

GRALTO MUSIC LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016



GRALTO MUSIC LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

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GRALTO MUSIC LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

A Clarke
A C Hicks
G W Nash
PE Connolly (resigned 7th October 2016)
RJ Morris
SKS Hotchkiss

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

364-366 Kensington High Street
London
W14 8NS

BANK

HSBC
PO Box 149
210 High Holborn
London
WC1V 7HD

GRALTO MUSIC LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report for the company for the year ended 31 December 2016.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was music publishing.

The result and position of the company as at and for the year ended 31 December 2016 are set out in the statement of comprehensive income, statement of financial position and statement of changes in equity pages 4, 5 and 7 respectively. The result and position of the company were in line with directors' expectations.

RESULTS AND DIVIDENDS

The company's profit for the financial year was £18,924, (2015 - profit £64,333). The retained profit for the year has been transferred to reserves.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is faced with similar risks and uncertainties as other companies operating in the music publishing business, broadly:

- competition from other major and independent music publishers
- competition from alternative entertainment products;
- price pressure from the increased presence of supermarkets in the music market and their threat to survival of independent music retailers;
- the threat of a devalued product due to piracy and the illegal use of music;
- uncertainty as to whether the growth in the subscription services market can replace the decline in the uncertainty physical and download market; and
- interest rate fluctuations.

All risks and uncertainties are regularly monitored by the Board of Directors of the company.

FUTURE DEVELOPMENTS

Notwithstanding the risks and uncertainties outlined above, the directors do not anticipate any significant change in the activities and results of the company in the foreseeable future.

By Order of the board



RJ Morris
Director

27 SEP 2017

GRALTO MUSIC LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2016

The directors present their report, the strategic report and the unaudited financial statements of the company for the year ended 31 December 2016.

DIRECTORS

The directors who served the company during the year and subsequently were as follows:

A Clarke
A C Hicks
G W Nash
PE Connolly (resigned 7th October 2016)
RJ Morris
SKS Hotchkiss

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision remains in force as at the date of approving the directors' report, subject to the provisions of s236 CA 2006.

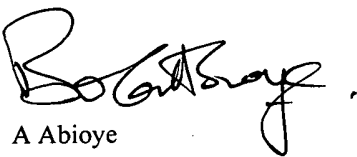
POLICY ON THE PAYMENT OF CREDITORS

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

DONATIONS

The company made no charitable or political donations in either year.

By order of the board



A Abioye
Company Secretary

Company Registration Number: 852014

27 SEP 2017

GRALTO MUSIC LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Total 2016 £	Total 2015 £
TURNOVER	4	35,262	38,222
Cost of sales		(8,402)	(3,981)
GROSS PROFIT		26,859	34,241
Administrative expenses		(3,529)	45,846
OPERATING PROFIT		23,331	80,087
Interest receivable and similar income	5	325	329
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		23,657	80,416
Tax on loss on ordinary activities	6	(4,731)	(16,083)
PROFIT FOR THE FINANCIAL YEAR		18,924	64,333
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		18,924	64,333

All of the activities of the company are classed as continuing operations.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 7 to 12 form part of these financial statements

GRALTO MUSIC LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Investments	7	50	50
CURRENT ASSETS			
Debtors: Amounts falling due within one year	8	16,484	8,141
Cash at bank		190,040	200,170
		206,524	208,311
CREDITORS: Amounts falling due within one year	9	(10,063)	(30,774)
NET CURRENT ASSETS		196,461	177,537
NET ASSETS		196,511	177,587
CAPITAL AND RESERVES			
Called-up equity share capital	11	100	100
Profit and loss account		196,411	177,487
EQUITY SHAREHOLDERS' FUNDS		196,511	177,587

For the year ended 31 December 2016 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

Directors' 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 directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board for issue on 29th September 2017

Of behalf of the Board of Directors



RJ Morris

Company Registration Number: 852014

The notes on pages 7 to 12 form part of these financial statement

GRALTO MUSIC LIMITED
STATEMENT OF CHANGES IN EQUITY
AS AT 31 DECEMBER 2015

	Share capital £	Share Premium £	Capital Redemption Reserve £	Other Profit & Loss Reserves £	Account £	Total share-holders ' funds £
Balance brought forward at 1 January 2015	100	-	-	-	113,154	113,254
Balance at 1 January 2015	100	-	-	-	113,154	113,254
Total comprehensive income for the period						
Profit for the year	-	-	-	-	64,333	64,333
Balance brought forward at 1 January 2016	100	-	-	-	177,487	177,587
Balance at 1 January 2016	100	-	-	-	177,487	177,587
Total comprehensive income for the period						
Profit for the year	-	-	-	-	18,924	18,924
Balance carried forward at 31 December 2016	100	-	-	-	196,411	196,511

The notes on pages 7 to 12 form part of these financial statements

GRALTO MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

1. STATUTORY INFORMATION

Gralto Music Limited is a company limited by shares and incorporated and domiciled in the UK. The registered office is 364-366 Kensington High Street, London, W14 8NS.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with the FRS 102 as it applies at 31 December 2016.

3. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements for the year ended 31 December 2016 comply with FRS 102.

The presentation currency of these financial statements is sterling and rounded to the nearest £.

In the transition to FRS 102 from old UK GAAP, the company has made no measurement and recognition adjustments.

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

Cash flow statement and related party disclosure

The company has taken advantage of the exemption in FRS 102, as it qualifies as a small company throughout the year under the meaning of Section 382 of the Companies Act 2006.

Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets and liabilities are stated at their fair value; derivative financial instruments, financial instruments classified at fair value through the profit and loss, biological assets, investment property, tangible fixed assets and intangible assets measured in accordance with the revaluation model and investments in associates and joint ventures measured at fair value.

Going concern

The Company's business activities, together with the factors likely to affect future developments, its financial exposures and its risk exposures are described above.

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

Revenue recognition

Turnover represents goods sold less returns, the invoiced value of services and royalty income, excluding VAT. Turnover is attributable to one activity; music publishing.

United Kingdom royalty income is credited to the statement of comprehensive income in the period to which it relates, or if it cannot be reliably estimated, on a receipt basis. Overseas royalty income is credited to the statement of comprehensive income in the period overseas sales are reported to the company. Royalties payable are charged against the relevant income of the same period.

GRALTO MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

3. ACCOUNTING POLICIES (continued)

Basic financial instruments

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges, unwinding of the discount on provisions, and net foreign exchange losses that are recognised through profit or loss in the statement of comprehensive income.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the statement of comprehensive income on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

Taxation

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

Current tax is the expected tax payable or receivable on the taxable income or loss 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 timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associated and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

GRALTO MUSIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3. ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. 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 transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised through profit or loss in the statement of comprehensive income except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income.

4. TURNOVER

Turnover by activity is as follows:

	2016	2015
	£	£
Royalties	35,262	38,222
	<u>35,262</u>	<u>38,222</u>

Turnover by destination is as follows:

	2016	2015
	£	£
United Kingdom	13,923	21,815
Rest of World	21,339	16,407
	<u>35,262</u>	<u>38,222</u>

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016	2015
	£	£
Bank interest receivable	325	329
	<u>325</u>	<u>329</u>

GRALTO MUSIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge in the year

	2016 £	2015 £
Current tax:		
UK Taxation		
In respect of the year		
UK Corporation tax based on the results for the year at 20% (2015 20.0%)	4,731	16,083
Tax on profit on ordinary activities	<u>4,731</u>	<u>16,083</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 20% (2015 - 20.00%).

	2016 £	2015 £
Profit on ordinary activities before taxation	23,657	80,416
Profit on ordinary activities at the standard rate of UK Corporation tax of 20% (2015: 20.00%)	4,731	16,083
Current tax charge for the financial year	<u>4,731</u>	<u>16,083</u>

(c) Factors that may affect future tax charges

None

7. INVESTMENTS

	Shares In Subs/Grp £	Investments in associate undertaking £	Loans To Grp Participating Companies £	Interest £	Fixed Assets Available-for- sale £	Total £
NET BOOK VALUE						
At 31 December 2016	-	50	-	-	-	50
At 31 December 2015	-	50	-	-	-	50

The company owns 50% of the issued share capital of Spencer Davis Music Limited, a private company incorporated in the UK, whose principal activity is music publishing.

GRALTO MUSIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

8. DEBTORS: Amounts due within one year

	2016 £	2015 £
Amounts owed by related parties	14,670	7,238
VAT recoverable	1,814	903
	<u>16,484</u>	<u>8,141</u>

All amounts owed from related parties are classified as current as they are repayable on demand.

9. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	-	4,087
Accruals and deferred income	5,333	-
Corporation tax	4,731	26,687
	<u>10,063</u>	<u>30,774</u>

All amounts owed to related parties are classified as current as they are repayable on demand.

10. RELATED PARTY TRANSACTIONS

At 31 December 2016, the company was due £14,670 from and owed £nil to Universal/Dick James Music Limited (2015 - £7,238 and £nil respectively).

A C Hicks	£2,346 (2015 - £2,691)
G W Nash	£2,897 (2015 - £3,632)
A Clarke	£3,399 (2015 - £3,753)

In addition, Universal/Dick James Music Limited charged the company a management fee of £3,526 (2015 - £3,822)

GRALTO MUSIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

11. SHARE CAPITAL

Authorised:

	2016		2015	
	No	£	No	£
Ordinary A shares of £0.10 each	500	50	500	50
Ordinary B shares of £0.10 each	500	50	500	50
	<u>1,000</u>	<u>100</u>	<u>1,000</u>	<u>100</u>

Allotted, called up and fully paid:

	2016		2015	
	No	£	No	£
Ordinary A shares of £0.10 each	500	50	500	50
Ordinary B shares of £0.10 each	500	50	500	50
	<u>1,000</u>	<u>100</u>	<u>1,000</u>	<u>100</u>

The two classes of ordinary shares, 'A' and 'B' ordinary shares, have no special rights and rank pari passu with one another in all respects.

12. ULTIMATE PARENT COMPANY

The company is a joint venture and is owned equally by Universal/Dick James Music Limited (500 "A" ordinary shares) and the directors A Clarke, AC Hicks and G W Nash (who jointly hold 500 "B" ordinary shares). The directors do not consider either shareholder to be the ultimate controlling party.