

Warner Music UK Limited

Report and Financial Statements

30 September 2022

Registered No. 680511

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COMPANIES HOUSE

Warner Music UK Limited

Registered No. 680511

DIRECTORS

P M Robinson

A D Harlow

M J Watson

C C Saxe (appointed 30th September 2022)

J H Radice (resigned 30th September 2022)

SECRETARY

Olswang Cossec Limited

Cannon Place

78 Cannon Street

London

EC4N 6AF

AUDITOR

KPMG

Chartered Accountants

1 Stokes Place

St Stephen's Green

Dublin

D02 DE03

Ireland

REGISTERED OFFICE

Cannon Place

78 Cannon Street

London

EC4N 6AF

Warner Music UK Limited

Registered No. 680511

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Warner Music UK Limited

Registered No. 680511

STRATEGIC REPORT

The directors present their Strategic Report for the year ended 30 September 2022.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activity during the year ended 30 September 2022 was the promotion, sale and distribution of recorded music in various formats.

The company's key financial and other performance indicators during the year were as follows:

	2022 £000	2021 £000	Change %
Turnover	247,166	234,433	+5%
(Loss) / Profit after tax	(10,708)	46,859	-123%
Shareholders' funds	124,722	135,430	-8%

Turnover increased by 5% and gross profit decreased by 11% for the year ended 30 September 2022. The loss after tax primarily resulted from foreign exchange losses on group intercompany loan balances of £46,639k (2021: £13,131k gain). Further, in the year ended 30 September 2022 the Company received no dividend income from its subsidiaries (2021: £4,686k).

Shareholders' funds have decreased by 8% as a result of the loss in the year.

Under a License Agreement, which was implemented from 1 October 2014, Warner Music UK Limited accepted the benefit and burden of the rights and obligations of multiple subsidiary and group undertakings under their current and future contracts with third parties. Following signature of these agreements, all receivables and payables in relation to these companies' rights and obligations were transferred to Warner Music UK Limited in exchange for an annual royalty consideration.

S172

Under Section 172 the directors have a duty to promote the success of the company for the benefit of shareholders as a whole.

The success of the company is dependent on effective dealings with all stakeholders and so the directors were mindful of the long-term consequences of key strategic decisions made during the year, and determined that the decisions made were in the interests of Warner Music Group's artists, employees, suppliers, customers and other stakeholders, as they were all aligned to the Group's growth strategy.

Artists

Warner Music UK and its constituent labels continuously maintain strong relationships with our existing artists, supporting their career development, as well as discovering, signing and nurturing new talent. Connecting our artists and their music with fans is essential to the business.

Warner Music UK Limited

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STRATEGIC REPORT Continued

Employee engagement

The directors acknowledge that our employees are fundamental to the success of the company. They therefore continuously invest in health and wellbeing support for the whole Warner Music UK team. All employees have access to a 24/7 Employee Assistance Programme which offers support across a variety of issues, as well as access to free confidential counselling sessions. A new platform 'Plumm' has been launched, offering a 360 approach to mental well-being, including 1:1 online therapy sessions, chat sessions and therapist-led online courses. They also have access to Help@Hand, which provides access to a remote GP, mental health support and physiotherapy, as well as access to virtual wellbeing coaching sessions and the company holds regular wellbeing workshops and an annual 'Wellness Week'.

The company launched a programme 'Into The Music Industry' in partnership with The Rio Ferdinand Foundation and Kiss FM, to increase awareness around careers, jobs skills and entry pathways into the music industry with a pilot event in London at South Bank University, followed by events in Belfast and Manchester. In addition, working exclusively with the Social Mobility Foundation and Small Green Shoots the company has launched an internship programme with further expansion planned in 2023.

In 2022, Warner Music UK internally published its annual Diversity, Equity and Inclusion report, outlining its strategic approach to building an inclusive culture where everyone feels able to be themselves and fulfil their potential. The report included publication of the company's gender and ethnicity pay gaps, as well as a list of tangible actions the business is taking in this area and the targets it is working towards.

The company uses a variety of methods to stay in touch with its employees including, but not limited to, emails from the UK CEO, a daily global newsletter, regular team meetings and full company virtual and in person-events. Regular surveys, active Employee Resource Groups and an open-door policy ensure that employee feedback is heard and acted upon.

Customer and Suppliers

To ensure the company maintains its reputation it maintains good relationships with both its customers and suppliers by making prompt contractual payments.

Warner Music UK Limited

Registered No. 680511

STRATEGIC REPORT Continued**Emissions and energy consumption**

In accordance with disclosure requirements for large companies under the Companies Act 2006, the table below shows the company's 'greenhouse gas emissions' during the financial year.

The methodology used to calculate our emissions is in line with UK Government Streamlined Energy and Carbon Reporting ("SECR") guidelines.

These figures below represent the activities of all Warner Music Group's companies in the UK, as there is no reliable method by which to allocate the figures to entities and as such the figures given here are not just for Warner Music UK as a standalone company.

	2022	2021
	tCO2e	tCO2e
Combustion of fuel and operation of facilities (Scope 1)	369.18	404.35
Electricity, heat, steam and cooling (Scope 2)	609.69	572.65
Other indirect emissions relating to electricity transmission and distribution losses, Business travel and non-company cars (Scope 3)		
Business travel	3,012.63	419.63
Non-company cars	4.60	2.29
Total	3,996.10	1,398.92
tCO2e per employee	5.54	2.53

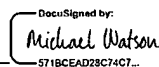
tCO2e represents tonnes of CO2 equivalent

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks and uncertainties facing the company relate to intense competition from other record labels to sign and market successful artists and the speed with which newer digital revenue streams can be tapped.

Whilst the COVID-19 pandemic continued to impact business operations for the prior year ending 24 September 2021, the lifting of restrictions and lockdowns has resulted in a positive trend in revenue for the company in the current year ended 30 September 2022, as performance income recovers to pre-pandemic levels.

By order of the Board

Signed 
DocuSigned by: Michael Watson 571BCEAD28C74C7...
M J Watson (Director)

Cannon Place
 78 Cannon Street
 London
 EC4N 6AF

Date 28 June 2023

Warner Music UK Limited

Registered No. 680511

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 30 September 2022.

RESULTS AND DIVIDENDS

The loss for the year ended 30 September 2022, after taxation, was £10,708k (2021 – Profit £46,859k). The directors do not recommend the payment of a dividend (2021 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and subsequently to the date of this report were as follows:

P M Robinson

A D Harlow

M J Watson

C C Saxe (appointed 30th September 2022)

J H Radice (resigned 30th September 2022)

There are no directors' interests requiring disclosure under the Companies Act 2006.

GOING CONCERN

The underlying business of the company was profitable during the year, if the foreign exchange losses in the year are discounted, and had net current assets at the period end. The Directors have prepared forecasts that suggest the Company will continue to meet its liabilities as they fall due for 12 months following the signing of these accounts.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds through the Group Cash-pooling arrangements and repayment of outstanding balances from fellow subsidiaries to meet its liabilities as they fall due for that period. The combination of a return to pre COVID-19 levels of performance income, growth in digital revenue and the continuing cash pooling arrangement with WMG Acquisition UK mean that, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

DISCLOSURE OF INFORMATION 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, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

Warner Music UK Limited

Registered No. 680511

DIRECTORS' REPORT Continued

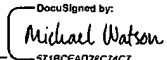
POLITICAL DONATIONS

Neither the Company nor any of its subsidiaries made any political donations (2021: £nil) or incurred any political expenditure during the year (2021: £nil).

AUDITOR

During the year, pursuant to section 487 of the Companies Act 2006, the Company appointed KPMG, Chartered Accountants as statutory auditors. Pursuant to section 487 of the Companies Act 2006, KPMG, Chartered Accountants will continue in office.

By order of the Board

Signed 
 DocuSigned by:
Michael Watson
5718CEAD26C74CT...
M J Watson (Director)

Cannon Place
78 Cannon Street
London
EC4N 6AF

Date 28 June 2023

Warner Music UK Limited

Registered No. 680511

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

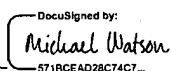
Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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 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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

By order of the Board

Signed 
571BCEAD28C74C7...
M J Watson (Director)

Cannon Place
78 Cannon Street
London
EC4N 6AF

Date 28 June 2023



KPMG
Audit
1 Stokes Place
St. Stephen's Green
Dublin 2
D02 DE03
Ireland

Independent auditor's report to the members of Warner Music UK Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Warner Music UK Limited ('the company') for the year ended 30 September 2022 set out on pages 11 to 30, which comprise the profit and loss account, the balance sheet, the statement of changes in equity and related notes, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is UK Law and FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 30 September 2022 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- the financial statements 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 ethical requirements that are relevant to our audit of financial statements in the UK, including the Financial Reporting Council (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

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

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 the date when the financial statements are authorised for issue.



Independent auditor's report to the members of Warner Music UK Limited (continued)

Report on the audit of the financial statements (continued)

Conclusions relating to going concern (continued)

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the Company will continue in operation.

Detecting irregularities including fraud

We identified the areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements and risks of material misstatement due to fraud, using our understanding of the entity's industry, regulatory environment and other external factors and inquiry with the directors. In addition, our risk assessment procedures included: inquiring with the directors as to the Company's policies and procedures regarding compliance with laws and regulations and prevention and detection of fraud; inquiring whether the directors have knowledge of any actual or suspected non-compliance with laws or regulations or alleged fraud; inspecting the Company's regulatory and legal correspondence; and reading Board minutes.

We discussed identified laws and regulations, fraud risk factors and the need to remain alert among the audit team.

The Company is subject to laws and regulations that directly affect the financial statements including companies and financial reporting legislation. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

We assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. As required by auditing standards, we performed procedures to address the risk of management override of controls. On this audit we do not believe there is a fraud risk related to revenue recognition. We did not identify any additional fraud risks.

In response to risk of fraud, we also performed procedures including: identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation; evaluating the business purpose of significant unusual transactions; assessing significant accounting estimates for bias; and assessing the disclosures in the financial statements.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.



Independent auditor's report to the members of Warner Music UK Limited (continued)

Report on the audit of the financial statements (continued)

Other information

The directors are responsible for the other information presented in the Annual Report together with the financial statements. The other information comprises the information included in the strategic report and the directors' report. The financial statements and our auditor's report thereon do not comprise part of the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Opinions on other matters prescribed by the Companies Act 2006

Based solely on our work on the other information undertaken during the course of the audit:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion, the information given in the strategic report and directors' report is consistent with the financial statements;
- in our opinion, the strategic report and directors' report has been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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

We have nothing to report in these respects.

Respective responsibilities and restrictions on use

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 6, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.



Independent auditor's report to the members of Warner Music UK Limited
(continued)

Respective responsibilities and restrictions on use

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, other irregularities or error, and to issue an opinion in an auditor's report. 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, other irregularities 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 fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

Our 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.

Maurice McCann (Senior Statutory Auditor)
for and on behalf of
KPMG Statutory Auditor
1 Stokes Place
St. Stephen's Green
Dublin 2

28 June 2023

Warner Music UK Limited

Registered No. 680511

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2022

	Notes	2022 £000	2021 £000
TURNOVER	2	247,166	234,433
Cost of sales		(137,780)	(111,723)
GROSS PROFIT		109,386	122,710
Administrative expenses		(28,956)	(30,011)
Distribution expenses		(50,341)	(54,915)
OPERATING PROFIT	3	30,089	37,784
Dividend Income		—	4,686
Interest receivable and similar income	6	13,229	21,496
Interest payable and similar expenses	7	(55,651)	(5,053)
Written off investments	11	(451)	(1,693)
(LOSS) / PROFIT BEFORE TAXATION		(12,784)	57,220
Tax credit / (charge) on (loss) / profit	8	2,076	(10,361)
(LOSS) / PROFIT FOR THE FINANCIAL YEAR		(10,708)	46,859

All amounts are derived from continuing activities.

OTHER COMPREHENSIVE INCOME

The company had no other comprehensive income for the year ended 30 September 2022 (2021 – £nil).

Notes on pages 14 to 30 form part of these financial statements.

Warner Music UK Limited

Registered No. 680511

BALANCE SHEET AT 30 SEPTEMBER 2022

	Notes	2022 £000	2021 £000
FIXED ASSETS			
Intangible assets	9	–	–
Tangible assets	10	4,834	6,259
Investments	11	5,243	5,694
		<u>10,077</u>	<u>11,953</u>
CURRENT ASSETS			
Debtors	12	365,570	411,480
Cash in bank and in hand		–	1
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	13	(241,727)	(277,439)
NET CURRENT ASSETS		<u>123,843</u>	<u>134,042</u>
CREDITORS: Amounts falling due after one year	13	(6,180)	(7,247)
PROVISIONS FOR LIABILITIES AND CHARGES	14	(3,018)	(3,318)
NET ASSETS		<u>124,722</u>	<u>135,430</u>
CAPITAL AND RESERVES			
Called up share capital	16	–	–
Profit and loss account	19	124,722	135,430
SHAREHOLDERS' FUNDS	19	<u>124,722</u>	<u>135,430</u>

The notes on pages 14 to 30 form part of these financial statements.

These financial statements were approved by the Board of Directors and were signed on behalf of the Board of Directors by:

Signed 
M J Watson (Director)

Cannon Place
78 Cannon Street
London
EC4N 6AF

Date 28 June 2023

Warner Music UK Limited

Registered No. 680511

STATEMENT OF CHANGES IN EQUITY AT 30 SEPTEMBER 2022

	Share capital £000	Profit and loss account £000	Total £000
At 25 September 2020	–	88,571	88,571
Profit and total comprehensive income for the year	–	46,859	46,859
At 24 September 2021	–	135,430	135,430
At 24 September 2021	–	135,430	135,430
Profit and total comprehensive income for the year	–	(10,708)	(10,708)
At 30 September 2022	–	124,722	124,722

The notes on pages 14 to 30 form part of these financial statements.

Warner Music UK Limited

Registered No. 680511

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022

1. ACCOUNTING POLICIES

Warner Music UK Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. The Company is exempt because the Company's parent undertaking, Warner Music Group Corp., a company incorporated in the USA, includes the Company in its financial statements. The consolidated financial statements of Warner Music Group Corp. are available to the public and can be obtained from 1209 Orange Street, Wilmington, DE 19801, USA. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking includes the Company in its consolidated financial statements, and is considered to be a qualifying entity (for the purposes of this FRS) and the Company has applied the exemptions available under FRS 102 in respect of the following exemptions:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS102 available in respect of:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention.

ACCOUNTING PERIOD

The company prepares accounts for either 52 or 53 week periods ending within one week of 30 September (2021 – 24 September 2021).

GOING CONCERN

The underlying business of the company was profitable during the year, if the foreign exchange losses in the year are discounted, and had net current assets at the period end. The Directors have prepared forecasts that suggest the Company will continue to meet its liabilities as they fall due for 12 months following the signing of these accounts.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

Warner Music UK Limited

Registered No. 680511

**NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022
(CONTINUED)****1. ACCOUNTING POLICIES CONTINUED****GOING CONCERN CONTINUED**

The Directors have prepared cash flow forecasts for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the Company will have sufficient funds through the Group Cash-pooling arrangements and repayment of outstanding balances from fellow subsidiaries to meet its liabilities as they fall due for that period. The combination of a return to pre COVID-19 levels of performance income, growth in digital revenue and the continuing cash pooling arrangement with WMG Acquisition UK mean that, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

REVENUE

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods: revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer i.e. on despatch and can be reliably measured. Revenue is measured at fair value after making a provision in respect of expected future returns of goods and services supplied by the Company prior to the balance sheet date.

Royalty, license and other income: revenue is recognised based on the contractual arrangements entered into with third parties, which allow them to exploit the Group's intellectual property in return for a fee. Where the Group is entitled to a fee which is not dependent upon future usage, revenue is recognised when the Group has fulfilled its contractual commitments. Where the fees due to the Group are dependent upon usage, revenue is recognised based upon that usage. Where no reliable basis is available for estimating such usage, revenue is recognised when reported to the Group by third parties.

Interest income is recognised when it has been earned and can be reliably measured.

Warner Music UK Limited

Registered No. 680511

NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022 (CONTINUED)

1. ACCOUNTING POLICIES CONTINUED

RELATED PARTIES

The company has taken advantage of the exemption in FRS 102 not to disclose related party transactions with fellow wholly-owned group undertakings.

ARTISTS' ADVANCES

Artists were classified as proven or unproven depending on earnings potential. Advances to unproven artists were expensed as incurred. Advances to proven artists were held at net book value equal to the expected future royalty earnings.

LEASING

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the period of the lease.

RETIREMENT BENEFITS

The company operates a defined contribution schemes for its employees. Payments to the defined contribution scheme are charged as an expense as they fall due.

INTANGIBLE ASSETS

Purchased recording rights are capitalised and amortised by equal annual instalments over their estimated useful lives, but not exceeding 20 years.

Purchased programme rights are capitalised and amortised by equal annual instalments over their estimated useful lives. Programme rights are now fully amortised.

The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

BASIC FINANCIAL INSTRUMENTS

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

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NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022 (CONTINUED)

1. ACCOUNTING POLICIES CONTINUED

DEPRECIATION

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Leasehold improvements	–	over the estimated useful life of the improvements
Furniture and equipment	–	over 5 years
Plant and machinery	–	over 3-5 years

The carrying value of tangible fixed assets is reviewed for impairment in years if events or change in circumstance indicate the carrying value may not be recoverable.

INVESTMENTS

Investments in subsidiary and associated undertakings are stated at cost less, where relevant, a provision to reflect any impairment.

IMPAIRMENTS EXCLUDING STOCK AND DEFERRED TAX ASSETS

Financial assets (excluding trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the profit and loss account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss account.

Non-financial assets

The carrying amount of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss account.

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NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022 (CONTINUED)

1. ACCOUNTING POLICIES CONTINUED

PROVISION FOR ROYALTY AUDIT CLAIMS

A provision is made for royalty audit claims when it is considered more likely than not that a successful claim will be made and the likely financial impact can be estimated with reasonable certainty.

TAXATION

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2. TURNOVER

Turnover, substantially all of which originates within a single class of business, represents the invoiced amount of goods sold less returns, royalties receivable and fees for other services stated net of value added tax.

Sales by destination were as follows:

	2022	2021
	£000	£000
United Kingdom	134,308	136,977
Rest of the World	112,858	97,456
	<u>247,166</u>	<u>234,433</u>

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**NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022
(CONTINUED)****3. OPERATING PROFIT**

This is stated after charging:

	2022	2021
	£000	£000
Audit of these financial statements	106	98
Depreciation of tangible fixed assets (note 10)	2,393	2,377
Exchange (gain) / loss on foreign currency balances	46,321	(13,361)

4. DIRECTORS' EMOLUMENTS

The directors of the company are also directors of a number of subsidiaries of the ultimate parent undertaking. The directors believe that it is practicable to apportion the remuneration between remuneration as directors of the company and their remuneration as directors of the fellow subsidiary companies. The directors' remuneration is therefore disclosed in the financial statements of the subsidiaries based on qualifying services provided to each subsidiary.

Warner Music UK Ltd director remuneration payments are as follows:

	2022	2021
	£000	£000
Emoluments	1,902	1,959
Company contributions paid to defined contribution pension schemes	3	8
	No.	No.
Members of defined contribution pension schemes	1	2

The highest paid director received emoluments of £1,268,000 (2021 - £1,098,000) and pension contributions of £nil (2021 - £nil).

Directors' emoluments include compensation for loss of office of £nil (2021: £271,000).

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**NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022
(CONTINUED)****5. STAFF COSTS**

	2022	2021
	£000	£000
Salaries and wages	18,199	21,842
Social security costs	1,805	1,731
Other pension costs	652	746
	<u>20,656</u>	<u>24,319</u>
Average monthly number of employees, including directors	<u>152</u>	<u>213</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022	2021
	£000	£000
Interest receivable and similar income from group undertakings	13,229	8,365
Foreign currency gains	-	13,131
	<u>13,229</u>	<u>21,496</u>

7. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022	2021
	£000	£000
Interest payable to group undertakings	9,012	5,053
Foreign currency losses	46,639	-
	<u>55,651</u>	<u>5,053</u>

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**NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022
(CONTINUED)****8. TAXATION****a. Total tax expense recognised in the profit and loss account**

	2022 £000	2021 £000
<i>Current tax</i>		
UK corporation tax on income for the period	(2,240)	10,632
Adjustments in respect of prior periods	(30)	122
Total current tax	(2,270)	10,754
<i>Deferred tax</i>		
Origination/ reversal of timing differences	180	(69)
Impact of change in tax rate	23	(257)
Adjustment in respect of prior years	(9)	(67)
Total deferred tax	194	(393)
Total tax (credit) / charge	(2,076)	10,361

The full tax credit for the year is recognised in the Profit and Loss account.

b. Reconciliation of tax charge

The standard rate of current tax for the year based on the UK standard rate of corporation tax is 19% (2021: 19%).

The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	2022 £000	2021 £000
(Loss) / profit before tax for the year	(12,784)	57,220
Current tax at 19.0% (2021 – 19%)	(2,429)	10,872
<i>Factors affecting charge:</i>		
Expenses not deductible for tax purposes	421	586
Income not taxable	-	(896)
(Increase)/Reduction in tax rate changes	23	(256)
Super-deduction tax relief	(53)	-
Adjustment to tax charge in respect of previous periods	(38)	55
Total tax (credit)/ charge included in profit and loss	(2,076)	10,361

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**NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022
(CONTINUED)****8. TAXATION (CONTINUED)****c. Tax rate changes**

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021, the UK deferred tax asset as at 24 September 2021 has been calculated based on this rate. This will also have a consequential effect on the company's future tax charge.

9. INTANGIBLE FIXED ASSETS

	Goodwill £000	Programme Rights £000	Recording Rights £000	Total £000
Cost:				
Balance at 24 September 2021	6,092	3,100	25,211	34,403
Additions	—	—	—	—
Balance at 30 September 2022	6,092	3,100	25,211	34,403
Amortisation:				
Balance at 24 September 2021	6,092	3,100	25,211	34,403
Balance at 30 September 2022	6,092	3,100	25,211	34,403
Net book value:				
At 24 September 2021	—	—	—	—
At 30 September 2022	—	—	—	—

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**NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022
(CONTINUED)****10. TANGIBLE FIXED ASSETS**

	Leasehold improvements £000	Plant, machinery, furniture and equipment £000	Total £000
Cost:			
Balance at 24 September 2021	19,988	5,828	25,816
Additions	152	751	903
Disposals	-	(36)	(36)
Transfers	69	-	69
Balance at 30 September 2022	20,209	6,543	26,752
Depreciation:			
Balance at 24 September 2021	14,620	4,937	19,557
Provided during the year	1,983	410	2,393
Disposals	-	(32)	(32)
Balance at 30 September 2022	16,603	5,315	21,918
Net book value:			
At 24 September 2021	5,368	891	6,259
At 30 September 2022	3,606	1,228	4,834

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**NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022
(CONTINUED)****11. INVESTMENTS**

	Shares in subsidiaries £000	Total £000
Cost:		
At 24 September 2021	41,974	41,974
At 30 September 2022	41,974	41,974
Amounts provided:		
At 24 September 2021	36,280	36,280
Provided in year	451	451
At 30 September 2022	36,731	36,731
Net book value:		
At 24 September 2021	5,694	5,694
At 30 September 2022	5,243	5,243
	2022 £000	2021 £000
Unlisted Investments	5,243	5,243

The amount provided / written off in the year of £451k relates to the Company's investment in Exallshow Limited / First Night Records Limited

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NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022 (CONTINUED)

11. INVESTMENTS (CONTINUED)

Details of the investments in which the company holds more than 20% of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Registered address</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
1967 Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Record company
Elmlowe Limited	Cannon Place 78 Cannon Street London EC4N 6AF	"A" & "B" Ordinary shares	100%	Record company
W Songs Limited (f. Discordant Limited)	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Dormant
First Night Records Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Record company
ADA Global Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Dormant
Taffia International Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	50.1%	Record company
A+E Records Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Record company

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NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022 (CONTINUED)

11. INVESTMENTS (CONTINUED)

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
Comedy Box Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Dormant
B Unique Records Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Record company
Warner Music Ireland Limited	Riverside One Sir John Rogerson's Quay Dublin 2	Ordinary shares	100%	Record company
Warner Music (Northern Ireland) Limited*	Gordon Street Mews 27-29 Gordon Street Belfast BT1 2JL	Ordinary shares	50%	Record company
FFRR Records Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Record company
Magnet Records Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Record company
Infectious Records Limited*	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Record company
Funghi Records Limited*	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Dormant
Laurel Records Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Record company

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NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022 (CONTINUED)

11. INVESTMENTS (CONTINUED)

<i>Name of company</i>	<i>Country of registration</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
679 Recordings Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Record company
Anxious Records Limited	Cannon Place 78 Cannon Street London EC4N 6AF	"A" & "B" Ordinary shares	100%	Dormant
China Records Limited	Cannon Place 78 Cannon Street London EC4N 6AF	"A" & "B" Ordinary shares	100%	Record company
Sharemyplaylists.com Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Dormant
Gingerbread Man Records Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	50%	Record company
Exallshow Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Record Company
Film 27 Limited	Cannon Place 78 Cannon Street London EC4N 6AF	Ordinary shares	100%	Dormant

* Held by a subsidiary undertaking

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**NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022
(CONTINUED)****12. DEBTORS***Amounts falling due within one year:*

	2022	2021
	£000	£000
Trade debtors	23,900	14,939
Amounts owed by group undertakings	308,203	289,525
Royalty Advances	29,825	60,279
Deferred tax asset (Note 15)	1,549	1,743
Other debtors, prepayments and accrued income	2,093	44,994
	<u>365,570</u>	<u>411,480</u>

As at 30 September 2022, all amounts owed by fellow group undertakings were due on demand and hence considered to be due within one year.

13. CREDITORS*Amounts falling due within one year:*

	2022	2021
	£000	£000
Trade creditors	23,424	19,701
Amounts payable to group undertakings	140,879	158,395
Accruals and deferred income	75,914	94,421
Other taxes including VAT and social security costs	1,129	1,168
Group relief payable	381	3,754
	<u>241,727</u>	<u>277,439</u>

Amounts falling due after one year:

	2022	2021
	£000	£000
Amounts payable to group undertakings	<u>6,180</u>	<u>7,247</u>

The amounts payable to group undertakings relates to dilapidations expense on termination of the property lease of properties held under lease by another group company but occupied by this Company, since the Company will refund the costs of such dilapidation as it needs to be paid and also bears the ongoing costs of the relevant properties. It is expected to be utilised within 10 years.

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**NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022
(CONTINUED)****14. PROVISION FOR LIABILITIES AND CHARGES**

	Trading Provisions £000	Total Provisions £000
At 24 September 2021	3,318	3,318
Provided during the year	866	866
Transfers	-	-
Utilised in the year	(1,166)	(1,166)
At 30 September 2022	3,018	3,018

Trading provisions comprise royalty audit provisions, copyright audit provisions and artist audit provisions. Amounts represent the estimated cost to arise from claims known at the period end. These are likely to be settled in the short term.

Artist Audit Claims: amounts represent the estimated cost to arise from claims known at the period end. The value of the provision is based on the latest information available relating to the claim and will be paid out once the settlement value has been agreed by both parties.

15. DEFERRED TAX

	2022 £000	2021 £000
At 24 September 2021	1,743	1,350
Charge to the profit and loss for the year	(194)	326
Adjustment in respect of prior years	-	67
At 30 September 2022	1,549	1,743

Deferred tax assets are attributable to the following:

	2022 £000	2021 £000
Difference between accumulated depreciation and capital allowances	911	1,023
Other timing differences	638	720
	1,549	1,743

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Costs**NOTES TO THE FINANCIAL STATEMENTS AT 30 SEPTEMBER 2022
(CONTINUED)****16. SHARE CAPITAL**

	2022	2021
	£	£
<i>Allotted, called up and fully paid:</i>		
400 ordinary shares of £1 each	400	400
	<u> </u>	<u> </u>

17. CONTINGENT LIABILITIES

Within the music industry a variety of claims arise from time to time in the normal course of business. Some have little or no foundation in fact or law and others cannot be quantified. Provisions have been made in the financial statements for those claims against the company which the directors consider are likely to result in significant liabilities.

18. OTHER FINANCIAL COMMITMENTS

The company occupied buildings leased by another group company and considers there is an obligation to meet the lease payments to that entity for the buildings occupied of £5,131,632 per annum over terms of between 1 and 7 years.

19. RESERVES

Share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

20. PARENT UNDERTAKING AND CONTROLLING PARTY

The company is 100% owned by Warner Music International Services Limited, the immediate parent undertaking.

As at 30 September 2022, Access Industries LLC was the ultimate parent undertaking. Warner Music Group Corp. was the parent undertaking of the smallest group of undertakings of which the company was a member and for which group financial statements are drawn up. Copies of Warner Music Group Corp.'s financial statements can be obtained from 1209 Orange Street, Wilmington, DE 19801, USA.