

COMPANY REGISTRATION NUMBER: 03547531

**British Equity Collecting Society Limited**  
**Company Limited by Guarantee**  
**Financial Statements**  
**30 April 2023**

# **British Equity Collecting Society Limited**

**Company Limited by Guarantee**

**Financial Statements**

**Year ended 30 April 2023**

<b>Contents</b>	<b>Page</b>
Officers and professional advisers	<b>1</b>
Directors' report	<b>2</b>
Independent auditor's report to the members	<b>5</b>
Statement of income and retained earnings	<b>10</b>
Statement of financial position	<b>11</b>
Statement of cash flows	<b>12</b>
Notes to the financial statements	<b>13</b>

# **British Equity Collecting Society Limited**

## **Company Limited by Guarantee**

### **Officers and Professional Advisers**

**The board of directors**

J Cameron-Brown  
A Francis  
N Gerson  
O Aboderin  
T Nasser  
J Rogers  
L Rolston  
A St Bartholomew-Brown Morgan  
P Barnes

**Company secretary**

Jess Winchester

**Registered office**

Plouviez House, First Floor  
19-20 Hatton House Place  
London  
England  
EC1N8RU

**Auditor**

Shipleys LLP  
Chartered accountants & statutory auditor  
5 Godalming Business Centre  
Woolsack Way  
Godalming  
Surrey  
GU7 1XW

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Directors' Report

#### Year ended 30 April 2023

The directors present their report and the financial statements of the company for the year ended 30 April 2023.

#### Principal activities

The principal activity of the company during the year was of collective management organisation.

#### Directors

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

J Cameron-Brown

A Francis

N Gerson

O Aboderin

T Nasser

J Rogers

A St Bartholomew-Brown Morgan

P Barnes

L Rolston

(Appointed 8 December 2022)

D Hope

(Resigned 19 August 2022)

#### Directors' responsibilities statement

The directors are responsible for preparing 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 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 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 judgments and accounting estimates that are reasonable and prudent;
- 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.

# **British Equity Collecting Society Limited**

## **Company Limited by Guarantee**

### **Directors' Report** *(continued)*

**Year ended 30 April 2023**

#### **Collections and Distributions**

We are pleased to advise that there was a 32% increase in collections for distribution to our members this year to £9.70million from the previous year's amount of £7.36million. Over 13,250 members received at least one payment in the year, either directly or via their agent, from BECS.

#### **UK Withdrawal from the EU**

The huge increase in collections reported above, may be the last year before we start seeing a dip in collections. With the usual 2-3-year time lag associated with statutory payments, the collections paid out in the year to 30th April 2023 related to collections up to the end of 2020, which was the end of the transition period of the UK leaving the EU.

The risk of performers losing out on statutory payments BECS has been collecting for them as a direct consequence of the UK's withdrawal from the EU is now a reality. BECS has sought legal advice and we are continuing to pursue these avenues. Additionally, UK performers cannot benefit from new remuneration rights for making available on demand (e.g., streaming platforms) that some EU member states are affording to performers as they implement the EU copyright directive citing protection is only for EU members and those that have reciprocal systems in place.

BECS is continuing to engage in stakeholder dialogue with the UK Intellectual Property Office and other governmental departments to address these issues that our members are facing and to seek enhancements to UK copyright legislation. We are committed to seeking to ensure performers receive appropriate and proportionate remuneration when their work is exploited anywhere.

#### **Other Initiatives**

The "Smart Fund" project aims to establish a system of remuneration to compensate rightsholders (including performers) for when individuals make private copies of copyrighted works or performances for their own use. If this remuneration system were established, it would also go a long way towards solving the problems caused by Brexit mentioned previously, as it would enable BECS to make reciprocal payments to our EU partner organisations when their members' work is copied in the UK. There has been some good progress on this as we work alongside other rightsholder CMOs to gain support from politicians and relevant governmental departments.

We have also, together with other UK CMOs, made good progress in setting up a licensing scheme in respect of television programmes transmitted within hotels. We have set up an organisation called AVLA. It plans to start collect licensing revenue from this soon and performers will receive a share.

#### **Beijing Treaty on Audiovisual Performances (BTAP)**

Unfortunately, at the time of writing, there has been no progress on the ratification of the Beijing Treaty. The government's first consultation / call for views ended in June 2021. BECS was advised there would be a second consultation when the IPO had gone through all the submissions. This was expected 4-6 months after the end of the first consultation. However, the IPO had been given other priorities to work on. BECS has continued to put pressure on the IPO to get the BTAP ratification back on the table, and we are now informed that the next phase of the consultation will be in September 2023.

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Directors' Report *(continued)*

Year ended 30 April 2023

#### Going Concern

The Directors believe that cash flow remains sufficient to meet our fixed unavoidable liabilities with the ongoing impact of COVID having been incorporated into our forecasts. We will continue to work to maximise collections for our members and minimise costs, and we forecast a surplus of around £250k for the year 2023/2024. At 30 April 2023, BECS had net current assets of c£1.9m. This provides assurance that the Company will have sufficient resources to continue as a going concern.

At the date of approval of the accounts the Directors do not believe there to be any material uncertainty that would affect the Company's ability to continue in operational existence for the foreseeable future, and it is therefore appropriate to use the going concern basis in the preparation of the Financial Statements.

#### Qualifying third party indemnity provisions

The Company has indemnified its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 2006. Such qualifying third party indemnity provision was in place during the year and is in force at the date of approving the financial statements.

#### 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.

#### Small companies note

In preparing this report, the Directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board of directors on ..... and signed on behalf of the board by:

T Nasser  
Director

# **British Equity Collecting Society Limited**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of British Equity Collecting Society Limited**

**Year ended 30 April 2023**

#### **Opinion**

We have audited the financial statements of British Equity Collecting Society Limited (the 'company') for the year ended 30 April 2023 which comprise the statement of income and retained earnings, statement of financial position, statement of cash flows 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 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 30 April 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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**

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.

# **British Equity Collecting Society Limited**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of British Equity Collecting Society Limited** *(continued)*

**Year ended 30 April 2023**

#### **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. 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.

#### **Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 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; or
- the directors were not entitled to take advantage of the small companies' exemptions from the requirement to prepare a strategic report.

# **British Equity Collecting Society Limited**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of British Equity Collecting Society Limited *(continued)***

**Year ended 30 April 2023**

#### **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.

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:

We obtained an understanding of the company's activities, controls and laws and regulations and assessed the susceptibility of the company's financial statements to material misstatement from irregularities, including fraud.

We determined that the laws and regulations that are most significant to the company are those relating to the reporting framework (FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice)), the Companies Act 2006 and the Collective Rights Management (CRM) Directive.

Based on this understanding we designed our audit procedures to detecting irregularities, including fraud. Testing undertaken included making enquiries on the management; journal entry testing; review of bank letters; review of board minutes; review of transactions for any undisclosed related party transactions; reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations.

These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

# **British Equity Collecting Society Limited**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of British Equity Collecting Society Limited *(continued)***

**Year ended 30 April 2023**

As part of an audit in accordance with ISAs (UK), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

# **British Equity Collecting Society Limited**

## **Company Limited by Guarantee**

### **Independent Auditor's Report to the Members of British Equity Collecting Society Limited *(continued)***

**Year ended 30 April 2023**

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

#### **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.

Tim Hardy (Senior Statutory Auditor)

Shipleys LLP  
Chartered accountants & statutory auditor  
5 Godalming Business Centre  
Woolsack Way  
Godalming  
Surrey  
GU7 1XW

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Statement of Income and Retained Earnings

Year ended 30 April 2023

	Note	2023 £	2022 £
Turnover		1,167,577	761,010
<b>Gross profit</b>		<u>1,167,577</u>	<u>761,010</u>
Administrative expenses		548,112	457,946
<b>Operating profit</b>	<b>5</b>	<u>619,465</u>	<u>303,064</u>
Other interest receivable and similar income		1,986	392
<b>Profit before taxation</b>		<u>621,451</u>	<u>303,456</u>
Tax on profit	<b>8</b>	121,111	57,305
<b>Profit for the financial year and total comprehensive income</b>		<u>500,340</u>	<u>246,151</u>
<b>Retained earnings at the start of the year</b>		1,398,084	1,151,933
<b>Retained earnings at the end of the year</b>		<u>1,898,424</u>	<u>1,398,084</u>

All the activities of the company are from continuing operations.

The notes on pages 13 to 21 form part of these financial statements.

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Statement of Financial Position

30 April 2023

	Note	2023 £	£	2022 £
<b>Fixed assets</b>				
Intangible assets	9		2,808	5,618
Tangible assets	10		859	2,455
			<u>3,667</u>	<u>8,073</u>
<b>Current assets</b>				
Debtors	11	192,541		58,956
Current Asset Investments	12	11,000,000		11,500,000
Cash at bank and in hand		1,529,584		994,646
		<u>12,722,125</u>		<u>12,553,602</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>10,831,375</u>		<u>11,165,358</u>
<b>Net current assets</b>			<u>1,890,750</u>	<u>1,388,244</u>
<b>Total assets less current liabilities</b>			<u>1,894,417</u>	<u>1,396,317</u>
<b>Provisions</b>	14		<u>(4,007)</u>	<u>(1,767)</u>
<b>Net assets</b>			<u><u>1,898,424</u></u>	<u><u>1,398,084</u></u>
<b>Capital and reserves</b>				
Profit and loss account			<u>1,898,424</u>	<u>1,398,084</u>
<b>Members funds</b>			<u><u>1,898,424</u></u>	<u><u>1,398,084</u></u>

These financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

These financial statements were approved by the board of directors and authorised for issue on ....., and are signed on behalf of the board by:

T Nasser  
Director

Company registration number: 03547531

The notes on pages 13 to 21 form part of these financial statements.

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Statement of Cash Flows

Year ended 30 April 2023

	2023 £	2022 £
<b>Cash flows from operating activities</b>		
Profit for the financial year	500,340	246,151
<i>Adjustments for:</i>		
Depreciation of tangible assets	1,970	14,745
Amortisation of intangible assets	2,810	2,902
Other interest receivable and similar income	(1,986)	(392)
Tax on profit	121,111	57,305
<i>Changes in:</i>		
Trade and other debtors	(73,507)	(21,815)
Trade and other creditors	(457,334)	2,324,561
Cash generated from operations	93,404	2,623,457
Tax paid	(60,078)	(62,350)
Net cash from operating activities	<u>33,326</u>	<u>2,561,107</u>
<b>Cash flows from investing activities</b>		
Purchase of tangible assets	(374)	(1,165)
Transfer of cash (into)/from fixed term deposit accounts >3 months	500,000	(5,000,000)
Interest received	1,986	392
Net cash from/(used in) investing activities	<u>501,612</u>	<u>(5,000,773)</u>
<b>Net increase/(decrease) in cash and cash equivalents</b>	534,938	(2,439,666)
<b>Cash and cash equivalents at beginning of year</b>	<u>994,646</u>	<u>3,434,312</u>
<b>Cash and cash equivalents at end of year</b>	<u>1,529,584</u>	<u>994,646</u>

The notes on pages 13 to 21 form part of these financial statements.

# **British Equity Collecting Society Limited**

## **Company Limited by Guarantee**

### **Notes to the Financial Statements**

**Year ended 30 April 2023**

#### **1. General information**

The company is a private company limited by guarantee, registered in England and Wales. The address of the registered office is Plouviez House, First Floor, 19-20 Hatton House Place, London, EC1N8RU, England.

#### **2. Statement of compliance**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

#### **3. Accounting policies**

##### **3.1 Basis of preparation**

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

These financial statements are presented in Pounds Sterling (GBP), as that is the currency in which the majority of the Company's transactions are denominated. They comprise the financial statements of the Company for the year ended 30 April 2023 and are presented to the nearest pound.

The Company has determined that GBP is its functional currency, as this is the currency of the economic environment in which the Company predominantly operates.

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:

##### **3.2 Going concern**

The financial statements have been prepared on a going concern basis. The directors have considered the surplus for the year, the Statement of Financial Position at the accounting date and reviewed forecasts and are satisfied that the Company is in a position to meet its liabilities as they fall due for a period of at least twelve months from the date of signing these financial statements.

In any event, management continually reviews the company's activities and costs to ensure effectiveness and efficiency, and will work to mitigate any future reductions in collections and the corresponding reduction in fee income.

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 30 April 2023

#### 3. Accounting policies *(continued)*

##### 3.3 Revenue recognition

Turnover represents the amounts receivable in the year from distributions fees and interest income on timed deposit investments. Turnover is generated in the form of administration charges calculated as a percentage deduction on amounts collected from CMO partners, prior to distributions to members, as agreed by the membership. Due to the time required to negotiate agreements, receive data for allocations of monies, and the uncertainty over amounts involved, revenue is recognised as received or invoiced in each financial year.

Interest income earned on timed deposits has been included as turnover as per BECS' Investment Policy. BECS is authorised to invest monies collected into long-term deposits until funds are required to fulfil its distributions as they fall due following authorisation in accordance with the relevant BECS' Distribution Policy.

##### 3.4 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 Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

##### 3.5 Interest income

Interest income is recognised in profit or loss when receivable.

##### 3.6 Current and deferred taxation

The taxation expense represents the aggregate amount of current and deferred tax recognised in the reporting period. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is recognised in other comprehensive income or directly in equity, respectively.

Current tax is recognised on taxable profit for the current and past periods. Current tax is measured at the amounts of tax expected to pay or recover using the tax rates and laws that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognised in respect of all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the reporting date that are expected to apply to the reversal of the timing difference.

##### 3.7 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 30 April 2023

#### 3. Accounting policies *(continued)*

##### 3.8 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

##### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful life of that asset as follows:

Computer Software - 20% straight line

If there is an indication that there has been a significant change in amortisation rate, useful life or residual value of an intangible asset, the amortisation is revised prospectively to reflect the new estimates.

##### 3.9 Tangible 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.

##### Depreciation

Depreciation is calculated so as to write off the cost or valuation of an asset, less its residual value, over the useful economic life of that asset as follows:

Fixtures and fittings - 20% straight line  
Office Equipment - 33% straight line  
Leasehold Improvements - 20% 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 the Statement of Comprehensive Income.

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 30 April 2023

##### **3.10 Current asset investments**

Current asset investments are liquid investments that mature in more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value at the date of maturity.

##### **3.11 Debtors**

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

##### **3.12 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. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

##### **3.13 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

##### **3.14 Provisions**

Provisions are recognised when the entity has an obligation at the reporting date as a result of a past event, it is probable that the entity will be required to transfer economic benefits in settlement and the amount of the obligation can be estimated reliably. Provisions are recognised as a liability in the statement of financial position and the amount of the provision as an expense.

Provisions are initially measured at the best estimate of the amount required to settle the obligation at the reporting date and subsequently reviewed at each reporting date and adjusted to reflect the current best estimate of the amount that would be required to settle the obligation. Any adjustments to the amounts previously recognised are recognised in profit or loss unless the provision was originally recognised as part of the cost of an asset. When a provision is measured at the present value of the amount expected to be required to settle the obligation, the unwinding of the discount is recognised as a finance cost in profit or loss in the period it arises.

##### **3.15 Financial instruments**

Financial instruments are recognised in the Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial instruments are initially measured at transaction price unless the arrangement constitutes a financing transaction which includes transaction costs for financial instruments not subsequently measured at fair value. Subsequent to initial recognition, they are measured as set out below. A financing transaction is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

##### **Classification**

Financial instruments are classified as either 'basic' or 'other' in accordance with Chapter 11 of FRS 102.

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 30 April 2023

##### Subsequent measurement

Loans and receivables are measured at amortised cost, using the effective interest method. Trade debtors and trade payables are recognised at the undiscounted amount owed by the customer or to the supplier, which is normally the invoice amount.

#### 4. Company limited by guarantee

The company is limited by guarantee and does not have any share capital. In the event of the Company being wound up, each member undertakes to contribute to the assets of the Company such amount as may be required but not exceeding £1.

#### 5. Operating profit

Operating profit or loss is stated after charging:

	<b>2023</b>	2022
	£	£
Amortisation of intangible assets	2,810	2,902
Depreciation of tangible assets	1,970	14,745
Operating lease rentals	40,000	40,000
Auditor's remuneration	13,000	15,000
Auditor remuneration for accountancy services	1,250	2,575
Auditor remuneration for tax services	<u>2,250</u>	<u>2,625</u>

#### 6. Staff costs

The average number of persons employed by the company during the year, including the directors, amounted to:

	<b>2023</b>	2022
	No.	No.
Administrative staff	<u>5</u>	<u>4</u>

#### 7. Directors' remuneration

The directors' aggregate remuneration in respect of qualifying services was:

	<b>2023</b>	2022
	£	£
Remuneration	96,875	95,000
Company contributions to defined contribution pension plans	<u>46,470</u>	<u>20,850</u>
	<u>143,345</u>	<u>115,850</u>

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 30 April 2023

#### 8. Tax on profit

##### Major components of tax expense

	<b>2023</b>	2022
	£	£
<b>Current tax:</b>		
UK current tax expense	123,351	60,078
Adjustments in respect of prior periods	–	1
Total current tax	<u>123,351</u>	<u>60,079</u>
<b>Deferred tax:</b>		
Origination and reversal of timing differences	(2,240)	(3,091)
Impact of change in tax rate	–	317
Total deferred tax	<u>(2,240)</u>	<u>(2,774)</u>
<b>Tax on profit</b>	<u>121,111</u>	<u>57,305</u>

##### Reconciliation of tax expense

The tax assessed on the profit on ordinary activities for the year is lower than (2022: lower than) the standard rate of corporation tax in the UK of 25% (2022: 19%).

	<b>2023</b>	2022
	£	£
Profit on ordinary activities before taxation	621,451	303,456
Profit on ordinary activities by rate of tax	155,363	57,657
Fixed asset differences	1,054	72
Remeasurement of deferred tax for changes in tax rates	–	(424)
Being profit to 31st March 23 charged at 19% not 25%	<u>(35,306)</u>	<u>–</u>
Tax on profit	<u>121,111</u>	<u>57,305</u>

#### 9. Intangible assets

	<b>Computer Software</b>
	£
<b>Cost</b>	
<b>At 1 May 2022 and 30 April 2023</b>	<u>434,213</u>
<b>Amortisation</b>	
At 1 May 2022	428,595
Charge for the year	2,810
<b>At 30 April 2023</b>	<u>431,405</u>
<b>Carrying amount</b>	
<b>At 30 April 2023</b>	<u>2,808</u>
At 30 April 2022	<u>5,618</u>

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

#### Year ended 30 April 2023

#### 10. Tangible assets

	Fixtures and fittings £	Equipment £	Leasehold improvement s £	Total £
<b>Cost</b>				
At 1 May 2022	28,159	37,438	60,808	126,405
Additions	–	374	–	374
<b>At 30 April 2023</b>	<u>28,159</u>	<u>37,812</u>	<u>60,808</u>	<u>126,779</u>
<b>Depreciation</b>				
At 1 May 2022	28,024	36,301	59,625	123,950
Charge for the year	135	652	1,183	1,970
<b>At 30 April 2023</b>	<u>28,159</u>	<u>36,953</u>	<u>60,808</u>	<u>125,920</u>
<b>Carrying amount</b>				
<b>At 30 April 2023</b>	<u>–</u>	<u>859</u>	<u>–</u>	<u>859</u>
At 30 April 2022	<u>135</u>	<u>1,137</u>	<u>1,183</u>	<u>2,455</u>

#### 11. Debtors

	<b>2023</b> £	2022 £
Prepayments and accrued income	181,109	46,611
Other debtors	11,432	12,345
	<u>192,541</u>	<u>58,956</u>

#### 12. Current Asset Investments

	<b>2023</b> £	2022 £
Timed deposit accounts > 3 months	<u>11,000,000</u>	<u>11,500,000</u>

#### 13. Creditors: amounts falling due within one year

	<b>2023</b> £	2022 £
Trade creditors	15,781	3,125
Accruals and deferred income	30,752	32,700
Corporation tax	123,351	60,079
Social security and other taxes	5,871	7,545
Other creditors	10,655,620	11,061,909
	<u>10,831,375</u>	<u>11,165,358</u>

# British Equity Collecting Society Limited

## Company Limited by Guarantee

### Notes to the Financial Statements *(continued)*

Year ended 30 April 2023

#### 14. Provisions

	<b>Deferred tax (note 16) £</b>
At 1 May 2022	(1,767)
Additions	(2,240)
<b>At 30 April 2023</b>	<b><u>(4,007)</u></b>

#### 15. Deferred tax

The deferred tax included in the statement of financial position is as follows:

	<b>2023 £</b>	2022 £
Included in provisions (note 14)	<u>(4,007)</u>	<u>(1,767)</u>

The deferred tax account consists of the tax effect of timing differences in respect of:

	<b>2023 £</b>	2022 £
Fixed asset timing differences	–	1,226
Short term timing differences	(4,007)	(2,993)
	<u>(4,007)</u>	<u>(1,767)</u>

#### 16. Operating leases

The total future minimum lease payments under non-cancellable operating leases are as follows:

	<b>2023 £</b>	2022 £
Not later than 1 year	40,000	40,000
Later than 1 year and not later than 5 years	113,333	153,333
	<u>153,333</u>	<u>193,333</u>

# **British Equity Collecting Society Limited**

## **Notes to the Detailed Income Statement**

**Year ended 30 April 2023**

### **17. Pension commitments**

The Company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. Contributions totalling £25,037 (2022 - £11,971) were payable to the fund at the reporting date.

### **18. Related party transactions**

The Company paid royalties totalling £817 (2022 - £771) to 3 (2022 - 4) directors during the year.

The Company reimbursed expenses totalling £1,144 (2022 - £385) to 5 (2022 - 4) directors during the year. These transactions occurred on an arm's length basis and are considered to represent market value.