Registered number: 03126277

XL RECORDINGS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2025

XL RECORDINGS LIMITED

COMPANY INFORMATION

Directors	Martin Mills Richard Russell Paul Redding Ben Beardsworth Neela Ebbett
Company secretary	Neela Ebbett
Registered number	03126277
Registered office	17/19 Alma Road London SW18 1AA
Independent auditor	SRLV Audit Limited Chartered Accountants & Statutory Auditor Elsley Court 20-22 Great Titchfield Street London W1W 8BE

CONTENTS

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

Business review

We released 6 new albums (9 in 2024).

Discovery of talent and supporting artists through their development stage and beyond is core to our business. We remain committed to investing in original new music foremost.

We intentionally release a very small number of albums a year in a world that is flooded with music and devote the entire attention of our 250 staff worldwide to them.

The company supports the use of independent routes to market rather than the so-called indie operations of the major companies, believing in the importance of the alternative and the specialist.

We remain committed to treating artists fairly and have developed several industry-leading policies to reflect that which have become a key component in what the company represents.

Principal risks and uncertainties

Inflation

Inflation continues to weigh on supply chain cost and overheads, and inevitably, label margins.

Exchange rates

The future direction of US and UK inflation and interest rates, and their impact on exchange rates, remains unpredictable and may lead to volatility.

Legislative changes

As part of the recorded music industry, we continue to work with the UK Government to protect and uphold the value of the UK's great heritage of cultural IP rights and defend them in light of the international technological challenges that face them.

Financial risks

The company's principal financial instruments comprise bank balances, trade creditors and trade debtors. Liquidity risk is managed by maintaining sufficient accessible cash balances.

Price risk is managed through natural diversification of formats, sales channels and geographic regions.

Exchange risk is managed through holding sufficient levels of sterling and dollar receipts to service payables in the same respective currency.

Credit risk is managed by closely monitoring customers' outstanding amounts for both time and credit limits.

Interest rate risk is negligible because the company has no external borrowing.

Financial and non financial key performance indicators

The company uses a number of performance indicators to monitor and manage the business effectively. The key performance indicators for the year ended 31 December 2025, with comparatives for the year ended 31 December 2024, are set out below.

	2025	2024
Turnover	£70,762,487	£62,863,724
Operating profit	£9,159,267	£12,788,168
Number of album releases	6	9

Directors' statement of compliance with duty to promote the success of the company

The board of directors consider, both individually and as a board, that they have acted in a manner that, in their opinion, would be most likely to promote the success of the company for the benefit of its members as whole (having regard for the stakeholders and matters set out in s172 (1) (a-f) of the Companies Act 2006) in the decisions made during the year ended 31 December 2025.

The directors consider the likely consequences that might result from any decisions made or actions taken on the long-term future of the company and its stakeholders. In doing so, the interests and well-being of the company's employees are key considerations.

The directors continue to monitor and develop relationships with artists, customers and suppliers as a key contributor to the company's ongoing success.

The decisions made and actions undertaken by the directors aim to represent and maintain the company's reputation for appropriate standards of business conduct.

This report was approved by the board on 13/8/2026 and signed on its behalf.

Signed by:
Neela Ebbett
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Neela Ebbett
Director

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2025

The directors present their report and the financial statements for the year ended 31 December 2025.

Principal activity

The principal activity of the company continued to be that of the production and sale of sound recordings and the licensing of such operations.

Results and dividends

The profit for the year, after taxation, amounted to £7,822,870 (2024 - £10,995,171).

Dividends were paid in the year amounting to £17,608,441 (2024 - £10,000,000).

Directors

The directors who served during the year were:

Martin Mills
Richard Russell
Paul Redding
Ben Beardsworth
Neela Ebbett

Future developments

The directors are confident that by pursuing the management policies, the company will achieve continued successes in the year ahead.

Greenhouse gas emissions, energy consumption and energy efficiency action

In line with Streamlined Energy and Carbon Reporting (SECR) requirements, the disclosure of greenhouse gas emissions, energy consumption and energy efficiency actions for the company have been included within the consolidated financial statements of the parent, Beggars Group Limited.

Matters covered in the strategic report

The principal risks and uncertainties facing the company and key performance indicators have been considered in the strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Post balance sheet events

There have been no significant events affecting the company since the year end.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2025

Auditor

Under section 487(2) of the Companies Act 2006, SRLV Audit Limited will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 13/8/2026 and signed on its behalf.

Signed by:
Neela Ebbett
C6464BC1C69A452...

Neela Ebbett
Director

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2025

The directors are responsible for preparing the strategic report, the 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 elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 for the company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 to 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XL RECORDINGS LIMITED

Opinion

We have audited the financial statements of XL Recordings Limited (the 'company') for the year ended 31 December 2025, which comprise the statement of comprehensive income, the balance sheet, the statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- 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; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Identifying and assessing potential risks related to irregularities

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, we considered the following:

- the nature of the entity's industry and sector, control environment, business performance and management incentives;
- the results of our specific enquiries of management and those charged with governance about their own identification and assessment of the risks of irregularities;
- any matters we identified having obtained and reviewed the company's documentation of their policies and procedures relating to:
  - identifying, evaluating and complying with laws and regulations and whether they were aware of any instances of non-compliance;
  - detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud;
  - the internal controls established to mitigate risks of fraud or non-compliance with laws and regulations;
- the matters discussed among the audit engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, we considered the potential opportunities and incentives that may exist within the organisation and identified the following areas: the recognition of revenue and provisions against artist balances. In response to these risks, we undertook detailed revenue and cut-off testing, as well as considering the appropriateness and rationale of provisions against artist balances. In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override of controls.

We also obtained an understanding of the legal and regulatory frameworks in which the company operates, focusing on provisions of those laws and regulations that had a direct effect on the determination of material amounts and disclosures in the financial statements. The key laws and regulations we considered in this context included the UK Companies Act and tax legislation.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty.

Audit response to risks identified

Our procedures to respond to risks identified, in addition to those noted above, included the following:

- reviewing the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- enquiring of management concerning actual and potential litigation and claims;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance; and
- in addressing the risk of fraud through management override of controls, testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Whilst the procedures above describe the extent to which our procedures are capable of detecting irregularities, including fraud, there are inherent limitations in these audit procedures. The further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, misrepresentation or through collusion. We are not responsible for preventing irregularities, including fraud, or non-compliance with laws and regulations and cannot be expected to detect all irregularities or non-compliance with all laws and regulations.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF XL RECORDINGS LIMITED (CONTINUED)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

SRLV Audit Limited

Richard Gilbert (Senior Statutory Auditor)

for and on behalf of
SRLV Audit Limited

Chartered Accountants
Statutory Auditor

Elsley Court
20-22 Great Titchfield Street
London
W1W 8BE

13 August 2026

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2025

	Note	2025 £	2024 £
Turnover	4	**70,762,487**	62,863,724
Cost of sales		**(39,751,950)**	(30,635,874)
Gross profit		**31,010,537**	32,227,850
Distribution costs		**(5,561,059)**	(6,445,299)
Administrative expenses		**(16,450,950)**	(14,323,895)
Unrealised gain on foreign exchange		**160,739**	1,329,512
Operating profit	5	**9,159,267**	12,788,168
Interest receivable and similar income	9	**1,331,213**	1,920,611
Interest payable and similar charges	10	**-**	(9,888)
Profit before tax		**10,490,480**	14,698,891
Tax on profit	11	**(2,667,610)**	(3,703,720)
Profit for the financial year		**7,822,870**	10,995,171

There was no other comprehensive income for 2025 (2024 - £NIL).

The notes on pages 14 to 29 form part of these financial statements.

XL RECORDINGS LIMITED
REGISTERED NUMBER: 03126277

BALANCE SHEET
AS AT 31 DECEMBER 2025

	Note		2025 £		2024 £
Fixed assets					
Tangible assets	13		**3,215,236**		3,308,075
Investments	14		**7,727,001**		7,727,001
			10,942,237		11,035,076
Current assets					
Stocks	15	**726,438**		996,911	
Debtors	16	**21,704,475**		28,735,165	
Cash at bank and in hand	17	**27,716,217**		30,404,553	
		50,147,130		60,136,629	
Creditors: amounts falling due within one year	18	**(15,862,753)**		(16,159,618)	
Net current assets			**34,284,377**		43,977,011
Total assets less current liabilities			**45,226,614**		55,012,087
Provisions for liabilities					
Deferred tax	19		**(135,697)**		(135,599)
Net assets			**45,090,917**		54,876,488
Capital and reserves					
Called up share capital	20		**1,000**		1,000
Profit and loss account			**45,089,917**		54,875,488
			45,090,917		54,876,488

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13/8/2026

DocuSigned by:
Martin Mills
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Martin Mills
Director

The notes on pages 14 to 29 form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2025

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 1 January 2024 (as previously stated)	1,000	53,514,623	53,515,623
Prior year adjustment (note 13)	-	365,694	365,694
At 1 January 2024 (as restated)	1,000	53,880,317	53,881,317
Comprehensive income for the year			
Profit for the year (as restated)	-	10,995,171	10,995,171
Total comprehensive income for the year	-	10,995,171	10,995,171
Contributions by and distributions to owners			
Dividends: Equity capital	-	(10,000,000)	(10,000,000)
Total transactions with owners	-	(10,000,000)	(10,000,000)
At 1 January 2025 (as previously stated)	1,000	54,477,030	54,478,030
Prior year adjustment (note 13)	-	398,458	398,458
At 1 January 2025 (as restated)	1,000	54,875,488	54,876,488
Comprehensive income for the year			
Profit for the year	-	7,822,870	7,822,870
Total comprehensive income for the year	-	7,822,870	7,822,870
Contributions by and distributions to owners			
Dividends: Equity capital	-	(17,608,441)	(17,608,441)
Total transactions with owners	-	(17,608,441)	(17,608,441)
At 31 December 2025	1,000	45,089,917	45,090,917

1. General information

The principal activity of the company continued to be that of the production and sale of sound recordings and the licensing of such operations.

The company is a private company limited by shares and is registered in England and Wales. The address of its registered office is 17/19 Alma Road, London, SW18 1AA. The principal place of business of the company is 1 Codrington Mews, London, W11 2EW.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Financial Reporting Standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.42, 11.44 to 11.45, 11.47, 11.48(a)(iii), 11.48(a)(iv), 11.48(b) and 11.48(c);
- the requirements of Section 12 Other Financial Instruments paragraphs 12.26 to 12.27, 12.29(a), 12.29(b) and 12.29A;
- the requirements of Section 33 Related Party Disclosures paragraph 33.7.

This information is included in the consolidated financial statements of Beggars Group Limited as at 31 December 2025 and those financial statements may be obtained from 17/19 Alma Road, London, SW18 1AA.

2.3 Exemption from preparing consolidated financial statements

Whilst the company is a parent company, it is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking that is established under the law of any part of the United Kingdom. The company is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

2. Accounting policies (continued)

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, net of discounts, excluding rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

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 and licensing sales

Revenues relating to digital products are recognised when the products are sold based on reports from digital service providers. Royalty income is included on a receivable basis calculated on sales of records arising during each financial year as reported by licensees.

Where digital and licensing 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 product, the income is recognised on subsequent receipt of that data and certain income may be allocated to labels on a proportionate basis using a reasonable estimation method. 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 where such advances relate to current released and unreleased products and where it is estimated that sufficient future royalties will be earned from recoupment from these products.

Interest income

Interest income is recognised using the effective interest rate method.

2.5 Foreign currency translation

Functional and presentation currency

The company's functional and presentational currency is pound sterling.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

2. Accounting policies (continued)

2.6 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount.

2.7 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

2.8 Taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

2. Accounting policies (continued)

2.9 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

The company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Freehold property	- 2% on a straight line basis
Long-term leasehold property	- In equal instalments over the period of the lease
Motor vehicles	- 25% straight line
Fixtures and fittings	- 20% straight line
Computer equipment	- 20-33% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.10 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.11 Associates and joint ventures

Associates and joint ventures are held at cost less impairment.

2.12 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a weighted average basis.

At each balance sheet date, stocks are assessed for impairment. If stock is 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.

2. Accounting policies (continued)

2.13 Debtors

Short-term debtors are measured at transaction price, less any impairment.

2.14 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

2.15 Creditors

Short-term creditors are measured at the transaction price.

2.16 Advances to artists

Advances to artists, presented within debtors on the balance sheet, 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.

2.17 Financial instruments

The company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities such as trade and other debtors and creditors and loans to related parties.

Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in profit or loss.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

2.18 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

2.19 Prior year adjustment

The directors have considered the classification of certain costs within the statement of comprehensive income. Comparatives have been adjusted to align the classification of US cost of sales, US distribution costs and US administration costs in accordance with ex-US practice for those same categories. The effect of this adjustment has been to decrease administrative expenses in the prior year by £3,847,598 and increase cost of sales and distribution costs by £2,009,195 and £1,838,403 respectively. The profit and loss account brought forward is unchanged as a result.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In applying the company's accounting policies, the directors are required to make judgements, estimates and assumptions in determining the carrying amounts of assets and liabilities. The directors' judgements, estimates and assumptions are based on the best and most reliable evidence available at the time when the decisions are made, and are based on historical experience and other factors that are considered to be applicable. Due to the inherent sensitivity involved in making judgements, estimates and assumptions, the actual results and outcomes may differ.

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, if the revision affects only that period, or in the period of the revision and future periods, if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

Assessing indicators of impairment

In assessing whether there have been any indicators of impairment to assets, the directors have considered both external and internal sources of information such as market conditions and experience of recoverability.

Assessing the functional currency

The directors are required to identify the functional currency of the company. In making this judgement the directors have considered factors such as currency which mainly influences both sales and cost prices, and the countries whose competitive forces and regulations affect those prices.

Key accounting estimates and assumptions

Recoverability of receivables, including advances to artists

The company establishes a provision for receivables that are estimated not to be recoverable or recoupable. When assessing recoverability the directors consider factors such as the aging of the receivables, past experience of recoverability, and the credit profile of the debtor. When assessing if artist balances are recoupable the directors consider factors such as the current and likely future sales performance.

Determining residual values and useful economic lives of property; plant and equipment

The company depreciates tangible assets over their estimated useful lives. The estimation of the useful lives of assets is based on historic performance as well as expectations about future use and therefore requires estimates and assumptions to be applied by management. The actual lives of these assets can vary depending on a variety of factors, including technological innovation, product life cycles and maintenance programmes.

Judgement is applied by management when determining the residual values for plant, machinery and equipment. When determining the residual value, management aim to assess the amount that the company would currently obtain for the disposal of the asset, if it were already of the condition expected at the end of its useful economic life.

Provisions against slow moving inventory

The company establishes a provision for slow moving inventory. When determining the provision, the directors consider factors such as the amount of the inventory holding and subsequent sales.

4. Turnover

An analysis of turnover by class of business is as follows:

	2025 £	2024 £
Sales and licensing of sound recordings	**42,614,558**	38,763,741
US distributed sales	**28,147,929**	24,099,983
	70,762,487	62,863,724

82% of the company's turnover (2024 - 82%) is attributable to geographical markets outside the United Kingdom.

5. Operating profit

The operating profit is stated after charging/(crediting):

	2025 £	2024 £
Depreciation of tangible fixed assets	**122,802**	149,541
Realised exchange differences	**(2,042,596)**	573,010
Unrealised exchange differences	**160,739**	(1,329,512)
Defined contribution pension cost	**146,831**	189,620

6. Auditor's remuneration

	2025 £	2024 £
Fees payable to the company's auditor for the audit of the company's financial statements	**6,286**	-
Fees payable to the company's auditor in respect of:		
Taxation services	**2,794**	-
Accountancy services	**15,526**	-

The audit and non-audit fees for the prior year were borne by a fellow group company.

7. Employees

Staff costs, including directors' remuneration, were as follows:

	2025 £	2024 £
Wages and salaries	**2,711,577**	2,424,721
Social security costs	**393,635**	300,844
Cost of defined contribution scheme	**146,831**	189,620
	3,252,043	2,915,185

The average monthly number of employees, including the directors, during the year was as follows:

	2025 No.	2024 No.
Directors	**5**	4
A&R, Marketing and Operations	**24**	24
	29	28

8. Directors' remuneration

	2025 £	2024 £
Directors' emoluments	**1,509,420**	1,310,279
Company contributions to defined contribution pension schemes	**16,221**	16,714
	1,525,641	1,326,993

During the year retirement benefits were accruing to 1 director (2024 - 1) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £1,081,374 (2024 - £883,195).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £16,221 (2024 - £16,714).

9. Interest receivable and similar income

	2025 £	2024 £
Other interest receivable	**66,727**	27,996
Bank interest receivable	**1,264,486**	1,892,615
	1,331,213	1,920,611

10. Interest payable and similar charges

	2025 £	2024 £
Other interest payable	**-**	9,888

11. Taxation

	2025 £	2024 £
Corporation tax		
Current tax on profits for the year	**2,650,928**	3,693,876
	2,650,928	3,693,876
Double taxation relief	**(47,897)**	(52,687)
Group taxation relief	**16,584**	-
	2,619,615	3,641,189
Foreign tax		
Foreign tax on income for the year	**47,897**	52,687
Total current tax	**2,667,512**	3,693,876
Deferred tax		
Fixed asset timing differences	**98**	9,844
Total deferred tax	**98**	9,844
	2,667,610	3,703,720

11. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than (2024 - higher than) the standard rate of corporation tax in the UK of 25% (2024 - 25%). The differences are explained below:

	2025 £	2024 £
Profit on ordinary activities before tax	**10,490,480**	14,698,891
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 25% (2024 - 25%)	**2,622,620**	3,666,532
Effects of:		
Expenses not deductible for tax purposes	**26,658**	4,032
Fixed asset differences	**18,332**	33,156
Total tax charge for the year	**2,667,610**	3,703,720

Factors that may affect future tax charges

There were no factors that may affect future tax charges.

12. Dividends

The following dividends have been paid in the year:

	2025 £	2024 £
Dividends paid	**17,608,441**	10,000,000

13. Tangible fixed assets

	Freehold property £	Long-term leasehold property £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
Cost						
At 1 January 2025	3,247,409	620,135	148,530	552,787	336,438	4,905,299
Additions	-	-	-	14,022	15,941	29,963
Disposals	-	-	-	-	(17,050)	(17,050)
At 31 December 2025	3,247,409	620,135	148,530	566,809	335,329	4,918,212
Depreciation						
At 1 January 2025 (as previously stated)	1,047,023	79,585	112,837	516,355	239,882	1,995,682
Prior year adjustment	(395,905)	(2,553)	-	-	-	(398,458)
At 1 January 2025 (as restated)	651,118	77,032	112,837	516,355	239,882	1,597,224
Charge for the year	32,237	11,596	22,194	16,907	39,868	122,802
Disposals	-	-	-	-	(17,050)	(17,050)
At 31 December 2025	683,355	88,628	135,031	533,262	262,700	1,702,976
Net book value						
At 31 December 2025	2,564,054	531,507	13,499	33,547	72,629	3,215,236
At 31 December 2024 (as restated)	2,596,291	543,103	35,693	36,432	96,556	3,308,075

As prescribed by section 17 of FRS 102, the directors have reviewed the allocation of the freehold and leasehold property between its land and building components. As a result, the comparative figures have been adjusted accordingly to reflect the appropriate accumulated depreciation. The effect of the adjustment was to decrease accumulated depreciation brought forward at 1 January 2025 by £398,458, reduce depreciation included within administrative expenses for the year ended 31 December 2024 by £32,764 and increase the profit and loss account brought forward at 1 January 2024 by £365,694.

14. Fixed asset investments

	Investments in subsidiary companies £	Investments in associates £	Investment in joint ventures £	Other fixed asset investments £	Total £
Cost					
At 1 January 2025	**7,348,294**	**200,000**	**500**	**178,207**	**7,727,001**
At 31 December 2025	**7,348,294**	**200,000**	**500**	**178,207**	**7,727,001**

Subsidiary undertakings

The following were subsidiary undertakings of the company:

Name	Principal activity	Country of incorporation	Class of shares	Effective holding
XL Recordings, Inc[1]	Property holding company	United States of America	Ordinary	100%
Beggars Music Limited[2]	Music publishing	England and Wales	Ordinary	100%
4AD Songs Limited (indirect)[3]	Music publishing	England and Wales	Ordinary	87.5%
Young Music Publishing Limited (direct and indirect)[3]	Music publishing	England and Wales	Ordinary	100%
Young Recordings Limited[3]	Sound recording and music publishing activities	England and Wales	Ordinary	51%
Young Space Ltd (direct and indirect)[4]	Investment property company	England and Wales	Ordinary	89%
New Young Space Ltd (indirect)[4]	Property operations for office and recording studio use	England and Wales	Ordinary	36%

Registered office

[1] 134 Grand Street, New York, NY 10013, United States of America
[2] Elsley Court, 20-22 Great Titchfield Street, London, W1W 8BE
[3] 17/19 Alma Road, London, SW18 1AA
[4] Rear of 85-87 Southgate Road, London, N1 3JS

14. Fixed asset investments (continued)

Associates and joint ventures

The following were associates and joint ventures of the company:

Name	Principal activity	Country of incorporation	Class of shares	Effective holding
Mowax Labels Limited[1]	Production and exploitation of sound recordings	England and Wales	Ordinary	50%
Rough Trade Retail Holdings Limited[3]	Holding company	England and Wales	Ordinary	34%
Rough Trade Retail (UK) Limited (indirect)[3]	Retailing of music records and related merchandise	England and Wales	Ordinary	34%
Rough Trade Retail (USA) Holdings, Inc. (direct and indirect)[2]	Holding company	England and Wales	Ordinary	37%
Rough Trade Retail LLC (indirect)[2]	Retail sale of music	England and Wales	Ordinary	29
Rough Trade Retail Germany GmbH (indirect)[4]	Retail sale of music	England and Wales	Ordinary	27%

Registered office

[1] 17-19 Alma Road, London, SW18 1AA
[2] North 9th Street, NY 11249, United States of America
[3] 5 Broad Street, Nottingham, England, NG1 3AJ
[4] Glogauer Straße 5, Berlin, 10999 Germany

15. Stocks

	2025	2024
	£	£
Finished goods and goods for resale	**726,438**	996,911

16. Debtors

	2025 £	2024 £
Trade debtors	**169,542**	58,235
Amounts owed by group undertakings	**12,405,725**	25,986,342
Amounts owed by joint ventures and associated undertakings	**61,775**	437,829
Other debtors	**9,037,487**	2,224,637
Prepayments and accrued income	**29,946**	28,122
	21,704,475	28,735,165

17. Cash and cash equivalents

	2025 £	2024 £
Cash at bank and in hand	**27,716,217**	30,404,553

18. Creditors: amounts falling due within one year

	2025 £	2024 £
Trade creditors	**268,458**	235,707
Amounts owed to group undertakings	**177,594**	1,329,509
Amounts owed to associates	**77**	-
Corporation tax	**506**	1,559,307
Other taxation and social security	-	1,827,993
Other creditors	**418,048**	307,062
Accruals and deferred income	**14,998,070**	10,900,040
	15,862,753	16,159,618

19. Deferred taxation

	2025
	£
At beginning of year	**135,599**
Profit and loss account movement	**(98)**
At end of year	**135,697**

The provision for deferred taxation is made up as follows:

	2025	2024
	£	£
Fixed asset timing differences	**135,697**	135,599

20. Share capital

	2025	2024
	£	£
Allotted, called up and fully paid		
240 ordinary A shares of £1 each	**240**	240
240 ordinary B shares of £1 each	**240**	240
520 deferred shares of £1 each	**520**	520
	1,000	1,000

The 'A' shares and 'B' shares rank pari passu and are entitled to share equally in any dividend or other distribution declared by the company. The deferred shares do not carry a right to a dividend, repayment of capital or voting entitlement.

21. Pension commitments

The company operates a defined contribution pension scheme. The pension cost charge represents contributions payable by the company to the personal pension plans and defined contribution pension scheme.

Contributions paid by the company amounted to £146,831 (2024 - £189,620). There were no contributions payable at the year end (2024 - £NIL).

22. Related party transactions

No disclosure has been made of transactions with other wholly owned group companies in accordance with FRS 102 Section 33 paragraph 33.1A.

During the year, the company paid amounts in respect of general overhead charges with its parent company of £2,794,200 (2024 - £2,899,794). The company also had remaining net trade transactions of £16,318,880 (2024 - £8,234,962) in the normal course of business with its parent company. At the balance sheet date, the company was owed £11,618,568 (2024 – £25,143,248) by the parent in respect of trade balances.

During the year, the company also paid amounts in respect of general overhead charges to a fellow subsidiary of £937,458 (2024 - £1,048,374).

During the year, fellow subsidiaries operated in a central processing role for the company. Sales of £55,922,312 (2024 - £49,451,300) and production costs of £4,867,969 (2024 - £5,976,747) were passed through those companies and transferred out at the year end.

During the year, net amounts were paid by another fellow subsidiary in respect of US sales less a contribution for overheads to the company of £18,602,102 (2024 - £14,826,201).

During the year, commissions were paid to a joint venture of the parent company totalling £200,427 (2024 - £215,947) from the company.

During the year, the company had net trade transactions of £77 (2024 - £NIL) in the normal course of business with a joint venture. At the balance sheet date, the company was owed £1,859,518 (2024 - £1,859,595) in respect of working capital loans. A provision of £1,859,595 (2024 - £1,859,595) was made against the loan.

During the year, the company had net trade transactions of £1,151,915 (2024 - £142,951) in the normal course of business with subsidiaries. At the balance sheet date, the company owed £177,594 (2024 - £1,329,509) in respect of trade balances to those subsidiaries.

During the year, the company advanced loans of £NIL (2024 - £374,400) to associated entities, with interest accrued on these loans of £4,586 (2024 - £7,491). The associated entities also made repayments of £376,754 (2024 - £NIL) during the year. At the balance sheet date, loans of £56,490 (2024 - £437,830) were owed by the associated entities. The balance consisted of two separate loans that attract interest of 4% per annum and BoE rate plus 2% per annum.

At the balance sheet date, the company was owed £1,527 (2024 - £2,098) from directors.

23. Controlling party

The parent of the smallest and largest group for which group accounts are prepared, of which the company is a member, is Beggars Group Limited, a company registered in England and Wales. The immediate and ultimate parent company is Beggars Group Limited. A copy of the group financial statements may be obtained from the company's registered office.

The company is controlled by MM settlement trust. The directors do not consider there to be one ultimate controlling party.