

The Sound Company Limited

Annual Report and Unaudited Financial Statements
for the Year Ended 31 August 2018

The Sound Company Limited

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The Sound Company Limited

Company Information

Directors Mr G J Oliver
Miss A C Oliver
Mrs C H Oliver

Company secretary Mr G J Oliver

Registered office The Exchange
Temple Street
Llandrindod Wells
Powys
LD1 5HG

Accountants Mitchell Meredith Limited
The Exchange
Fiveways
Temple Street
Llandrindod Wells
Powys
LD1 5HG

The Sound Company Limited
(Registration number: 02847280)
Balance Sheet as at 31 August 2018

	Note	2018 £	2017 £
Fixed assets			
Tangible assets	<u>4</u>	4,047,837	4,094,319
Current assets			
Stocks	<u>5</u>	6,599	2,158
Debtors	<u>6</u>	163,670	195,286
Cash at bank and in hand		8,001	3,031
		178,270	200,475
Creditors: Amounts falling due within one year	<u>7</u>	(481,562)	(387,076)
Net current liabilities		(303,292)	(186,601)
Total assets less current liabilities		3,744,545	3,907,718
Creditors: Amounts falling due after more than one year	<u>7</u>	(918,719)	(1,005,727)
Provisions for liabilities		(13,021)	(12,680)
Net assets		<u>2,812,805</u>	<u>2,889,311</u>
Capital and reserves			
Called up share capital		50,000	50,000
Revaluation reserve		2,598,855	2,630,986
Profit and loss account		163,950	208,325
Total equity		<u>2,812,805</u>	<u>2,889,311</u>

The notes on pages 4 to 9 form an integral part of these financial statements.
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The Sound Company Limited
(Registration number: 02847280)
Balance Sheet as at 31 August 2018

For the financial year ending 31 August 2018 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.

These financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006.

These financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime and the option not to file the Profit and Loss Account has been taken.

Approved and authorised by the Board on 24 May 2019 and signed on its behalf by:

.....

Mr G J Oliver

Company secretary and director

The notes on pages 4 to 9 form an integral part of these financial statements.

The Sound Company Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

1 General information

The company is a private company limited by share capital, incorporated in England and Wales.

The address of its registered office is:

The Exchange
Temple Street
Llandrindod Wells
Powys
LD1 5HG
UK

These financial statements were authorised for issue by the Board on 24 May 2019.

2 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.

Going concern

At the balance sheet date the company had net current liabilities of £303,292. The directors are aware of the turnover and margins that the company needs to achieve in order to keep the company in profit and they believe these targets can be met. The directors review realistic objectives at regular intervals, based on this periodic review and the company's plans, the directors consider it appropriate to prepare the financial statements on the going concern basis.

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.

The company recognises revenue when:

The amount of revenue can be reliably measured;
it is probable that future economic benefits will flow to the entity;
and specific criteria have been met for each of the company's activities.

Tax

The tax expense for the period comprises deferred 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 Sound Company Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

Deferred tax is recognised in respect of all timing differences between taxable profits and profits reported in the financial statements.

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

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date and that are expected to apply to the reversal of the timing difference.

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 charged so as to write off the cost of assets, other than land and properties under construction over their estimated useful lives, as follows:

Asset class	Depreciation method and rate
Freehold property	2% on cost
Plant and machinery	25% on reducing balance
Fixtures and fittings	25% on reducing balance and over 5 years.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits.

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 at the transaction price. 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.

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 at the transaction price.

The Sound Company Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

Borrowings

Interest-bearing borrowings are initially recorded at fair value, net of transaction costs. Interest-bearing borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Profit and Loss Account over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in interest payable and similar charges.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

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.

3 Staff numbers

The average number of persons employed by the company (including directors) during the year, was 21 (2017 - 21).

The Sound Company Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

4 Tangible assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Total £
Cost or valuation				
At 1 September 2017	4,500,000	878,631	255,142	5,633,773
Additions	-	9,000	11,426	20,426
At 31 August 2018	4,500,000	887,631	266,568	5,654,199
Depreciation				
At 1 September 2017	495,000	817,861	226,593	1,539,454
Charge for the year	45,000	11,914	9,994	66,908
At 31 August 2018	540,000	829,775	236,587	1,606,362
Carrying amount				
At 31 August 2018	3,960,000	57,856	29,981	4,047,837
At 31 August 2017	4,005,000	60,770	28,549	4,094,319

Included within the net book value of land and buildings above is £3,960,000 (2017 - £4,005,000) in respect of freehold land and buildings.

Revaluation

The fair value of the company's Freehold property was revalued on 24 July 2007 by a firm of Independent Chartered Surveyors who are external to the company. The basis of this valuation was on an open market basis.

Had this class of asset been measured on a historical cost basis, the carrying amount would have been £1,286,928 (2017 - £1,286,928).

5 Stocks

	2018 £	2017 £
Stocks	6,599	2,158

6 Debtors

	2018 £	2017 £
Trade debtors	81,647	109,152
Prepayments	76,597	80,708
Corporation tax	5,426	5,426
	163,670	195,286

The Sound Company Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

7 Creditors

Creditors: amounts falling due within one year

	Note	2018 £	2017 £
Due within one year			
Bank loans and overdrafts	<u>8</u>	338,893	209,506
Trade creditors		76,893	80,656
Directors' current accounts	<u>10</u>	3,348	37,114
Taxation and social security		41,036	41,109
Other creditors		-	6,092
Accruals		21,392	12,599
		<u>481,562</u>	<u>387,076</u>

Creditors: amounts falling due after more than one year

	Note	2018 £	2017 £
Due after one year			
Loans and borrowings	<u>8</u>	<u>918,719</u>	<u>1,005,727</u>

	2018 £	2017 £
Due after more than five years		
After more than five years by instalments	588,491	665,609
	<u>588,491</u>	<u>665,609</u>

8 Loans and borrowings

	2018 £	2017 £
Non-current loans and borrowings		
Bank borrowings	887,676	958,503
Other borrowings	<u>31,043</u>	<u>47,224</u>
	<u>918,719</u>	<u>1,005,727</u>

The Sound Company Limited

Notes to the Financial Statements for the Year Ended 31 August 2018

	2018 £	2017 £
Current loans and borrowings		
Bank borrowings	70,925	69,435
Bank overdrafts	30,536	20,836
Other borrowings	237,432	119,235
	<u>338,893</u>	<u>209,506</u>

Bank borrowings

Bank borrowings is denominated in pounds sterling . The carrying amount at year end is £958,601 (2017 - £1,027,938).

The mortgage is secured against the property owned by the company.

The bank overdraft is denominated in pounds sterling . The carrying amount at year end is £30,536 (2017 - £20,835).

The bank overdraft is secured against the assets of the company and guarantees given by the directors.

9 Financial commitments, guarantees and contingencies

Amounts not provided for in the balance sheet

The total amount of financial commitments not included in the balance sheet is £Nil (2017 - £6,250).

10 Related party transactions

Summary of transactions with other related parties

The Sound Pension Scheme

(The Company's self administered pension scheme)

During the year the company borrowed £102,018 from the pension scheme. At the balance sheet date the amount due to The Sound Pension Scheme was £268,476.

The Sound Company Limited

Detailed Profit and Loss Account for the Year Ended 31 August 2018

	2018 £	2017 £
Turnover		
Sales	992,610	999,662
Cost of sales		
Opening merchandise	2,158	4,164
Purchases	44,209	41,438
Closing merchandise	(6,599)	(2,158)
	39,768	43,444
General administrative expenses		
Wages and salaries	438,822	412,236
Staff NIC (Employers)	38,697	39,959
Directors remuneration	126,836	150,716
Directors NIC (Employers)	15,200	16,304
Staff pensions (Defined contribution)	5,843	3,413
Subcontract cost	27,989	33,833
Staff training	440	2,046
Rent	15,334	15,000
Rates	113,251	100,446
Light, heat and power	8,574	12,177
Insurance	15,852	27,877
Repairs and renewals	30,824	23,248
Telephone and fax	18,200	16,659
Magazines and miscellaneous	3,086	3,232
Computer costs	(3,108)	13,329
Printing, postage and stationery	8,229	7,553
Hire of equipment	3,253	2,619
Sundry expenses	1,250	499
Cleaning and laundry	7,446	5,641
Motor expenses	27	3,403
Advertising	21,189	29,326
Entertaining	292	744
Accountancy fees	12,894	12,427
Legal and professional fees	1,200	1,950
Bad debts written off	-	621
Factoring charges	10,135	10,125

The Sound Company Limited

Detailed Profit and Loss Account for the Year Ended 31 August 2018

	2018 £	2017 £
Bank charges	7,620	3,765
Revaluation reserve write off	(32,131)	(32,131)
Depreciation	<u>66,907</u>	<u>73,918</u>
	<u>964,151</u>	<u>990,935</u>
Operating loss	<u>(11,309)</u>	<u>(34,717)</u>
Interest payable and similar charges		
Bank interest payable	31,439	26,494
Foreign currency (gains)/losses	<u>1,287</u>	<u>1,617</u>
	<u>32,726</u>	<u>28,111</u>
Loss before tax	<u><u>(44,035)</u></u>	<u><u>(62,828)</u></u>

This page does not form part of the statutory financial statements.
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