

Company Registration No. 3736163 (England and Wales)

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



SAREGAMA PLC

COMPANY INFORMATION

Directors	G B Aayeer S Suriyanarayan	(Appointed 31 August 2017)
Secretary	N Nagpure	
Company number	3736163	
Registered office	79 College Road Harrow England HA1 1BD	
Auditor	FSPG 21 Bedford Square London WC1B 3HH	

SAREGAMA PLC

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SAREGAMA PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present the strategic report for the year ended 31 March 2018.

Business review

The Company's turnover marginally decreased by 1% to GBP 1,065,702 from GBP 1,077,552 in the corresponding previous year. The gross profit margin for the period decreased to 24% compared to 29% in 2017. The losses after taxation for the year ended 31 March, 2018 have increased to GBP 120,816 from GBP 61,093 in the corresponding previous year. The main reasons contributing increase in the losses were temporary drop in licensing income from US market and increase in operating expenses on account of Insurance, Rates & Taxes, Professional fees etc. The company however is expected to recover the grounds in the coming years on the strength of growth in licensing income and contribution from the new retail initiative of digital music player "Saregama Carvaan".

Principal risks and uncertainties

The Company is exposed to inherent uncertainties owing to the sector in which it operates. Many risks exist in a company's operating environment and they emerge on a regular basis. The Company's risk management processes focuses on ensuring that these risks are identified on a timely basis and addressed.

The Company is well aware of the above risks and as part of business strategy has put in a mechanism to ensure that they are mitigated with timely action. The Company has a risk management framework to identify, evaluate business risks and opportunities. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

Key Performance Indicators

The Company uses -financial performance indicator to monitor and manage the business effectively.

Financial

Particulars	March 31, 2018	March 31, 2017
	£	£
Turnover	1,065,702	1,077,552
Loss for the financial year	120,816	61,093

Charitable and political contributions

There were no contributions made for charitable and political purposes.

Strategic Outlook

The Company will continue to draw its revenues from the Publishing income by monetizing the IPs licensed from its Holding Company. The business will be heavily supported due to consolidation of the new initiative of selling digital device - Carvaan and other physical products like Music Cards.

On behalf of the board



G B Aayeer

Director

3 May 2018

SAREGAMA PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2018

The directors present their annual report and financial statements for the year ended 31 March 2018.

Principal activities and future development

The mainstay of the company's business continues to be music publishing of the rich repertoire licensed by it from Saregama India Ltd. Besides entering into direct deals with the renowned international brands, the company also handles monetisation through various international copyright societies and collection organisations. In addition to the company's on-going business, the company is expanding its operations by selling and distributing through traditional and modern channels a portable digital music player with in-built stereo speakers being marketed under brand name "Carvaan". This device has met with huge success with at India and it is expected that it will meet with similar success internationally.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

G B Aayeer

S Suriyanarayan

(Appointed 31 August 2017)

Results and dividends

The results for the year are set out on page 7.

The loss for the year, after taxation, amounted to £120,816.

The directors recommend that no final dividend be paid in respect of the year under review.

Financial instruments

Liquidity risk

The company's policy throughout the year has been to maintain the cash flow position within the parameters set out internally at the beginning of the year. The liquidity of the company is limited to by available cash held by the company. At the balance sheet date the company held cash of £124,024 (2017: £309,196).

Foreign currency risk

The company is moderately exposed to the risk of fluctuations on exchange rates, which is managed through a discipline of operating within budgeted parameters.

Credit risk

The company's exposure to credit risk is moderate and it has no significant concentrations of credit risk. The company monitors credit risk closely and considers that its current policies meet its objectives of managing exposure to credit risk.

Auditor

In accordance with the company's articles, a resolution proposing that FSPG be re-appointed as auditors of the company will be put at a General Meeting.

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DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board


G B Ayeer
Director
3 May 2018

SAREGAMA PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 MARCH 2018

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 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 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.

SAREGAMA PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SAREGAMA PLC

Opinion

We have audited the financial statements of Saregama PLC (the 'company') for the year ended 31 March 2018 which comprise the statement of income and retained earnings, the statement of financial position, the statement of cash flows and notes to the financial statements, 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 FRS 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 March 2018 and of its loss 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 UK, including the FRC'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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the continue support of the parent company. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. 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.

In connection with our audit of the financial statements, 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

SAREGAMA PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

TO THE MEMBERS OF SAREGAMA PLC

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our 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 and the directors' report.

We have nothing to report in respect of the following matters where 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, 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.

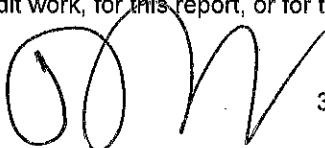
Auditor's responsibilities for the audit of the financial statements

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.

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

David Tropp (Senior Statutory Auditor)
for and on behalf of FSPG



3 May 2018

Chartered Accountants
Statutory Auditor

21 Bedford Square
London
WC1B 3HH

SAREGAMA PLC

STATEMENT OF INCOME AND RETAINED EARNINGS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018 £	2017 £
Turnover	3	1,065,702	1,077,552
Cost of sales		(810,074)	(766,182)
Gross profit		<u>255,628</u>	<u>311,370</u>
Distribution costs		(19,214)	(63,764)
Administrative expenses		(357,230)	(308,699)
Loss before taxation		<u>(120,816)</u>	<u>(61,093)</u>
Tax on loss	6	-	-
Loss for the financial year		<u>(120,816)</u>	<u>(61,093)</u>
Retained earnings brought forward		(2,592,473)	(2,531,380)
Retained earnings carried forward		<u>(2,713,289)</u>	<u>(2,592,473)</u>

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

SAREGAMA PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
Fixed assets					
Intangible assets	7		100,000		200,000
Tangible assets	8		498		-
Investments	9		1		-
			<u>100,499</u>		<u>200,000</u>
Current assets					
Stocks	12	80,870		959	
Debtors falling due after more than one year	13	151,405		-	
Debtors falling due within one year	13	213,585		183,439	
Cash at bank and in hand		124,024		309,196	
		<u>569,884</u>		<u>493,594</u>	
Creditors: amounts falling due within one year	14	<u>(892,709)</u>		<u>(795,104)</u>	
Net current liabilities			<u>(322,825)</u>		<u>(301,510)</u>
Total assets less current liabilities			<u>(222,326)</u>		<u>(101,510)</u>
Capital and reserves					
Called up share capital	15		99,850		99,850
Share premium account			2,391,113		2,391,113
Profit and loss reserves			(2,713,289)		(2,592,473)
Total equity			<u>(222,326)</u>		<u>(101,510)</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

Company Registration No. 3736163

SAREGAMA PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2018

	Notes	2018		2017	
		£	£	£	£
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	19		(184,588)		188,132
Investing activities					
Purchase of tangible fixed assets		(583)		-	
Purchase of subsidiaries		(1)		-	
Net cash used in investing activities			(584)		-
Net cash used in financing activities			-		-
Net (decrease)/increase in cash and cash equivalents			(185,172)		188,132
Cash and cash equivalents at beginning of year			309,196		121,064
Cash and cash equivalents at end of year			<u>124,024</u>		<u>309,196</u>

SAREGAMA PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

Company information

Saregama PLC is a private company limited by shares incorporated in England and Wales. The registered office is 79 College Road, Harrow, England, HA1 1BD.

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.

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 represents amounts receivable for royalty income, music events and sale of music discs.

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 Intangible fixed assets other than goodwill

Intangible assets acquired separately from a business are recognised at cost and are subsequently measured at cost less accumulated amortisation and accumulated impairment losses.

Intangible assets acquired on business combinations are recognised separately from goodwill at the acquisition date where it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost or value of the asset can be measured reliably.

Amortisation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Copyrights

Over their estimated useful lives

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies (Continued)

1.5 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost or valuation, net of depreciation and any impairment losses.

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives on the following bases:

Company website	20% straight line
Fixtures, fittings & equipment	15% straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is credited or charged to profit or loss.

1.6 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

1.7 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

1.8 Stocks

Stock includes music cards which is valued at cost.

SAREGAMA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.9 Cash and cash equivalents

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.

1.10 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.

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

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.

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.

1.11 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.

1.12 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

SAREGAMA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

1 Accounting policies

(Continued)

1.13 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.

1.14 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.

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

An analysis of the company's turnover is as follows:

	2018	2017
	£	£
Turnover analysed by class of business		
Royalties	1,040,275	1,077,320
Miscellaneous income	19,422	232
Product Sales	6,005	-
	<u>1,065,702</u>	<u>1,077,552</u>
	<u><u>1,065,702</u></u>	<u><u>1,077,552</u></u>
	2018	2017
	£	£
Turnover analysed by geographical market		
UK and Europe	469,817	461,635
Rest of the World	595,885	615,917
	<u>1,065,702</u>	<u>1,077,552</u>
	<u><u>1,065,702</u></u>	<u><u>1,077,552</u></u>

SAREGAMA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

4 Operating loss

	2018	2017
	£	£
Operating loss for the year is stated after charging/(crediting):		
Exchange losses/(gains)	4,553	832
Fees payable to the company's auditors for the audit of the company's financial statements	10,000	9,000
Depreciation of owned tangible fixed assets	85	-
Amortisation of intangible assets	100,000	100,000
Cost of stocks recognised as an expense	777,419	731,878
Operating lease charges	29,375	23,610
	<u> </u>	<u> </u>

5 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2018	2017
	Number	Number
Management	2	2
Selling and distribution	1	1
	<u> </u>	<u> </u>
	3	3
	<u> </u>	<u> </u>

Their aggregate remuneration comprised:

	2018	2017
	£	£
Wages and salaries	85,311	78,445
Social security costs	7,539	6,598
	<u> </u>	<u> </u>
	92,850	85,043
	<u> </u>	<u> </u>

SAREGAMA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

6 Taxation

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	(120,816)	(61,093)
Expected tax charge based on the standard rate of corporation tax in the UK of 19.00% (2017: 20.00%)	(22,955)	(12,219)
Permanent capital allowances in excess of depreciation	170	(76)
Depreciation on assets not qualifying for tax allowances	19,016	20,000
Other Tax adjustment	3,769	(7,705)
Tax expense for the year	-	-

The company has estimated losses of £950,555 (2017: £928,926) available for carry forward against future trading profits.

7 Intangible fixed assets

	Copyrights £
Cost	
At 1 April 2017 and 31 March 2018	2,052,660
Amortisation and impairment	
At 1 April 2017	1,852,660
Amortisation charged for the year	100,000
At 31 March 2018	1,952,660
Carrying amount	
At 31 March 2018	100,000
At 31 March 2017	200,000

SAREGAMA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

8 Tangible fixed assets

	Company website	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2017	89,367	39,751	129,118
Additions	-	583	583
At 31 March 2018	89,367	40,334	129,701
Depreciation and impairment			
At 1 April 2017	89,367	39,751	129,118
Depreciation charged in the year	-	85	85
At 31 March 2018	89,367	39,836	129,203
Carrying amount			
At 31 March 2018	-	498	498
At 31 March 2017	-	-	-

9 Fixed asset investments

	Notes	2018 £	2017 £
Investments in subsidiaries	10	1	-

Movements in fixed asset investments

	Shares in group undertakings £
Cost or valuation	
At 1 April 2017	-
Additions	1
At 31 March 2018	1
Carrying amount	
At 31 March 2018	1
At 31 March 2017	-

SAREGAMA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

10 Subsidiaries

Details of the company's subsidiaries at 31 March 2018 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct
Saregama INC	USA	Selling USB & Radio	Ordinary	100.00

11 Financial instruments

	2018 £	2017 £
Carrying amount of financial assets		
Debt instruments measured at amortised cost	355,012	183,439
Carrying amount of financial liabilities		
Measured at amortised cost	889,840	790,443

12 Stocks

	2018 £	2017 £
Finished goods and goods for resale	80,870	959

13 Debtors

	2018 £	2017 £
Amounts falling due within one year:		
Trade debtors	18,970	540
Amounts owed by group undertakings	179,538	179,538
Other debtors	15,077	3,361
	213,585	183,439
Amounts falling due after more than one year:		
Other debtors	151,405	-
Total debtors	364,990	183,439

SAREGAMA PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 2018

14 Creditors: amounts falling due within one year

	2018	2017
	£	£
Trade creditors	12,608	18,994
Amount due to parent undertaking	864,632	738,932
Other taxation and social security	2,869	4,661
Other creditors	-	20,917
Accruals and deferred income	12,600	11,600
	<u>892,709</u>	<u>795,104</u>

15 Share capital

	2018	2017
	£	£
Ordinary share capital		
Issued and fully paid		
99,850,000 Ordinary shares of 0.1p each	99,850	99,850
	<u>99,850</u>	<u>99,850</u>

16 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	<u>2,529</u>	<u>15,097</u>

17 Related party transactions

The company incurred royalty charges of £772,142 (2017: £731,878) from Saregama India Limited during the year. At the balance sheet date, the company owed £864,632 (2017: £738,932) to Saregama India Limited, the parent company.

At the balance sheet date, the company was owed £179,538 (2017: £179,538) by RPG Global Music Limited, a fellow subsidiary.

18 Controlling party

The ultimate controlling party is Saregama India Limited, a company incorporated in India, who own 76.41% of the issued share capital of Saregama Plc.

SAREGAMA PLC

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

19 Cash generated from operations

	2018 £	2017 £
Loss for the year after tax	(120,816)	(61,093)
Adjustments for:		
Amortisation and impairment of intangible assets	100,000	100,000
Depreciation and impairment of tangible fixed assets	85	-
Movements in working capital:		
(Increase) in stocks	(79,911)	(959)
(Increase)/decrease in debtors	(181,551)	13,887
Increase in creditors	97,605	136,297
Cash (absorbed by)/generated from operations	<u>(184,588)</u>	<u>188,132</u>

SAREGAMA PLC

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 2018

		2018		2017
	£	£	£	£
Turnover				
Royalties received		1,040,275		1,077,320
Miscellaneous income		19,422		232
Product Sales		6,005		-
		<u>1,065,702</u>		<u>1,077,552</u>
Cost of sales				
Opening stock of finished goods	959		-	
Purchases	852,053		732,837	
Direct costs	5,277		-	
Closing stock of finished goods	(80,870)		(959)	
Subcontract labour	32,655		34,304	
		<u>(810,074)</u>		<u>(766,182)</u>
Gross profit		<u>255,628</u>		<u>311,370</u>
Distribution costs	19,214		63,764	
Administrative expenses	357,230		308,699	
		<u>(376,444)</u>		<u>(372,463)</u>
Operating loss		<u><u>(120,816)</u></u>		<u><u>(61,093)</u></u>

SAREGAMA PLC

SCHEDULE OF ADMINISTRATIVE EXPENSES

FOR THE YEAR ENDED 31 MARCH 2018

	2018 £	2017 £
Distribution costs		
Packaging	1,371	-
Advertising	17,843	63,764
	<u>19,214</u>	<u>63,764</u>
Administrative expenses		
Wages and salaries	85,311	78,445
Social security costs	7,539	6,598
Rent re operating leases	29,375	23,610
Power, light and heat	685	499
Property repairs and maintenance	1,342	-
Premises insurance	5,068	725
Travelling expenses	17,583	14,381
Professional subscriptions	2,648	3,105
Legal and professional fees	77,609	55,336
Accountancy	4,156	2,000
Audit fees	10,000	9,000
Charitable donations	100	-
Bank charges	2,402	1,404
Printing and stationery	5,887	8,982
Telecommunications	2,491	2,663
Sundry expenses	396	1,119
Depreciation	100,085	100,000
Profit or loss on foreign exchange	4,553	832
	<u>357,230</u>	<u>308,699</u>