

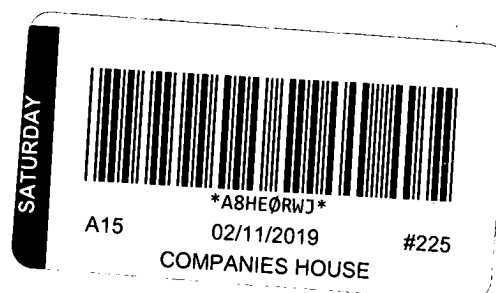
Registration number: 08877667

Gearbox Records Ltd

AMENDED Annual Report and Financial Statements

for the Year Ended 30 June 2018

These AMENDED financial statements replace the original accounts and are now the new statutory accounts. They have been prepared as they were at the date of the original accounts.



Gearbox Records Ltd

Company Information

Director Mr Darrel Sheinman

Registered office 8 Tileyard Road
London
N7 9AH

Gearbox Records Ltd

Director's Report for the Year Ended 30 June 2018

The director presents his report and the financial statements for the year ended 30 June 2018.

Director of the company

The director who held office during the year was as follows:

Mr Darrel Sheinman

Principal activity

The principal activity of the company is an independent record label and record production including mastering and lacquer cutting facilities.

Approved by the director on 12 October 2019 and signed on its behalf by:

.....
Mr Darrel Sheinman
Director

Gearbox Records Ltd

(Registration number: 08877667) Balance Sheet as at 30 June 2018

	Note	2018 £	2017 £
Fixed assets			
Intangible assets	4	206,710	6,373
Tangible assets	5	<u>72,471</u>	<u>81,756</u>
		<u>279,181</u>	<u>88,129</u>
Current assets			
Stocks	6	117,943	69,348
Debtors	7	87,167	51,840
Cash at bank and in hand		<u>83,687</u>	<u>121,702</u>
		288,797	242,890
Creditors: Amounts falling due within one year	8	<u>(74,006)</u>	<u>(99,911)</u>
Net current assets		<u>214,791</u>	<u>142,979</u>
Net assets		<u>493,972</u>	<u>231,108</u>
Capital and reserves			
Called up share capital	9	173,122	173,109
Share premium reserve		838,265	566,856
Other reserves		201,678	-
Profit and loss account		<u>(719,093)</u>	<u>(508,857)</u>
Total equity		<u>493,972</u>	<u>231,108</u>

For the financial year ending 30 June 2018 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Director's responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The director acknowledges his responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime and in accordance with the provisions of FRS102 Section 1A - Small Entities.

The notes on pages 5 to 12 form an integral part of these financial statements.

Gearbox Records Ltd

**(Registration number: 08877667)
Balance Sheet as at 30 June 2018**

Approved and authorised by the director on 12 October 2019

A handwritten signature in black ink, appearing to read 'D Sheinman', written over a dotted line.

Mr Darrel Sheinman
Director

Gearbox Records Ltd

Notes to the Financial Statements for the Year Ended 30 June 2018

1 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Statement of compliance

These financial statements have been prepared in accordance with Financial Reporting Standard 102 Section 1A - 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' and the Companies Act 2006.

Basis of preparation

These financial statements have been prepared using the historical cost convention except that as disclosed in the accounting policies certain items are shown at fair value.

Gearbox Records Ltd

Notes to the Financial Statements for the Year Ended 30 June 2018

Changes in accounting estimate

Current year and comparative non-current assets have been adjusted to more accurately reflect the classes of assets held. The cost, depreciation or amortisation policy and net book value of the assets remains unchanged.

A new class of intangible assets has been created for assets acquired in the prior period at cost of £6,440 and with amortisation arising in the year of £1,073.

A new class of tangible assets has been created to allow a distinction between Studio Equipment and Office Equipment in the financial statements.

Studio Equipment held in the prior period at a cost of £105,524 with accumulated depreciation of £29,555 has been separated from Office Equipment held in the year at a cost of £7,788 and accumulated depreciation of £2,001.

Exceptional Items

Gain/(Loss) on valuation of catalogue: £201,678

The catalogue of licences held by the company was valued in the year using a discounted cash flow model and is held on the balance sheet as an intangible asset.

Revenue recognition

Turnover comprises the fair value of the consideration received or receivable for the sale of goods and provision of services in the ordinary course of the company's activities. Turnover is shown net of sales/value added tax, returns, rebates and discounts.

In line with the requirements of FRS102, the company recognises revenue from the sale of goods when all the following conditions are satisfied:

- the company has transferred to the buyer the significant risks and rewards of ownership of the goods;
- 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 economic benefits associated with the transaction will flow to the company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably. (FRS 102 paragraph 23.10)

Physical Sales

Revenues from the physical sale of recorded music are recognised on despatch. Where goods are sold on the company's behalf by third party distributors, revenue is recognised when the distributor reports sales to the company.

Digital Sales

Revenues relating to digital products are recognised when the products are sold based on reports from digital service providers. Where revenue cannot be reliably estimated for the period, it is recognised on a receipts basis.

Gearbox Records Ltd

Notes to the Financial Statements for the Year Ended 30 June 2018

Royalties

Royalty income is included on a receivable basis calculated on sales of records arising during each financial year as reported by licensees. Where royalty income cannot be reliably estimated for the period, it is recognised on a receipts basis. Where income is received but not accompanied by sufficient data to attribute to a recognisable project, the income is recognised on subsequent receipt of that data. Royalties payable are charged against relevant income of the same period except where they are paid in advance, carried forward and recognised as an asset such advances relate to current released and unreleased products and where it is estimated that future royalties will be earned from recoupment from those products.

Advances received are carried forward and recognised over the expected life of each individual licence.

Tax

The tax expense for the period comprises tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

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

Tangible assets

Tangible assets are stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of tangible assets includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

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:

Asset class	Depreciation method and rate
Studio Equipment	10% straight line
Office Equipment	10% straight line

Gearbox Records Ltd

Notes to the Financial Statements for the Year Ended 30 June 2018

Intangible assets

Goodwill represents the excess of the cost of acquisition of unincorporated business over the fair value of net assets acquired. It is initially recognised as an asset at cost and is subsequently measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is considered to have a finite useful life and is amortised on the systematic basis over its expected life, which is 5 years.

For the purpose of impairment testing, goodwill is allocated to the cash-generating units expected to benefit from the acquisition. Cash-generating units to which goodwill has been allocated are tested for impairment at least annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than the carrying amount of the unit, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

Trade debtors

Trade debtors are amounts due from customers for merchandise sold or services performed in the ordinary course of business.

Trade debtors are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost is determined using the first-in, first-out (FIFO) method.

The cost of finished goods and work in progress comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. At each reporting date, stocks are assessed for impairment. If stocks are 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.

Trade creditors

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if the company does not have an unconditional right, at the end of the reporting period, to defer settlement of the creditor for at least twelve months after the reporting date. If there is an unconditional right to defer settlement for at least twelve months after the reporting date, they are presented as non-current liabilities.

Trade creditors are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

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Notes to the Financial Statements for the Year Ended 30 June 2018

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Defined contribution pension obligation

A defined contribution plan is a pension plan under which fixed contributions are paid into a pension fund and the company has no legal or constructive obligation to pay further contributions even if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Contributions to defined contribution plans are recognised as employee benefit expense when they are due. If contribution payments exceed the contribution due for service, the excess is recognised as a prepayment.

Advances to Artists

Advances to artists represent advances made direct to artists for recording and other costs made on behalf of artists under contract. These advances, which are only recoverable against future royalties, are charged to the profit and loss account as they are recouped or where the probability for future recoupment in respect thereof is unlikely.

2 Staff numbers

The average number of persons employed by the company (including the director) during the year, was 5 (2017 - 5).

3 Loss before tax

Arrived at after charging/(crediting)

	2018	2017
	£	£
Depreciation expense	11,358	12,290
Amortisation expense	<u>3,166</u>	<u>505</u>

Gearbox Records Ltd

Notes to the Financial Statements for the Year Ended 30 June 2018

4 Intangible assets

	Goodwill £	Contractual customer relationships £	Internally generated software development costs £	Total £
Cost or valuation				
At 1 July 2017	2,523	-	6,438	8,961
Additions acquired separately	-	201,678	1,825	203,503
At 30 June 2018	<u>2,523</u>	<u>201,678</u>	<u>8,263</u>	<u>212,464</u>
Amortisation				
At 1 July 2017	1,515	-	1,073	2,588
Amortisation charge	504	-	2,662	3,166
At 30 June 2018	<u>2,019</u>	<u>-</u>	<u>3,735</u>	<u>5,754</u>
Carrying amount				
At 30 June 2018	<u>504</u>	<u>201,678</u>	<u>4,528</u>	<u>206,710</u>
At 30 June 2017	<u>1,008</u>	<u>-</u>	<u>5,365</u>	<u>6,373</u>

Gearbox Records Ltd

Notes to the Financial Statements for the Year Ended 30 June 2018

5 Tangible assets

	Furniture, fittings and equipment £	Other tangible assets £	Total £
Cost or valuation			
At 1 July 2017	7,788	105,524	113,312
Additions	1,036	2,080	3,116
Disposals	-	(1,317)	(1,317)
At 30 June 2018	<u>8,824</u>	<u>106,287</u>	<u>115,111</u>
Depreciation			
At 1 July 2017	2,001	29,555	31,556
Charge for the year	805	10,553	11,358
Eliminated on disposal	-	(274)	(274)
At 30 June 2018	<u>2,806</u>	<u>39,834</u>	<u>42,640</u>
Carrying amount			
At 30 June 2018	<u>6,018</u>	<u>66,453</u>	<u>72,471</u>
At 30 June 2017	<u>5,787</u>	<u>75,969</u>	<u>81,756</u>

6 Stocks

	2018 £	2017 £
Other inventories	<u>117,943</u>	<u>69,348</u>

7 Debtors

	2018 £	2017 £
Trade debtors	40,965	12,626
Prepayments	-	1,336
Other debtors	<u>46,202</u>	<u>37,878</u>
	<u>87,167</u>	<u>51,840</u>

8 Creditors

Creditors: amounts falling due within one year

Gearbox Records Ltd

Notes to the Financial Statements for the Year Ended 30 June 2018

	2018 £	2017 £
Due within one year		
Trade creditors	27,086	36,956
Taxation and social security	6,266	7,932
Accruals and deferred income	2,078	17,974
Other creditors	<u>38,576</u>	<u>37,049</u>
	<u>74,006</u>	<u>99,911</u>

9 Share capital

Allotted, called up and fully paid shares

	2018		2017	
	No.	£	No.	£
Ordinary Shares of £0.00 each	1,676,276	167.63	1,545,962	154.60
Preference Shares of £1 each	<u>172,954</u>	<u>172,954</u>	<u>172,954</u>	<u>172,954</u>
	<u>1,849,230</u>	<u>173,122</u>	<u>1,718,916</u>	<u>173,109</u>

10 Related party transactions

Summary of transactions with key management

At the balance sheet date the company owed £34,883 to Mr D Sheinman, a director of the company (2017: £37,049 Cr).

Consultancy services were provided by The Specialist Factory Limited during the year amounting to £1,350 (2017: £9,920) on normal commercial terms. D Sheinman is the director and controlling shareholder of The Specialist Factory Limited. The balance due from that company at the year end date amounted to £6,172 (2017: £5,139).