

Company Registration No. 09899186 (England and Wales)

PICSEL LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2016

PICSEL LIMITED

COMPANY INFORMATION

Directors	Mr P F A Seheult Mr T S C Harris Mr J M Balean	(Appointed 2 December 2015) (Appointed 2 December 2015) (Appointed 2 December 2015)
Company number	09899186	
Registered office	59 Tranquil Vale Blackheath London SE3 0BS	
Auditor	MHA Carpenter Box Amelia House Crescent Road Worthing West Sussex BN11 1QR	

PICSEL LIMITED

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PICSEL LIMITED

STRATEGIC REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present the strategic report for the period ended 31 December 2016.

Fair review of the business

The company was incorporated on 2 December 2015 and the period to 31 December 2016 saw a number of set up costs whilst in the process of obtaining membership of the Copyright Licensing Agency (CLA) which was granted in February 2017. No revenue could be generated until this membership was in place, but PICSEL was able to put distribution agreements in place with its own members in 2016 in anticipation of the CLA membership.

Principal risks and uncertainties

PICSEL will face direct and indirect challenges in the coming months and years. The new competitive environment between representative Visual Artists Collective Management Organisations (VACMO), the evolving environment within collective licensing itself and the uncertainty of Brexit may create significant change.

The competitive environment will see a change in membership levels and hence market share, but it will bring a more transparent and equitable distribution of revenue to Rights Holders.

Brexit will pose unknown challenges. The Intellectual Property Office (IPO) has engaged with all Collective Management Organisations (CMO) in regular meetings since the referendum and continue to do so. Whilst this has been mainly concerned with the Regulations and the EU Digital Single Market, the volatile currency market is already having an effect on international revenue income.

PICSEL has concentrated initially on the traditional UK market of Book, Magazine and Journal licensing. There are other sectors that PICSEL will explore to offer a radical, and equitable, alternative.

Development and performance

PICSEL's membership for 2017 has increased in line with expectations, and is growing.

PICSEL embraced the new data driven model for revenue distribution proposed by the CLA which proved a greater success for PICSEL members than expected. With 25% of claimed titles matching CLA survey data, this was considerably above the industry average.

The nature of collective rights management is evolving and PICSEL will work with the CLA, and others, to ensure that a robust environment can be sustained. As a member of the CLA, PICSEL is in a position to be involved at an early stage in any developments that will impact on visual arts rights holders and can ensure that the allocations for VA's decided by the FTI Valuation are maintained.

The coming years will see reassessments of the valuations and PICSEL will work with all VACMO's to ensure that an equitable allocation is made to the Visual Arts sector.

Key performance indicators

There are no relevant financial KPI's in this period as the income and expenditure account consists of pre-trading expenditure only.

On behalf of the board

Mr P F A Seheult
Director
24 October 2017

PICSEL LIMITED

DIRECTORS REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the period ended 31 December 2016.

Principal activities

The company incorporated on 2 December 2015. The principal activity of the company is that of a collective management organisation, representing visual artists and creators, providing a platform to assist them in claiming royalty payments.

Directors

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

Mr P F A Seheult	(Appointed 2 December 2015)
Mr T S C Harris	(Appointed 2 December 2015)
Mr J M Balean	(Appointed 2 December 2015)
Ms I Doran	(Appointed 2 December 2015 and resigned 21 August 2017)

Results and dividends

The results for the period are set out on page 6.

Auditor

MHA Carpenter Box were appointed as auditor to the company and in accordance with section 485 of the Companies Act 2006, a resolution proposing that they be re-appointed will be put at a General Meeting.

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

Mr P F A Seheult
Director
24 October 2017

PICSEL LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE PERIOD ENDED 31 DECEMBER 2016

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 surplus or deficit 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.

PICSEL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PICSEL LIMITED

We have audited the financial statements of Picssel Limited for the period ended which comprise the Income and Expenditure Account, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

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 our 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.

Respective responsibilities of directors and auditor

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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its deficit for the period 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

PICSEL LIMITED

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

Matters on which we are required to report by exception

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.

Eileen Houghton ACA FCCA DChA (Senior Statutory Auditor)
for and on behalf of MHA Carpenter Box

27 October 2017

Chartered Accountants
Statutory Auditor

Amelia House
Crescent Road
Worthing
West Sussex
BN11 1QR

PICSEL LIMITED

INCOME AND EXPENDITURE ACCOUNT

FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	Period ended 31 December 2016 £
Cost of sales		(6,550)
Administrative expenses		(3,237)
Deficit before taxation		(9,787)
Taxation	3	-
Deficit for the financial period		(9,787)

The Income and Expenditure Account has been prepared on the basis that all operations are continuing operations.

PICSEL LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 £	£
Current assets			
Debtors	5	544	
Cash at bank and in hand		763	
		<hr/>	
		1,307	
Creditors: amounts falling due within one year	6	(11,094)	
		<hr/>	
Net current liabilities			(9,787)
			<hr/> <hr/>
Reserves			
Income and expenditure account			(9,787)
			<hr/> <hr/>

The financial statements were approved by the board of directors and authorised for issue on 24 October 2017 and are signed on its behalf by:

Mr P F A Seheult
Director

Mr T S C Harris
Director

Company Registration No. 09899186

PICSEL LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2016

	Income and expenditure account £
Period ended 31 December 2016:	
Loss and total comprehensive income for the period	(9,787)
	<hr/>
Balance at 31 December 2016	(9,787)
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PICSEL LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD ENDED 31 DECEMBER 2016

	Notes	2016 £	£
Cash flows from operating activities			
Cash absorbed by operations	10		(9,437)
Net cash used in investing activities			-
Financing activities			
Proceeds from borrowings		10,200	
Net cash generated from/(used in) financing activities			10,200
Net increase in cash and cash equivalents			763
Cash and cash equivalents at beginning of period			-
Cash and cash equivalents at end of period			763

PICSEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

The company is limited by guarantee governed by its Memorandum and Articles of Association dated 2 December 2015. The registered office is 59 Tranquil Vale, Blackheath, London, SE3 0BS.

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 £1.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

The financial statements cover the period from incorporation on 2 December 2015 to the year end of 31 December 2016. There are no comparative figures as this is the company's first period of trade.

1.4 Turnover

Turnover shows the amount of royalties receivable during the year under Picsel licensing agreements. It is recognised at the point the claim is made to the CLA. Income is the amount derived from ordinary activities, stated net of VAT.

1.5 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

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.

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.

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 and subsequently at amortised cost 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.

PICSEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2016

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 Taxation

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

	2016
	£
Loss before taxation	(9,787)
	<u> </u>
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00%	(1,957)
Losses on which deferred tax not recognised	1,957
	<u> </u>
Taxation charge for the period	-
	<u> </u>

4 Financial instruments

	2016
	£
Carrying amount of financial assets	-
	<u> </u>
Carrying amount of financial liabilities	
Measured at amortised cost	11,094
	<u> </u>

5 Debtors

	2016
	£
Amounts falling due within one year:	
Other debtors	544
	<u> </u>

PICSEL LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2016

6 Creditors: amounts falling due within one year

	Notes	2016 £
Other borrowings	7	10,200
Accruals and deferred income		894
		<u>11,094</u>

7 Loans and overdrafts

	2016 £
Loans from related parties	500
Other loans	9,700
	<u>10,200</u>
Payable within one year	<u>10,200</u>

8 Members' liability

The company is limited by guarantee, not having a share capital and consequently the liability of members is limited, subject to an undertaking by each member to contribute to the net assets or liabilities of the company on winding up such amounts as may be required not exceeding £1.

9 Events after the reporting date

Since the balance sheet date the company has become a member of the Copyright Licensing Agency and has therefore commenced claiming royalty payments.

10 Cash generated from operations

	2016 £
Deficit for the period after tax	(9,787)
Movements in working capital:	
(Increase) in debtors	(544)
Increase in creditors	894
Cash absorbed by operations	<u>(9,437)</u>