

SAREGAMA INC
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

SAREGAMA INC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | 2018 £ | 2017 £ |
|------------------------------------|----------|-------------|-------------|
| Turnover | 3 | 385,380 | - |
| Cost of sales | | (230,519) | - |
| | | <hr/> | <hr/> |
| Gross profit | | 154,861 | - |
| Administrative expenses | | (200,205) | - |
| | | <hr/> | <hr/> |
| Loss before taxation | | (45,344) | - |
| Tax on loss | 5 | - | - |
| | | <hr/> | <hr/> |
| Loss for the financial year | | (45,344) | - |
| | | <hr/> <hr/> | <hr/> <hr/> |

The Income Statement has been prepared on the basis that all operations are continuing operations.

SAREGAMA INC

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|--|-------|------------------|-----------------|--------------|----------|
| Current assets | | | | | |
| Stocks | 7 | 121,467 | | 850 | |
| Debtors | 8 | 86,314 | | - | |
| Cash at bank and in hand | | 63,352 | | 706 | |
| | | <u>271,133</u> | | <u>1,556</u> | |
| Creditors: amounts falling due within one year | 9 | <u>(169,854)</u> | | <u>(848)</u> | |
| Net current assets | | | 101,279 | | 708 |
| Creditors: amounts falling due after more than one year | 10 | | (146,622) | | (707) |
| Net (liabilities)/assets | | | <u>(45,343)</u> | | <u>1</u> |
| Capital and reserves | | | | | |
| Called up share capital | 11 | | 1 | | 1 |
| Profit and loss reserves | | | (45,344) | | - |
| Total equity | | | <u>(45,343)</u> | | <u>1</u> |

The financial statements were approved by the board of directors and authorised for issue on 3 May 2018 and are signed on its behalf by:


G B Aayeer
Director

SAREGAMA INC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | Share capital £ | Profit and loss reserves £ | Total £ |
|--|-------|--------------------|----------------------------------|-----------------|
| Balance at 1 April 2016 | | - | - | - |
| Year ended 31 March 2017: | | | | |
| Profit and total comprehensive income for the year | | - | - | - |
| Issue of share capital | 11 | 1 | - | 1 |
| Balance at 31 March 2017 | | <u>1</u> | <u>-</u> | <u>1</u> |
| Year ended 31 March 2018: | | | | |
| Loss and total comprehensive income for the year | | - | (45,344) | (45,344) |
| Balance at 31 March 2018 | | <u>1</u> | <u>(45,344)</u> | <u>(45,343)</u> |

SAREGAMA INC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

| | Notes | 2018 £ | £ | 2017 £ | £ |
|---|-------|-----------|--------|-----------|-----|
| Cash flows from operating activities | | | | | |
| Cash generated from operations | 14 | | 62,646 | | 705 |
| Net cash used in investing activities | | | - | | - |
| Financing activities | | | | | |
| Proceeds from issue of shares | | - | | 1 | |
| Net cash (used in)/generated from financing activities | | | - | | 1 |
| Net increase in cash and cash equivalents | | | 62,646 | | 706 |
| Cash and cash equivalents at beginning of year | | | 706 | | - |
| Cash and cash equivalents at end of year | | | 63,352 | | 706 |

SAREGAMA INC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Saregama Inc is a private company limited by shares incorporated in United States. The registered office is .

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (“FRS 102”) and the requirements of the Companies Act 2006.

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

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of freehold properties and to include investment properties and certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 March 2018 are the first financial statements of Saregama Inc prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 1 April 2016. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

1.2 Going concern

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of the assumption depends upon the continued financial support of the parent company.

If the company were unable to continue in existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts and to provide for any further liabilities that might arise.

1.3 Turnover

Turnover is recognised at the fair value of the consideration received or receivable for goods. The fair value of consideration takes into account trade discounts, settlement discounts and volume rebates.

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer (usually on dispatch of the goods), the amount of revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.4 Stocks

Stock includes pre-loaded USB memory sticks, Carvaan and the mini Carvaan.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price less costs to complete and sell is recognised as an impairment loss in profit or loss. Reversals of impairment losses are also recognised in profit or loss.

1.5 Cash at bank and in hand

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

SAREGAMA INC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.6 Financial instruments

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

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

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

Basic financial assets

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

Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in profit or loss, except that investments in equity instruments that are not publicly traded and whose fair values cannot be measured reliably are measured at cost less impairment.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

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

SAREGAMA INC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

Basic financial liabilities

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

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

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

Other financial liabilities

Derivatives, including interest rate swaps and forward foreign exchange contracts, are not basic financial instruments. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or finance income as appropriate, unless hedge accounting is applied and the hedge is a cash flow hedge.

Debt instruments that do not meet the conditions in FRS 102 paragraph 11.9 are subsequently measured at fair value through profit or loss. Debt instruments may be designated as being measured at fair value through profit or loss to eliminate or reduce an accounting mismatch or if the instruments are measured and their performance evaluated on a fair value basis in accordance with a documented risk management or investment strategy.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.7 Equity instruments

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

1.8 Leases

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

1.9 Foreign exchange

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

SAREGAMA INC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

3 Turnover and other revenue

| | 2018 | 2017 |
|---|-----------------------|-----------------|
| | £ | £ |
| Turnover analysed by class of business | | |
| Sale of product | 382,068 | - |
| Miscellaneous | 3,312 | - |
| | <u>385,380</u> | <u>-</u> |
| | <u><u>385,380</u></u> | <u><u>-</u></u> |
| | 2018 | 2017 |
| | £ | £ |
| Turnover analysed by geographical market | | |
| U.S. sales | 385,380 | - |
| | <u>385,380</u> | <u>-</u> |
| | <u><u>385,380</u></u> | <u><u>-</u></u> |

4 Operating loss

| | 2018 | 2017 |
|---|-----------------------|-----------------|
| | £ | £ |
| Operating loss for the year is stated after charging: | | |
| Exchange losses | 1,607 | - |
| Cost of stocks recognised as an expense | 230,519 | - |
| Operating lease charges | 2,491 | - |
| | <u>232,617</u> | <u>-</u> |
| | <u><u>232,617</u></u> | <u><u>-</u></u> |

Exchange differences recognised in profit or loss during the year, except for those arising on financial instruments measured at fair value through profit or loss, amounted to £1,607 (2017 - £-).

5 Taxation

SAREGAMA INC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

5 Taxation (Continued)

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

| | 2018 £ | 2017 £ |
|--|-----------|-----------|
| Loss before taxation | (45,344) | - |
| Expected tax credit based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%) | (8,615) | - |
| Other | 8,615 | - |
| Taxation charge for the year | - | - |

6 Financial instruments

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Carrying amount of financial assets | | |
| Debt instruments measured at amortised cost | 86,314 | - |
| Carrying amount of financial liabilities | | |
| Measured at amortised cost | 302,551 | 1,555 |

7 Stocks

| | 2018 £ | 2017 £ |
|-------------------------------------|-----------|-----------|
| Finished goods and goods for resale | 121,467 | 850 |

8 Debtors

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Amounts falling due within one year: | | |
| Trade debtors | 84,809 | - |
| Other debtors | 1,505 | - |
| | 86,314 | - |

SAREGAMA INC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

9 Creditors: amounts falling due within one year

| | 2018 £ | 2017 £ |
|------------------------------------|----------------|------------|
| Trade creditors | 67,577 | - |
| Amounts due to group undertakings | 75,934 | 848 |
| Other taxation and social security | 13,925 | - |
| Other creditors | 12,418 | - |
| | <u>169,854</u> | <u>848</u> |

10 Creditors: amounts falling due after more than one year

| | 2018 £ | 2017 £ |
|-----------------------------------|----------------|------------|
| Amounts due to group undertakings | 146,622 | 707 |
| | <u>146,622</u> | <u>707</u> |

11 Share capital

| | 2018 £ | 2017 £ |
|---|-----------|-----------|
| Ordinary share capital Issued and fully paid | | |
| 1 Ordinary of £1 each | 1 | 1 |
| | <u>1</u> | <u>1</u> |

12 Operating lease commitments

Lessee

Operating lease payments represent rentals payable by the company for its business premises.

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

| | 2018 £ | 2017 £ |
|-----------------|--------------|-----------|
| Within one year | 7,915 | - |
| | <u>7,915</u> | <u>-</u> |

13 Related party transactions

At the balance sheet date, the company owed £146,622 (2017:£500) to Saregama PLC as a long term loan. The loan is repayable on demand.

SAREGAMA INC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2018

| 14 Cash generated from operations | 2018 £ | 2017 £ |
|---------------------------------------|---------------|------------|
| Loss for the year after tax | (45,344) | - |
| Movements in working capital: | | |
| (Increase) in stocks | (120,617) | (850) |
| (Increase) in debtors | (86,314) | - |
| Increase in creditors | 314,921 | 1,555 |
| Cash generated from operations | <u>62,646</u> | <u>705</u> |

SAREGAMA INC

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2018

| | | 2018 | | 2017 |
|---------------------------------|-----------|------------------|-------|----------|
| | £ | £ | £ | £ |
| Turnover | | | | |
| Sales of goods | | 382,068 | | - |
| Miscellaneous Income | | 3,312 | | - |
| | | <u>385,380</u> | | <u>-</u> |
| Cost of sales | | | | |
| Finished goods purchases | 233,819 | | 850 | |
| Royalty Charges | 75,935 | | - | |
| Amazon Fee | 42,232 | | - | |
| Closing stock of finished goods | (121,467) | | (850) | |
| | | <u>(230,519)</u> | | <u>-</u> |
| Gross profit | | 154,861 | | - |
| Administrative expenses | | (200,205) | | - |
| Operating loss | | <u>(45,344)</u> | | <u>-</u> |

SAREGAMA INC

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE YEAR ENDED 31 MARCH 2018

| | 2018 | 2017 |
|---------------------------------------|-----------------------|-----------------|
| | £ | £ |
| Administrative expenses | | |
| Rent re operating leases | 2,491 | - |
| Premises insurance | 767 | - |
| Travelling expenses | 9,379 | - |
| Postage, courier and delivery charges | 18,508 | - |
| Professional subscriptions | 3,401 | - |
| Legal and professional fees | 160 | - |
| Bank charges | 1,163 | - |
| Advertising | 143,453 | - |
| Sundry expenses | 878 | - |
| Storage charges | 18,398 | - |
| Profit or loss on foreign exchange | 1,607 | - |
| | <u>200,205</u> | <u>-</u> |
| | <u><u>200,205</u></u> | <u><u>-</u></u> |
