

Company Registration No. 04348701

Redpoint Music Limited

Reports and Financial Statements

31 December 2014

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Redpoint Music Limited

Reports and financial statements 2014

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Redpoint Music Limited

Reports and financial statements 2014

Officers and professional advisers

Directors

David Taylor
Maximilian Dressendoerfer
John Dobinson
Mark Ranyard

Registered Office

33 Wigmore Street
London
United Kingdom
W1U 1QX

Solicitors

Simons Muirhead & Burton
8-9 Frith Street
London
W1D 3JB

Independent Auditors

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
1 Embankment Place
London
WC2N 6RH

Redpoint Music Limited

Strategic report

The directors present their Strategic report for the year ended 31 December 2014 for Redpoint Music Limited (the "Company").

Business review

Redpoint Music Limited is the United Kingdom subsidiary of BMG Rights Management (UK) Ltd ("BMG UK"). Redpoint Music Limited owns and administers rights to musical compositions, exploits and markets these compositions and receives royalties or fees for their use. It additionally contracts as a sub-publisher for collection and transfer of monies to other affiliated companies within the BMG Group.

Strategy

Redpoint Music Limited is part of an international group of companies focused on the management of music rights. The Company covers the entire range of rights administration, development and exploitation, placing the needs of songwriters and artists at the core of its business model. At the core of the Company's strategy is delivering a high quality rights administration service to artists and writers.

Business performance 2014

As shown in the Company's Statement of comprehensive income on page 8, the Company reported revenues of £2,156 (2013: £183) and gross profit of £547 (2013: £31 gross loss). Profit from operations was £2,039 (2013: £437 operating loss).

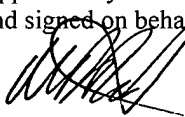
Key performance indicators

The directors monitor the Company's performance in a number of ways including key performance indicators such as reported revenue, gross profit/net publisher's share (revenue received by a music publisher less royalties payable), operating loss (Earnings Before Interest and Taxes; "EBIT") and EBITDA (as adjusted for depreciation and amortisation). The Company is financed through intercompany funding from its group parent companies and through equity.

Principal risks and uncertainties

From the perspective of the company, the principal risks and uncertainties are integrated with the principal risks of the BMG UK group and are not managed separately. Accordingly, the principal risks and uncertainties of BMG Rights Management (UK) Ltd, which include those of the company, are discussed on page 2 of the those financial statements which does not form part of this report.

Approved by the Board of Directors
and signed on behalf of the Board



M Ranyard
Director

27 March 2015

Redpoint Music Limited

Directors' report

The directors present their Directors' report and financial statements for the year ended 31 December 2014 for Redpoint Music Limited (the "Company").

Principal activities

The principal business of the Company during the year ended 31 December 2014 was the collection and payment of royalties. The Directors do not anticipate any significant changes in the activities of the Company.

The Company's music publishing business can be summarised as an intellectual property business focused on the exploitation of the copyright of songs. In return for promoting, placing, marketing and administering the creative output of a songwriter, the Company retains a share of revenues generated from use of the song. The services described above are also carried out on behalf of other rights holders such as catalogue owners and other publishing companies.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Further details regarding the adoption of the going concern basis can be found in Note 1 to the financial statements.

Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were as follows:

David Taylor
Maximilian Dressendoerfer
John Dobinson
Mark Ranyard

Dividends

The directors do not recommend a dividend (2013: £nil).

Directors and officers insurance

The Company maintains liability insurance for directors and officers of the Company.

Employees

The Company had no employees in the current or prior year.

Political and charitable contributions

The Company made no political or charitable contributions or incurred any political expenditure during the current or prior year.

Redpoint Music Limited

Directors' report (continued)

Statement of disclosure of information to auditors

Each of the persons who are a director at the date of approval of this report confirms 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 he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Independent Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



M Ranyard
Director

27 March 2015

Redpoint Music Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Strategic report, 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 prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union 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.

Redpoint Music Limited

Independent auditors' report to the members of Redpoint Music Limited

Report on the financial statements

Our opinion

In our opinion, Redpoint Music Limited's financial statements (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 and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

Redpoint Music Limited's financial statements comprise:

- the Statement of financial position as at 31 December 2014;
- the Statement of comprehensive income for the year then ended;
- the Statement of changes in equity for the year then ended;
- the Statement of cash flows for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and IFRSs as adopted by the European Union.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Redpoint Music Limited

Independent auditors' report to the members of Redpoint Music Limited (continued)

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 5, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Reports and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.



Jonathan Ford (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 March 2015

Redpoint Music Limited

Statement of comprehensive income Year ended 31 December 2014

	Notes	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Revenue	2	2,156	183
Cost of sales		(1,609)	(214)
Gross profit/(loss)		547	(31)
Administrative income/(expenses)		1,492	(406)
Profit/(loss) from operations	3	2,039	(437)
Finance income	5	6	-
Finance costs	5	(2,351)	(3,846)
Loss from operations before taxation		(306)	(4,283)
Taxation	6	-	-
Loss and total comprehensive expense		(306)	(4,283)

The accompanying notes are an integral part of this Statement of comprehensive income for the year ended 31 December 2014 and the Company did not have any items of other comprehensive income. All results relate to continuing operations.

Redpoint Music Limited

Statement of financial position As at 31 December 2014

	Notes	2014 £	2013 £
Current assets			
Trade and other receivables	7	9,122	10,257
Total current assets		<u>9,122</u>	<u>10,257</u>
Total assets		<u>9,122</u>	<u>10,257</u>
Equity			
Share capital	10	1,000	1,000
Retained deficit		(113,288)	(112,982)
Total shareholder's deficit		<u>(112,288)</u>	<u>(111,982)</u>
Non-current liabilities			
Long-term loans	8	120,700	118,349
Total non-current liabilities		<u>120,700</u>	<u>118,349</u>
Current liabilities			
Trade and other payables	9	710	3,890
Total current liabilities		<u>710</u>	<u>3,890</u>
Total equity and liabilities		<u>9,122</u>	<u>10,257</u>

The accompanying notes are an integral part of this Statement of financial position.

The financial statements of Redpoint Music Limited, registered number 04348701 were approved by the Board of Directors on 27 March 2015.

Signed on behalf of the Board of Directors



M Ranyard
Director

Redpoint Music Limited

Statement of changes in equity Year ended 31 December 2014

	Share capital £	Retained deficit £	Total £
As at 1 January 2013	1,000	(108,699)	(107,699)
Loss and total comprehensive expense for the year	-	(4,283)	(4,283)
As at 1 January 2014	1,000	(112,982)	(111,982)
Loss and total comprehensive expense for the year	-	(306)	(306)
As at 31 December 2014	1,000	(113,288)	(112,288)

The accompanying notes are an integral part of this Statement of changes in equity.

Redpoint Music Limited

Statement of cash flows Year ended 31 December 2014

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Loss before taxation	(306)	(4,283)
Adjustments for:		
Finance income	(6)	-
Finance cost	2,351	3,846
Other non cash movements	(1,492)	406
Operating profit/(loss) before movement in working capital and provisions	547	(31)
Decrease/(increase) in trade and other receivables	2,633	(183)
(Decrease)/increase in trade and other payables	(3,180)	214
Cash generated from operating activities	-	-
Cash flows from financing activities	-	-
Net cash generated from financing activities	-	-
Net movement in cash and cash equivalents	-	-
Cash and cash equivalents at the beginning of the year	-	-
Cash and cash equivalents at the end of the year	-	-

The accompanying notes are an integral part of this statement of cash flows.

Redpoint Music Limited

Notes to the financial statements Year ended 31 December 2014

1. Accounting policies

Redpoint Music Limited (the "Company") is a company incorporated in the UK.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all years presented in these financial statements.

The company has taken exemption from preparing consolidated financial statements afforded by section 400 of the Companies Act 2006, because it is a wholly owned subsidiary of Bertelsmann SE & Co KGaA which prepares consolidated financial statements which are publicly available (refer to note 13).

Basis of preparation

The financial statements are presented in pounds sterling. They are prepared on the historical cost basis.

These financial statements have been prepared in accordance with Companies Act 2006 applicable to companies reporting under International Financial Reporting Standards ("IFRS") as issued by the European Union ("EU").

The preparation of financial statements in conformity with IFRS which requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised if the revision affects only that year or in the year of the revision and future year if the revision affects both current and future years.

Measurement convention

The financial statements are prepared on the historical cost basis except financial instruments classified as fair value through the profit or loss. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell.

Going concern

The company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report and Directors' report on pages 2 to 4. Redpoint made a loss of £306 in the year (2013: £4,283). The directors have considered the financial resources available along with the future plans for the company and the support provided by the intermediate holding company Bertelsmann UK Limited when considering the going concern of the company. After making enquiries, the directors have a reasonable expectation that the company will have access to adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Redpoint Music Limited

Notes to the financial statements (continued) **Year ended 31 December 2014**

1. Accounting policies (continued)

Foreign currency

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are translated at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the statement of comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at foreign exchange rates ruling at the dates the fair value was determined.

Loan receivables and payables

Long term loans are measured at fair value net of transaction costs.

Trade and other receivables

Trade and other receivables at the statement of financial position date are stated at amortised cost which approximates to cost less impairment losses.

Trade and other payables

Trade and other payables are stated at amortised cost which approximates to cost.

Revenue

Revenue is measured at the fair value of the consideration receivable and represents amounts receivable for services provided in the normal course of business, net of discounts and value added tax.

Revenue from royalty licencing is recognised in accordance with IAS 18. According to IAS 18.29 revenue from royalties shall be recognised when it is probable that the economic benefits associated with the transaction will flow to the Company and the amount of the revenue can be measured reliably. Where revenue streams have a forward visibility revenue is recognised on an accruals principle. If there is no or minimal forward visibility of revenue streams, it is not possible to measure the revenue streams reliably until cash is collected.

Music publishing royalties

Music publishing royalties derived from the inclusion of the Company's copyrights on recorded music products or from performance are recognised when they are earned by the Company from the relevant collection society or record company. The Company considers that it can most reliably measure such royalties following receipt of cash or a statement.

Where the Company receives advances which are recoupable from future sales or profits, or are otherwise conditional on continued performance of duties by the Company, these are recorded as liabilities. Revenue is recognised as it is earned.

Advance payments to artists are carried forward within other receivables where they relate to proven artists and where it is estimated that sufficient future income will be recouped against those advance payments. The advance payments should be written off if these are not covered by future income. In case of unproven contract the advance payments should be immediately written off. Any other royalty licencing income is recognised on a cash basis.

Redpoint Music Limited

Notes to the financial statements (continued) Year ended 31 December 2014

1. Accounting policies (continued)

Taxation

Tax for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

Critical accounting judgements and key sources of estimation uncertainty

The following are the critical judgements, apart from those involving estimations (which are dealt with separately below), that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

The Company uses estimates to calculate the writer royalties due for the second half of the year for all the royalty receipts and the Company used industry standard rates to estimate the royalty accruals.

Writer advances provisions were made during the year based on calculation used across the group.

New and amended standards adopted by the company

The following standards have been adopted by the company for the first time for the financial year beginning 1 January 2014, but do not have a material impact on the company:

IFRS 11, 'Joint arrangements' focuses on the rights and obligations of the parties to the arrangement rather than its legal form. There are two types of joint arrangements: joint operations and joint ventures. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its share of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportional consolidation of joint arrangements is no longer permitted.

IFRS 12, 'Disclosures of interests in other entities' includes the disclosure requirements for all forms of interests in other entities, including joint arrangements, associates, structured entities and other off balance sheet vehicles.

Amendment to IAS 32, 'Financial instruments: Presentation' on offsetting financial assets and financial liabilities. This amendment clarifies that the right of set-off must not be contingent on a future event. It must also be legally enforceable for all counterparties in the normal course of business, as well as in the event of default, insolvency or bankruptcy. The amendment also considers settlement mechanisms. The amendment did not have a significant effect on the group financial statements.

Amendments to IAS 36, 'Impairment of assets', on the recoverable amount disclosures for non-financial assets. This amendment removed certain disclosures of the recoverable amount of CGUs which had been included in IAS 36 by the issue of IFRS 13.

Redpoint Music Limited

Notes to the financial statements (continued) Year ended 31 December 2014

1. Accounting policies (continued)

Amendment to IAS 39, 'Financial instruments: Recognition and measurement' on the novation of derivatives and the continuation of hedge accounting. This amendment considers legislative changes to 'over-the-counter' derivatives and the establishment of central counterparties. Under IAS 39 novation of derivatives to central counterparties would result in discontinuance of hedge accounting. The amendment provides relief from discontinuing hedge accounting when novation of a hedging instrument meets specified criteria.

New standards and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the company:

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through P&L. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted subject to EU endorsement.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted subject to EU endorsement.

2. Revenue

An analysis of the Company's revenue is as follows:

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Exploitation of music rights	2,156	183

The operations of the Company take place wholly in the United Kingdom. Revenue was derived principally from activities conducted within the United Kingdom. The Company does not have any separable operating segments. All assets used by the Company are held in the United Kingdom.

Redpoint Music Limited

Notes to the financial statements (continued) Year ended 31 December 2014

3. Profit/(loss) from operations

The audit fee of £4,000 (2013: £4,000) was borne by the intermediate parent company, BMG Rights Management (UK) Limited.

4. Employee costs and directors' remuneration

The directors received no remuneration from the Company for services during the year (2013: £nil).

The Company did not have any other employees, and as a result incurred no staff costs (2013: £nil).

5. Finance income/(costs)

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Interest receivable from group companies	6	-
	<u>6</u>	<u>-</u>
Interest payable to group companies	(2,351)	(3,846)
	<u>(2,351)</u>	<u>(3,846)</u>
	<u>(2,345)</u>	<u>(3,846)</u>

Finance costs and finance income represent interest charged and received from the parent company and other related parties in respect of loan facilities provided.

Redpoint Music Limited

Notes to the financial statements (continued) Year ended 31 December 2014

6. Taxation

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Current taxation		
UK corporation tax	-	-
Deferred tax	-	-
Total tax expense	<u>-</u>	<u>-</u>

The charge for the year can be reconciled to the loss per the Statement of comprehensive income as follows:

Tax reconciliation

	Year ended 31 December 2014 £	Year ended 31 December 2013 £
Loss before taxation	<u>(306)</u>	<u>(4,283)</u>
Tax credit using the UK corporation tax rate of 20% (2013:20%)	(61)	(857)
Effects of:		
Losses carried forward with no deferred tax recognised	<u>61</u>	<u>857</u>
	<u>-</u>	<u>-</u>

The small profits rate of Corporation tax in the United Kingdom was 20% throughout the year (2013: 20%).

A deferred tax asset of £21,000 (2013: £21,000) arises in the UK on tax losses which have not been recognised as these assets can only be deducted against future taxable profits. There is currently insufficient evidence that suitable taxable profits will be generated.

Redpoint Music Limited

Notes to the financial statements (continued) Year ended 31 December 2014

7. Trade and other receivables

	31 December 2014 £	31 December 2013 £
Due within one year		
Trade and other receivables from group companies	8,122	9,257
Other debtors	1,000	1,000
	<u>9,122</u>	<u>10,257</u>

8. Long-term loans

	31 December 2014 £	31 December 2013 £
Loans from group companies	<u>120,700</u>	<u>118,349</u>

Intercompany loans are interest-bearing and have no fixed repayment date.

9. Trade and other payables

	31 December 2014 £	31 December 2013 £
Due within one year		
Other payables	710	593
Trade and other payables to related parties	-	3,297
	<u>710</u>	<u>3,890</u>

10. Share capital

	31 December 2014 £	31 December 2013 £
Issued and fully paid:		
500 (2013: 500) 'A' ordinary shares of £1 each	500	500
500 (2013: 500) 'B' ordinary shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

The A and B shares rank pari passu. Every ordinary shareholder shall have one vote for which they are the holder. The ordinary shares shall be entitled to receive a dividend at the discretion of and by the declaration of the directors.

Redpoint Music Limited

Notes to the financial statements (continued) Year ended 31 December 2014

11. Financial instruments

Exposure to credit, liquidity interest rate and currency risks arises in the normal course of the Company's business.

(a) Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material.

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material.

Interest-bearing borrowings

Fair value, which after initial recognition is determined for disclosure purposes only, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the statement of financial position date.

Fair values

The fair values for each class of financial assets and financial liabilities together with their carrying amounts shown in the statement of financial position are as follows:

	2014		2013	
	Carrying amount £	Fair value £	Carrying amount £	Fair value £
Other receivables	1,000	1,000	1,000	1,000
Trade and other receivables from related parties	8,122	8,122	9,257	9,257
Loans from group companies	(120,700)	(120,700)	(118,349)	(118,349)
Other payables	(710)	(710)	(593)	(593)
Trade and other payables to other related parties	-	-	(3,297)	(3,297)
	<u>(112,288)</u>	<u>(112,288)</u>	<u>(111,982)</u>	<u>(111,982)</u>
Unrecognised gains/losses				<u>-</u>

(b) Credit risk

Financial risk management

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from group companies. This risk is mitigated as balances are spread across multiple parties.

Exposure to credit risk

The Company has no exposure to credit risk.

(c) Liquidity risk

Financial risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

Redpoint Music Limited

Notes to the financial statements (continued) Year ended 31 December 2014

11. Financial instruments (continued)

(d) Market risk

Financial risk management

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its holdings of financial instruments.

Market risk - Foreign currency risk

The Company has no exposure to foreign currency risk.

Sensitivity analysis — Foreign currency risk

The Company did not issue any foreign currency invoices during the year ended 31 December 2014 and so exposure to foreign currency risk is minimal.

Market risk – interest rate risk

The Company utilises a group loan facility, on which interest is charged at variable rates, based on the 3 month LIBOR market rate.

Sensitivity analysis – interest rate risk

A change of one percent in interest rates at the statement of financial position date would have increased the loss by the amounts shown below. This calculation assumes that the change occurred at the statement of financial position date and had been applied to risk exposures existing at that date.

This analysis assumes that all other variables, in particular foreign currency rates, remains constant and considers the effect of financial instruments with variable interest rates.

At the year end it is estimated that an increase of one percentage rise in the 3 month LIBOR market rate would increase the Company's loss before taxation by approximately £1,147 (2013: £1,170).

12. Related parties

Identity of related parties

The Company had a related party relationship in the year with subsidiaries of Bertelsmann SE & Co. KGaA, and with its directors and executive officers.

Related party transactions

During the year the Company entered into the following transactions with related parties. The transactions were priced on an arm's length basis.

	Sales/(purchases) of goods		Trade balances receivable/(payable)		Loan balances receivable/(payable)	
	2014	2013	2014	2013	2014	2013
	£	£	£	£	£	£
BMG Rights Management (UK) Limited	-	-	5,966	(1,464)	-	-
Chrysalis Music Limited	(1,553)	-	2,156	7,424	(120,700)	(118,349)
Total	(1,553)	-	8,122	5,960	(120,700)	(118,349)

Redpoint Music Limited

Notes to the financial statements (continued) **Year ended 31 December 2014**

13. Ultimate parent company and controlling party

The Company is jointly owned and controlled by Chrysalis Holdings Limited a company incorporated in the United Kingdom, and DJT Music Ltd.

The ultimate parent company of Chrysalis Holdings Ltd is the international media company Bertelsmann SE & Co. KGaA.

The results of the Company are included in the consolidated financial statements of Bertelsmann SE & Co. KGaA which is registered at Carl-Bertelsmann-Strasse 270, 33311 Gütersloh, Germany. These consolidated financial statements are publicly available.

No other group financial statements include the results of the Company.