

Company registration number 05075712 (England and Wales)

BLUE RAINCOAT MUSIC LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023
PAGES FOR FILING WITH REGISTRAR

BLUE RAINCOAT MUSIC LIMITED

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BLUE RAINCOAT MUSIC LIMITED

BALANCE SHEET

AS AT 31 MARCH 2023

		2023		2022	
	Notes	£	£	£	£
Fixed assets					
Intangible assets	5		1,255,713		1,323,694
Tangible assets	6		139,026		65,114
Investments	7		10,109,235		10,109,235
			<u>11,503,974</u>		<u>11,498,043</u>
Current assets					
Debtors	8	5,833,147		3,316,316	
Cash at bank and in hand		320,078		76,176	
		<u>6,153,225</u>		<u>3,392,492</u>	
Creditors: amounts falling due within one year	9	(15,405,703)		(13,361,793)	
Net current liabilities			<u>(9,252,478)</u>		<u>(9,969,301)</u>
Total assets less current liabilities			<u>2,251,496</u>		<u>1,528,742</u>
Provisions for liabilities	10		(27,942)		(6,055)
Net assets			<u><u>2,223,554</u></u>		<u><u>1,522,687</u></u>
Capital and reserves					
Called up share capital	11		8		8
Share premium account			247,151		247,151
Profit and loss reserves			<u>1,976,395</u>		<u>1,275,528</u>
Total equity			<u><u>2,223,554</u></u>		<u><u>1,522,687</u></u>

The Directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

These financial statements have been prepared and delivered 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 20 December 2023 and are signed on its behalf by:

Golnar Khosrowshahi
Director

Company registration number 05075712 (England and Wales)

BLUE RAINCOAT MUSIC LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2023

	Share capital	Share premium account	Profit and loss reserves	Total
	£	£	£	£
Balance at 1 April 2021	8	247,151	821,503	1,068,662
Year ended 31 March 2022:				
Profit and total comprehensive income	-	-	454,025	454,025
Balance at 31 March 2022	8	247,151	1,275,528	1,522,687
Year ended 31 March 2023:				
Profit and total comprehensive income	-	-	700,867	700,867
Balance at 31 March 2023	8	247,151	1,976,395	2,223,554

BLUE RAINCOAT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

Company information

Blue Raincoat Music Limited is a private company limited by shares incorporated in England and Wales. The registered office is Unit 2, Victoria House, 1 Leonard Circus, 64 Paul Street, London, E2A 4DQ.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied, other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

The company has taken advantage of the exemption under section 399 of the Companies Act 2006 not to prepare consolidated accounts on the basis that the group of which this is the parent qualifies as a small group. The financial statements present information about the company as an individual entity and not about its group.

1.2 Going concern

The financial statements have been prepared on a going concern basis as the directors are satisfied that the company will continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. When forming this assessment, the directors have taken into account the availability of working capital, the latest trading position and expected support from the immediate parent company, if required. The financial statements do not reflect any adjustments that would result from the company not being a going concern.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods and services provided in the normal course of business and is shown net of VAT and other sales related taxes. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Turnover relates to management fees recharged to connected companies and is recognised as those services are performed.

Property rental income is recognised on a straight line basis over the lease term and is included in other operating income.

1.4 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the fair value of the asset can be measured reliably; the intangible asset arises from contractual or other legal rights; and the intangible asset is separable from the entity.

BLUE RAINCOAT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Music catalogue	Straight line over 25 years
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The useful life of the catalogues has been assessed by the directors based upon their industry knowledge and they have chosen an amortisation period that they consider prudent.

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Leaschold improvements	Straight line over the lease term
Fixtures, fittings & equipment	Straight line over 4 years
Computer equipment	Straight line over 3 years

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

BLUE RAINCOAT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.8 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.9 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price, including transaction costs, and are subsequently carried at amortised cost using the effective interest method, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

1.10 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of transaction costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

BLUE RAINCOAT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.11 Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting end date.

Deferred tax

Deferred tax liabilities are generally recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Such assets and liabilities are not recognised if the timing difference arises from goodwill or from the initial recognition of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting end date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the profit and loss account, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when the company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.13 Retirement benefits

Payments to defined contribution retirement benefit schemes are charged as an expense as they fall due.

1.14 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to profit or loss on a straight line basis over the term of the relevant lease, except where another more systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

1.15 Government grants

Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

A grant that specifies performance conditions is recognised in other operating income when the performance conditions are met. Where a grant does not specify performance conditions it is recognised in other operating income when the proceeds are received or receivable. A grant received before the recognition criteria are satisfied is recognised as a liability.

BLUE RAINCOAT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

1 Accounting policies

(Continued)

1.16 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation in the period are included in profit or loss.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the Directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. 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 period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

The key estimate is in relation to the carrying value of the company's investment in Chrysalis Records Limited and its investment in its music catalogue and whether there are any indicators of impairment.

Carrying value of investments

In determining whether the investment in Chrysalis Records Limited is impaired, management reviews the latest results and cash flows of the subsidiary.

Impairment and amortisation of intangible assets - music catalogue

Intangible assets comprise of a music catalogue and management reviews the carrying value on an annual basis to ascertain if there are any impairment indicators. This impairment review includes a review of the performance of the music catalogue - which generates royalty income - during the financial year along with estimates of future income.

The amortisation charge for intangible assets is sensitive to changes in the estimated lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. See the Intangible fixed assets note below for the carrying amount of the intangible assets and note 1.4 for the useful economic lives for each class of asset.

Recoverability of intercompany debtors

Intercompany debtors relate to amounts due from group companies. Management monitors the performance and financial position of the group companies on a periodic basis to ascertain if there are any indicators that those companies will be unable to settle their debts.

3 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2023 Number	2022 Number
Total	29	23
	<u> </u>	<u> </u>

BLUE RAINCOAT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

4 Taxation

	2023 £	2022 £
Current tax		
UK corporation tax on profits for the current period	164,098	112,600
Deferred tax		
Origination and reversal of timing differences	15,181	(4,546)
Changes in tax rates	6,706	-
Total deferred tax	21,887	(4,546)
Total tax charge	185,985	108,054

5 Intangible fixed assets

	Music catalogue £
Cost	
At 1 April 2022 and 31 March 2023	1,699,544
Amortisation and impairment	
At 1 April 2022	375,850
Amortisation charged for the year	67,981
At 31 March 2023	443,831
Carrying amount	
At 31 March 2023	1,255,713
At 31 March 2022	1,323,694

BLUE RAINCOAT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

6 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 April 2022	91,620	130,290	221,910
Additions	52,979	81,648	134,627
At 31 March 2023	144,599	211,938	356,537
Depreciation and impairment			
At 1 April 2022	60,884	95,912	156,796
Depreciation charged in the year	30,053	30,662	60,715
At 31 March 2023	90,937	126,574	217,511
Carrying amount			
At 31 March 2023	53,662	85,364	139,026
At 31 March 2022	30,736	34,378	65,114

7 Fixed asset investments

	2023 £	2022 £
Investments	10,109,235	10,109,235

The company's fixed asset investments relate to the company's two wholly owned subsidiary companies, both of which are incorporated in England and Wales and both of which have the same registered office as this company.

The principal activity of Chrysalis Records Limited is music catalogue management. The total capital and reserves of Chrysalis Records Limited at 31st March 2023 was £842,040 (2022: £801,781) and its profit for the year then ended was £40,259 (2022: £43,988).

Ensign Records Limited is an indirectly held subsidiary, is dormant and prepares financial statements to 30 June each year. The total capital and reserves of Ensign Records Limited at 31st March 2023 was £Nil (2022: £Nil).

8 Debtors

	2023 £	2022 £
Amounts falling due within one year:		
Trade debtors	10,747	8,265
Amounts owed by group undertakings	5,577,969	3,153,561
Other debtors	244,431	154,490
	5,833,147	3,316,316

BLUE RAINCOAT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

9 Creditors: amounts falling due within one year

	2023 £	2022 £
Trade creditors	19,087	28,174
Amounts owed to group undertakings	15,195,289	13,131,063
Corporation tax	81,597	112,600
Other taxation and social security	55,470	57,851
Other creditors	54,260	32,105
	<u>15,405,703</u>	<u>13,361,793</u>

10 Provisions for liabilities

	2023 £	2022 £
Deferred tax liabilities	<u>27,942</u>	<u>6,055</u>

11 Called up share capital

	2023 Number	2022 Number	2023 £	2022 £
Ordinary share capital				
Issued and fully paid				
77,604 (2022: 77,604) Ordinary shares of 0.01p each	<u>77,604</u>	<u>77,604</u>	<u>8</u>	<u>8</u>

12 Audit report information

As the income statement has been omitted from the filing copy of the financial statements, the following information in relation to the audit report on the statutory financial statements is provided in accordance with s444(5B) of the Companies Act 2006:

The auditor's report was unqualified.

The senior statutory auditor was Anastasia Frangos and the auditor was Haysmacintyre LLP.

BLUE RAINCOAT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

13 Operating lease commitments

Lessee

At the reporting end date the company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, as follows:

2023	2022
£	£
562,471	387,604

Lessor

The operating lease represents office space let to third parties. The lease is negotiated over a term of between four and five years and rentals are fixed at £25,000 per annum. There are no options in place for either party to extend the lease terms.

14 Financial commitments, guarantees and contingent liabilities

In connection with borrowings granted by lenders to Reservoir Media Management, Inc, being the immediate parent company, such borrowings have been secured by a fixed and floating charge over all of the assets of the company. The company has also entered into a negative pledge with the lenders in respect of those borrowings.

15 Directors' transactions

Directors' remuneration paid in the year was £364,792 (2022: £287,500). In addition, the company paid fees totalling £24,750 (2022: £33,000) in respect of services provided by the directors to the company.

16 Parent company

The immediate parent company is Reservoir Media Management, Inc. and the ultimate parent company is Reservoir Media, Inc. Both companies are incorporated in the United States of America.

The largest and smallest group in which the results of the company are consolidated is headed by Reservoir Media, Inc. The group financial statements of Reservoir Media, Inc. are publicly available and can be obtained at www.investors.reservoir-media.com.

BLUE RAINCOAT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2023

17 Related party transactions

Blue Raincoat Artists Limited is considered to be a related party as it shares the same parent company. During the financial year, the company charged a management charge of £288,000 (2022: £288,000) to Blue Raincoat Artists Limited. The company also recharged costs to Blue Raincoat Artists Limited of £1,744 (2022: £5,441). At 31 March 2023, the company was owed £145,123 (2022: £178,241) by Blue Raincoat Artists Limited.

Blue Raincoat Songs Limited is considered to be a related party due to common directors. During the financial year, the company recharged costs to Blue Raincoat Songs Limited of £Nil (2022: £140).

Blue Raincoat Music Publishing Limited is considered to be a related party due to common directors. During the financial year, the company was recharged costs of £714 by Blue Raincoat Music Publishing Limited. During the prior financial year, the company recharged costs of £1,017 to Blue Raincoat Music Publishing Limited.

The company has taken advantage of the exemption available under FRS 102 section 33 Related Party Disclosures not to disclose transactions with other wholly owned group companies.

Reservoir Media Management, Inc. is considered to be a related party as it is the immediate parent company. Reservoir Media Management, Inc has lent the company an amount of £14,447,717 (2022: £14,447,717). An interest charge of £670,860 (2022: £536,986) and an operating charge of £1,386,587 (2022: £1,165,669) has been charged by Reservoir Media Management, Inc. to the company during the year. At 31 March 2023, the company owed £15,195,289 (2022: £13,131,063) to Reservoir Media Management, Inc.

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