	(2,064)
<b>Profit before tax</b>		<b>66,896</b>	<b>183,482</b>
Tax on profit		-	-
<b>Profit after tax</b>		<b>66,896</b>	<b>183,482</b>
Retained earnings at the beginning of the year		(1,793,072)	(1,976,554)
Profit for the year		66,896	183,482
<b>Retained earnings at the end of the year</b>		<b>(1,726,176)</b>	<b>(1,793,072)</b>

The notes on pages 8 to 14 form part of these financial statements.

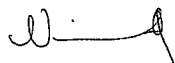
PIAS/WALL OF SOUND LIMITED  
REGISTERED NUMBER:04217683

**BALANCE SHEET  
AS AT 31 DECEMBER 2019**

	Note	2019 £	As restated 2018 £
<b>Current assets</b>			
Stocks	6	1,771	5,082
Debtors: amounts falling due within one year	7	2,341,536	2,079,579
Cash at bank and in hand		873	902
		<u>2,344,180</u>	<u>2,085,563</u>
Creditors: amounts falling due within one year	8	(4,070,355)	(3,878,634)
<b>Net current liabilities</b>		<u>(1,726,175)</u>	<u>(1,793,071)</u>
<b>Total assets less current liabilities</b>		<u>(1,726,175)</u>	<u>(1,793,071)</u>
<b>Net liabilities</b>		<u>(1,726,175)</u>	<u>(1,793,071)</u>
<b>Capital and reserves</b>			
Called up share capital		1	1
Retained earnings		(1,726,176)	(1,793,072)
<b>Shareholders' deficit</b>		<u>(1,726,175)</u>	<u>(1,793,071)</u>

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



.....  
**N B Hartley**  
Director

Date: 22/12/2020

The notes on pages 8 to 14 form part of these financial statements.

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## PIAS/WALL OF SOUND LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2019

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#### 1. General information

PIAS/Wall of Sound Limited is a private company, limited by shares, domiciled and incorporated in England and Wales (registered number: 04217683). The registered office address is 1 Bevington Path, London, SE1 3PW.

#### 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 following principal accounting policies have been applied:

##### 2.2 Going concern

The directors have made an assessment in preparing these financial statements as to whether the Company remains a going concern. In their assessment, the directors have considered the facilities available from the Group's bankers, post year end performance and the impact the COVID-19 pandemic has had and is likely to have on the business. In addition, the Group's ultimate parent has confirmed its intention to continue to provide financial support for at least twelve months to the UK Group, specifically that they will not require reimbursement of outstanding intercompany balances if this would cause financial hardship for the UK Group.

On the basis of the above, the directors have produced cash flow forecasts for the UK Group, which demonstrate that there are sufficient cash resources available to the Group and Parent Company to ensure they can meet their financial obligations as they fall due for the foreseeable future, this being the period covering at least twelve months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis of accounting in preparing the financial statements.

##### 2.3 Foreign currency translation

###### Functional and presentation currency

The Company's functional and presentational currency is GBP.

###### Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**2. Accounting policies (continued)**

**2.4 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.

**2.5 Finance costs**

Finance costs are charged to profit or loss 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.

**2.6 Intangible assets**

**Goodwill**

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, Goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to profit or loss over its useful economic life.

**Other 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.

The estimated useful lives range as follows:

Goodwill	-	10	years straight-line
Catalogue rights	-	10	years straight-line

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**2. Accounting policies (continued)**

**2.7 Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value and are shown net of provisions for slow moving and obsolete stocks. Costs include materials, costs of assembly, freight and duty costs. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

At each balance sheet date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

**2.8 Financial instruments**

Financial assets and financial liabilities are recognised in the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

Trade and other debtors and creditors are classified as basic financial instruments and measured at initial recognition at transaction price. Debtors and creditors are subsequently measured at amortised cost using the effective interest rate method. A provision is established when there is objective evidence that the Company will not be able to collect all amounts due.

Cash and cash equivalents are classified as basic financial instruments and comprise cash in hand and at bank, short-term bank deposits with an original maturity of three months or less and bank overdrafts which are an integral part of the Company's cash management.

Financial liabilities and equity instruments issued by the Company are classified in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest bearing bank loans, overdrafts and other loans which meet the criteria to be classified as basic financial instruments are initially recorded at the present value of cash payable to the bank, which is ordinarily equal to the proceeds received net of direct issue costs. These liabilities are subsequently measured at amortised cost, using the effective interest rate method.

**2.9 Royalties payable**

Royalties payable are recognised in the same year as the income to which they relate.

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PIAS/WALL OF SOUND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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2. Accounting policies (continued)

2.10 Taxation

Tax is recognised in profit or loss 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. Turnover

Analysis of turnover by country of destination:

	2019 £	2018 £
United Kingdom	126,268	220,966
Rest of Europe	52,142	58,403
Rest of the world	55,070	30,168
	<u>233,480</u>	<u>309,537</u>

4. Employees

The average monthly number of employees, including directors, during the year was Nil (2018: Nil).

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**PIAS/WALL OF SOUND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**5. Intangible assets**

	Catalogue rights £	Goodwill £	Total £
<b>Cost</b>			
At 1 January 2019	34,350	129,135	163,485
At 31 December 2019	<u>34,350</u>	<u>129,135</u>	<u>163,485</u>
<b>Amortisation</b>			
At 1 January 2019	34,350	129,135	163,485
At 31 December 2019	<u>34,350</u>	<u>129,135</u>	<u>163,485</u>
<b>Net book value</b>			
At 31 December 2019	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2018	<u>-</u>	<u>-</u>	<u>-</u>

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**PIAS/WALL OF SOUND LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019**

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**6. Stocks**

	2019 £	2018 £
Finished goods and goods for resale	1,771	5,082

The difference between purchase price or production cost of stocks and their replacement cost is not material.

**7. Debtors**

	2019 £	<i>As restated</i> 2018 £
Amounts owed by group undertakings	2,122,132	1,840,008
Other debtors	144,404	164,570
Prepayments and accrued income	75,000	75,001
	<u>2,341,536</u>	<u>2,079,579</u>

**8. Creditors: Amounts falling due within one year**

	2019 £	2018 £
Amounts owed to group undertakings	3,956,530	3,772,062
Accruals and deferred income	113,825	106,572
	<u>4,070,355</u>	<u>3,878,634</u>

**9. Prior year adjustment**

Artist advances have been reclassified from intangible assets to other debtors to better represent the substance of the balance and ensure consistency with other group entities. This adjustment has had no impact on reserves.



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PIAS/WALL OF SOUND LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2019

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**10. Related party transactions**

The Company has taken advantage of the exemption in FRS 102 Section 33.1A to not disclose transactions with wholly owned group entities.

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

	Sub notes	2019 £	2018 £
<b>Debtor/(creditor)</b>			
PIAS France	2	34,483	24,633
PIAS Spain	2	23,809	-
PIAS America	2	66,442	-
PIAS Digital Limited	1	152,504	125,302
PIAS Netherlands	2	16,073	-
PIAS Germany	2	(35)	-
PIAS Belgium	2	1,397,207	-
<b>Income/(expenses)</b>			
PIAS France	2	6,702	9,739
PIAS Digital Limited	1	26,880	126,001

Sub Notes

1) These entities are fellow group companies in the UK.

2) These entities are fellow group company operating overseas.

**11. Post balance sheet events**

The Group's business has been impacted by the COVID-19 global pandemic which has reduced physical sales and other incomes such as Neighbouring Rights and Synchronisation in 2020. In addition, certain releases were deferred from 2020 into future years. However, the Board took action to reduce overhead costs, have made use of government schemes and reduced working hours for staff such that there will not be a material impact on the financial results for 2020.

**12. Controlling party**

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

LGS 2 SPRL, a company registered in Belgium, is the ultimate parent company. Copies of the Group financial statements of LGS 2 SPRL are available from Rue St Laurent 36-38, 1000 Bruxelles, Belgium.

The directors do not consider there to be an ultimate controlling party.