



handle

...the next 40 years

Powering brands in  
the music industry  
for 40 years

020 7569 9999

[www.handle.co.uk](http://www.handle.co.uk)

[info@handle.co.uk](mailto:info@handle.co.uk)



Connecting  
clients with  
exceptional  
talent in:

Digital & Tech

Finance

Human  
Resources

Legal

Marketing &  
Communications

Media & Events

Office Support

Sales



# SHOW ME THE MONEY

Accountancy might not be the most exotic part of the music business, but it is undoubtedly one of the most important. In this **special report**, some of the sector's leading lights reveal a few secrets of the trade...

— BY JAMES HANLEY —



*“Accountants want to make sure that the art is worthwhile to the artist”*

**ORIANA MORRISON**  
ECNMX

**N**ever a man afraid to say what he thinks, Noel Gallagher had some pointed advice for Zayn Malik when the singer quit One Direction in 2015. “Get a good accountant,” said the former Oasis songwriter, “because life is very fucking long.”

Wise words, no doubt. Yet in a world where success and excess have always gone hand in hand, the importance of financial management is easily overlooked.

“Accounting is the least sexy part of the business,” admits Ray Bush of The Music Royalty Co, whose services include accountancy, publishing and royalty processing. “People start a label to listen to music, discover talent and break new artists, not to count pennies. More money is spent on the frontline than bean counting.”

Be that as it may, failing to keep a close eye on the purse strings can come back to bite later on. Happily, there is no shortage of specialists willing and able to keep the numbers in check.

“I’ve always had an appreciation for the fact that without music there is no business,” says Ross Bennet Smith’s Dan Ross, who worked in A&R, management and promoting prior to training in corporate finance. “But equally, without applying the principles of business, monetising creativity becomes a near impossible task.”

Hagop Tchapanian of From Anywhere could not agree more.

“Artists are doing business all over the world and, without good systems in place, their financial affairs can soon get overwhelming when they really need to be focusing on creating and performing,” he says. “They need a solid team to represent them in the face of globally fractionated income, expenses, increased touring, financial mismanagement and scrutiny from multiple tax authorities.”

Nevertheless, staying on top of money matters is not as complex as it sounds, at least when you know how...

“People think that accounting is this huge headache, but it can actually be really simple and empowering,” says Tchapanian, who mainly deals with clients from the electronic music scene. “The role has evolved from a dark art of debits and credits that no one understands, and vast stacks of paper receipts being processed last minute, to being able to click a few buttons and see your statement of financial position from yesterday.”

“The biggest challenge is getting away from the idea that accounts can be managed once a year with a box of receipts, as opposed to implementing our technology and having everything squared away simply on a daily basis. It’s about getting organised on the front end so that you are ready to respond to any accounting eventuality.”

And experience is no barrier to entry: Skeet Kaye’s Ewen MacNeil advises those acts just entering the music biz to start as they mean to continue.

“I hear many new artists suggesting that they are not yet at the level that requires an accountant,” says MacNeil.

Count me in: Harris & Trotter client Rita Ora



*“Without applying the principles of business, monetising creativity becomes a near impossible task”*

**DAN ROSS**  
ROSS BENNET SMITH

“Setting up correctly in the early years can put them at a great advantage and, in fact, avoid many pitfalls that can come without forward planning.”

Countless classic songs – from The Beatles’ Taxman to Pink Floyd’s Money – have been inspired by music’s love/hate relationship with the almighty dollar. A big hit can equal big returns, of course, but any act expecting to become financially secure from the moment they pen their first record deal is likely to be disappointed.

“An artist can get blown away by the big signature advance, but forget that this is subject to management commission and taxes, which can often halve the amount and then this may well need to last them a year,” points out Charlotte Harris of Harris & Trotter. “The

accountant is often the only pessimist who tells the artist the reality of the finances. My biggest challenge can be getting clients to spend within a sensible sum each month and not get carried away from the glamour of the industry.”

Harris & Trotter offers a range of services, including book-keeping, tour and royalty accounting, alongside traditional accountancy services. Indeed, there’s much more to the job than meets the eye.

“I’m a business manager,” stresses Harris. “In the US they use this term, but in the UK we are still called accountants. It’s a misconception to think we are just an accountant doing tax returns and accounts – we are a fundamental part of the team and are proud to be friends, advisors and counsellors to many clients.”

Those sentiments are echoed by Tom Chadwick and Clive Campbell of recruitment consultants Handle Recruitment, which has partnered with the creative industries for 40 years and places accounting staff in permanent, temporary and contracted roles at labels, music services companies, agencies, management and distributors via its finance division.

“For artists themselves, or smaller management



companies, for example, the relationship often spans beyond the tax and accounting work,” says Chadwick. “The accountant can become the sounding board for the business’ operational and strategic challenges.

“Clients might seek advice on key business decisions: should they sign a deal with a particular record label; should they restructure their business etc. It’s about the bigger picture. Where smaller organisations don’t have any in-house support for accounting, their accountancy firm often becomes their trusted advisor.”

Elsewhere, Soho-based ECNMX deals with UK/US tax preparation and business management for British artists performing in the US, mediating between the IRS and HMRC to find the most effective and compliant tax solutions.

“My job is to make sure the artist does not have to spend any more time than they have to on an aspect of their business that, although vital, they may not understand or want to understand,” smiles the firm’s Oriana Morrison.

“Artists want to make art. Accountants want to make sure that the art is worthwhile to the artist. If an artist is doing well both at home and in the US, they should keep doing what they’re doing and leave the finer points of double taxation agreements and foreign tax credits to us.”

**I**nevitably, the evolution of the music biz presents an ongoing myriad of challenges. “The music industry is in a constant state of transition and the accountant’s role is constantly evolving to keep in step,” states Campbell. “We have to keep informed about those changes to be sure we are engaging the top talent.

“The majors and larger independents are constantly seeking alternative revenue streams and are involved in acquiring and developing businesses outside traditional recorded music. This offers interesting areas to work on and the chance to learn different business areas.

“A great accountant is someone who supports the label heads in understanding these changes – talking their language rather than accounts-speak.”

“The goalposts can change at the drop of a hat,” nods Morrison. “Making sure we can react quickly to accommodate any situation is important to us. An example that is specific to our business: The Tax Cuts And Jobs Act – aka Trump Tax – will have a huge impact on how foreign artists operate in the US and even how the major American



*“There is a lot more to us than a set of year-end accounts and a tax return”*

**EWEN MACNEIL**  
SKEET KAYE



*“The accountant is often the only pessimist who tells the artist the reality of the finances”*

**CHARLOTTE HARRIS**  
HARRIS & TROTTER

labels and film studios operate. We need to stay on top of it to make sure our clients aren’t adversely affected and can reap the benefits of the new tax laws.

“Moreover, new US immigration laws mean that foreign artists and their managers have to be more diligent with their visa situations than ever before.”

The impact of streaming and the continued rise of the live circuit have also had game-changing ramifications.

“There are many more streams of income revenue than before and we need to make sure the artist is getting everything they are entitled to,” asserts Harris. “This includes reviewing royalty statements; splitting performance contracts where possible and reviewing settlements. Royalty accounting is considerably trickier given the number of sources and that we consume music now via streaming and not pure purchases.

“Aside from that, the live music industry continues to be strong and gives many artists the possibility of earning a good living on touring alone.”

“Touring has for many clients become their largest source of income and we are heavily involved in all our clients’ tours on a day-to-day basis; from the initial planning and budget stages right through to final tour accountings,” adds MacNeil. “Also many more clients are self-releasing music which again makes ours a much more important role, as we manage the commercial and financial aspects of those releases.”

MacNeil warns that the industry’s increasing complexity has given rise to a number of new commercial, financial and taxation considerations.

“Experienced specialist business managers, who have a comprehensive understanding of all aspects of the music industry, can help new and established artists alike and can save them significant amounts of money – particularly in relation to withholding tax on worldwide touring,” he says. “Being part of a team that helps new artists navigate the early years and helps established artists fulfil their full financial potential will hopefully help ensure the industry continues to thrive.”

In-depth music biz knowledge is therefore deemed essential. “An accountant that understands music is critical,” says Bush. “Being able to produce accurate, timely accounts and royalty statements not only helps run a successful business but also keeps the artists happy.

“There are so many intricate parts to music accounting, that the average High Street accountant will not understand. Keeping an artist in budget and a project on track are very difficult things to navigate if you don’t understand all parts of the industry.”

“There are many people who probably think that our role can be fulfilled by any firm of accountants,” affirms Ross. “The reality is that it’s a highly specialised field and whenever I’ve taken on a client from a non-industry firm the amount of remedial work is usually significant. Having a great advisor cannot be underestimated and I’m always proud of the value we’re able to add for our clients, and in the words of Red Adair, if you think it’s expensive to hire a professional, wait until you hire an amateur.”

Handle Recruitment’s Campbell says clients usually insist on employing accounting staff who are passionate about music. “Once in the industry, people tend to stay in their jobs for longer than in other industries,” he explains. “The pay may be slightly less, but clearly their passion for music and being close to the product more than makes up.

“There are fewer people working in the industry so the pool of candidates with music experience is shrinking. We probably know all those people – but we also know a whole lot of great candidates from outside music, who would work equally well in the industry. The challenge for us is helping our music clients recognise those transferable skills, from complementary cultures, to ensure they are not missing out on the best talent available.”

Ross details specific issues that crop up frequently with music clients. “The biggest challenges are often driven by the irregularity of income, which means that we have to be really fastidious when it comes to managing cash flow,” he says. “Equally, dealing with the fast generation of wealth can also pose its own challenges.

“Whilst having no desire to turn any of our clients into accountants, it’s nonetheless crucial to us that they have a really good understanding of the key financial concepts and naturally their own affairs. It’s a bit of a cliché to say that knowledge is power, but it really is and if you can give a client timely knowledge as to their financial affairs it will empower them to make better decisions.”

“Music clients don’t generally work ‘normal’ hours and can be often in different parts of the world regularly so business management can be a 24/7 job,” adds MacNeil. “However, seeing those same clients grow from performing in pubs and clubs to arenas and stadiums is incredibly rewarding.”

**R**oss Bennet Smith advised on shows with a combined gross of £300 million in 2018 alone. “Over the course of the past two decades the paradigm shifted from touring being an activity to support recorded music, to it becoming the dominant form of income for most recording artists,” says Ross.

While not anticipating a downturn in touring revenues

**Golden years:** Years & Years are a Harris & Trotter client



over the next few years, Ross predicts an upswing in recorded music revenue as streaming penetrates the mass market.

“In 2018 there are around 150m subscribers to music streaming services and this is still a small percentage of the addressable market,” he says. “For anybody who has seen a royalty statement recently the amount of information is staggering. In anticipation of this, our focus has been upon building systems capable of analysing vast amounts of data to ensure that our clients are being accounted to correctly.

“We’re also frequently seeing artists and management companies setting up their own labels and carving a path outside of that ecosystem. The accounting function is critical in this instance and our role has evolved into an

increasingly more active one where our work is often more reminiscent of that of a finance director.

“Helping clients build and grow their businesses isn’t just exciting, but an opportunity to add-value and demonstrate the importance of good business acumen and network that can help clients achieve their objectives.”

MacNeil sees his job becoming ever more key in the future.

“We only see our role as becoming more involved, both on the business side but also on the personal side,” he notes. “With some obvious exceptions it could be suggested that it is increasingly difficult to build a long term career as an artist. The focus on helping clients manage their money so it can last them in the longer term will only become more important.

“We are a much more integral part of the artist’s core business team than many people realise, and on the personal side we can be even more integral. We speak to many of our clients on an almost daily basis. There is a lot more to us than a set of year-end accounts and a tax return.”

“Music accountants are not just bean counters. We are also your friend,” adds Morrison. “We are here to help. We want you to succeed. And we probably love music and art as much as you do. Although our skillset is different, we are also collaborating with the artist in trying to create something special.”

Bush offers some practical advice to finish with. “More than ever, it is important that labels, artists, managers, publishers check their royalty statements in detail and ask as many questions as they can from whoever has supplied the information,” he says. “This work is done by systems, systems aren’t always right, make sure you are getting the money your business is correctly due.”

And just when you thought it was safe to go outside, the elephant in the room makes a last-minute appearance. “Who knows what Brexit might mean for the UK music industry,” ponders Bush. “But as long as good music is produced, we will all be OK.”

■ A new Accountancy Firm Of The Year award is being introduced at the Music Week Awards 2019. Visit [musicweekawards.com](http://musicweekawards.com) for full details.



**Priceless:** Tom Chadwick (top) and Clive Campbell of Handle Recruitment



*“People think that accounting can be this huge headache, but it can be simple and empowering”*

**HAGOP  
TCHAPARIAN**  
FROM ANYWHERE