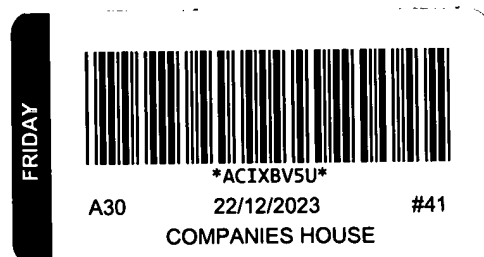


Registration number: 01471066

**Sony Music Entertainment UK Limited**

Annual Report and Financial Statements

for the Year Ended 31 March 2023



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## **Strategic Report for the Year Ended 31 March 2023**

The directors present their strategic report for the year ended 31 March 2023.

### **Principal activities**

The principal activity of the company is the production and exploitation of musical recordings.

### **Business review and results**

The company considers its key objectives to be working with artists to create and market excellent music. The key performance indicators for this in these financial statements include turnover, profit and the strength of its balance sheet.

The company's turnover was £341,297,000 (2022: £305,989,000) and gross profit was £184,883,000 (2022: £163,850,000) during the year ended 31 March 2023.

The company made a profit for the financial year of £44,556,000 (2022: £35,910,000 profit). The company was in a net asset position of £468,198,000 (2022: £423,019,000) at 31 March 2023.

### **Section 172 Statement**

Under section 172 of the Companies Act 2006, the board of directors of a company must act to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the factors noted in section 172(1).

The board considers carefully both the short and long-term impact on its members of strategic business decisions, through regular management meetings and consultation with key stakeholders.

Artists, employees, customers, suppliers, the environment and the wider community are all considered to be of vital importance to the company. Details of how the company engages with these key stakeholders can be found in the Directors' report.

The directors work to ensure the company maintains a reputation for high standards of business conduct. The company has a mandatory code of conduct along with annual certifications and compliance training for all employees. Areas covered include conflict of interest certifications, anti-bribery training, IT security training and various other mandatory certifications.

## **Strategic Report for the Year Ended 31 March 2023 (continued)**

### **Principal risks and uncertainties**

The company considers its key risks and uncertainties to be physical music market decline, piracy, uncertainty over the rate of long term growth of the streaming market and the strength of the release schedule. Operating in a fast-changing and highly competitive industry the directors are confident these risks can be mitigated by working with both new and existing artists to create and market excellent music, and by adapting the business model to changing market conditions.

### **Creditor payment policy**

For all trade creditors, it is the company's policy to:

- agree the terms of payment at the start of business with that supplier;
- ensure that suppliers are aware of the terms of payment; and
- pay in accordance with its contractual and other legal obligations.

The company's standard payment terms are 30 days. The average trade payables payment period of the company for the year ended 31 March 2023 was 35 days (2022: 30 days).

Approved by the Board on 19 December 2023 and signed on its behalf by:



.....  
Michael Smith  
Director

## **Directors' Report for the Year Ended 31 March 2023**

The directors present their report and the audited financial statements of the company for the year ended 31 March 2023.

### **Future developments and prospects**

The directors are confident that the company will continue to deliver good results from the same core business through a strong release schedule and aligning its business model to changes in the market.

### **Dividends**

The directors do not recommend a dividend payment be made in respect of the financial year ended 31 March 2023 (2022: £nil).

### **Directors of the company**

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

William Rowe (resigned 1 March 2023)

Michael Smith

Julie Swidler

Christopher Crellin (appointed 24 February 2023)

None of the directors held an interest in the shares of the company or any other group undertaking at 31 March 2023 (2022: none).

### **Company Secretary**

Abogado Nominees Limited and Simon Jenkins acted jointly and severally as company secretary during the year.

### **Employee engagement**

The board recognises that the wellbeing of the company's staff is paramount to its continued success, and engagement with all employees is essential for maintaining a creative, inclusive and dynamic workplace. The company offers a new, world-class headquarters at Kings Cross, fair and diverse recruitment policies, industry-leading benefits, various opportunities for training and development for staff and a full Employee Assistance Programme.

Recent wellbeing initiatives put in place for employees include:

- A ground-breaking Childcare Policy that sees qualifying employees able to claim up to £15,000 per year towards the cost of childcare - one of the first policies of its kind in the UK.
- A modern, comfortable new headquarters in Kings Cross, including access to better facilities such as an outdoor roof terrace, changing rooms, private booths for phone calls and a communal events space and bar.
- New workshops for employees to explore "Belonging in the workplace" and ensure we are building inclusive teams.
- Regular yoga and pilates sessions, team socials, "lunch and learn" sessions, 5-a-side football, and mental health workshops with our Director of Artist & Employee Wellbeing.

## **Directors' Report for the Year Ended 31 March 2023 (continued)**

- A continued focus on mentoring continues, both for internal staff with our PushFar platform, and externally with the Positive Influence scheme we run with Creative Mentor Network for young people trying to get a start in the music industry.

The board also works closely with our various Employee Resource Groups, for example the women's, diversity and LGBTQ+ committees, to help provide training, education and cultural awareness sessions to all employees as well as support the wider community where appropriate.

### **Engagement with wider stakeholders**

#### *Artists*

Building and maintaining strong relationships with our artists is at the core of our business. Our Artist & Repertoire teams continue to support both established and developing artists to create the best music in the world, as proven by consistent chart success and industry recognition including at the most recent GRAMMY, MOBO, Mercury and BRIT Awards.

The board strive to help support artists in new ways wherever possible. Recent developments include:

- A continual focus on Artists Forward, Sony Music's global, ground-breaking initiative prioritising transparency and support for music creators in all aspects of their development. This year we implemented:
  - An extension of our Legacy Unrecouped Balance Programme, which means Sony now rolls forward the qualifying period for paying through streaming earnings, without regard for recoupment status
  - New workshops for staff led by our in-house Director of Artist & Employee Wellbeing, who supports a number of artists at different stages of their careers
  - A series of sessions for managers, accountants and lawyers, explaining features on our Artist Portal, strengthening relationships with our royalty team and sharing insights on global music market dynamics
- Utilising our new London recording studio - The Gin Factory - a place for our artists to write, record and collaborate with each other in a creative environment.
- Launching the second cohort of our A&R Academy so that a new, diverse generation of young talent can learn about our industry and introduce new artists to the Sony fold. This scheme is particularly important for introducing more women A&Rs into record labels.
- Using our Kings Cross events space to host discussions with artists on how our labels can best support their creative vision.

#### *Shareholders*

The ultimate parent of the company is Sony Group Corporation, a company listed in Japan. The board regularly communicates with Sony Group Corporation through various channels including:

- Regular management reporting;
- Strategic co-ordination and consultation on significant transactions and investment opportunities; and
- Working capital collaboration with Sony Global Treasury Services.

## **Directors' Report for the Year Ended 31 March 2023 (continued)**

### *Business relationships - suppliers and customers*

The company maintains high ethical and business standards in its dealings with all suppliers and customers.

This year Sony Music UK received the Fast Payer Accreditation Award from Good Business Pays, an organisation that recognises companies based on the payment data supplied in line with reporting regulations. Only around 8% of qualifying companies receive this award so we are pleased to be recognised for our commitment to the small and micro-businesses, freelancers and contractors who work with us.

In terms of wider business relationships, our Public Affairs team engage regularly with political stakeholders to ensure that our business and our industry is well understood by ministers and officials who work on matters related to music policy, including the UK's recently launched Sector Vision for the Creative Industries.

### *Social impact*

Given music's ability to reach, engage and unite people, the board recognises the importance of the company prioritising community outreach, we do this through our work with various charities and initiatives, including through our Social Justice Fund, where relevant. Recent initiatives include:

- The launch, with Digital Catapult, of a Black Founders FutureScope Programme that aims to support and boost the representation of Black entrepreneurs in digital entertainment. The 16-week programme offers workshops, mentoring and a stipend to small businesses looking to expand their seed funding and readiness for investment. The first cohort of ten businesses is half led by women entrepreneurs and half led by men.
- A new round of funding for organisations through the Sony Music UK Social Justice Fund, including a new grant for Prison Advice and Care Trust (PACT), which supports families affected by crime, and renewal funding for Pirate Studios who provide subsidised access to record studios for young people.
- Regular networking opportunities for grantees to meet each other, to discuss what support from Sony would be most beneficial for partner organisations, including hosting workshops for grantees delivered by our Director of Artist & Employee Wellbeing.
- *Positive Influence*, an annual talent inclusion programme in which employees have the chance to mentor young individuals from lower socio-economic backgrounds looking to gain access to the creative industries. This year working successfully in partnership with sister companies at Sony Corp level.
- The expansion of our Valuable 500 disability campaign commitment, to support their 'Generation Valuable' mentoring scheme.
- Internally we champion important causes on the national calendar by running engagement and education programmes on important issues such as gender, LGBTQ+ and disability rights and awareness.

## **Directors' Report for the Year Ended 31 March 2023 (continued)**

### *Environmental impact*

The board is committed to reducing the impact of all of its operations on the environment. Sony Group Corporation has a Global Environmental Management System in place and has set a goal of the Sony group being carbon neutral by 2050. The directors ensure the Company plays its part in these actions and initiatives.

We have implemented an Environmental Management System, with policies and procedures relating to anything that may affect the environment. This is audited by a third-party and has been awarded the globally recognised ISO14001 environmental certification.

The company is taking various steps to help reduce its environmental footprint including:

- Refocusing our internal Sustainability Committee on areas where Sony Music UK can make more progress toward commitments as part of the global Music Climate Pact, signed in 2022. This includes expanding our offer on sustainable physical products to more artists, improving education within the company on options available, and working with international colleagues to ensure we are keeping pace with corporate best practice beyond the music industry.
- Taking a leading role in an industry project with our UK trade body, the BPI (British Phonographic Industry), to provide data for its carbon review that aims to set standards and roll out best-practices for 500+ members.
- Prioritising manufacturing partners that hold ISO 14001 or 9001 certifications.
- Furthering objectives and targets for reducing energy usage, waste and water consumption in the new office, and improving communication to employees.

### **Employees**

Sony Music Entertainment UK Limited is committed to employment policies which follow best practice, based on equal opportunities for all employees irrespective of sex, race, national origin, religion, colour, disability, sexual orientation, age or marital status.

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests. Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its continuing success.

The company encourages the involvement of employees by means of company and team meetings, internal communications and opinion surveys. Employee development and discretionary bonus schemes are also in operation for all staff to develop their understanding of the business' performance and encourage further contribution to the business.



## **Directors' Report for the Year Ended 31 March 2023 (continued)**

### **Employment of disabled persons**

The company's policy is that people with disabilities should have full and fair consideration for all vacancies. During the year, the company continued to demonstrate its commitment to interviewing those people with disabilities who fulfil the minimum criteria, and endeavouring to retain employees in the workforce if they become disabled during employment. Appropriate arrangements are made for the continued training, career development and promotion of disabled persons employed by the company, and the company actively retrains and adjusts their environment where possible to allow them to maximise their potential. In January 2020 Sony Music UK signed The Valuable 500 campaign pledge for disability inclusion, the first entertainment company to do so.

### **Financial risk management**

The company is exposed to various financial risks that arise as a normal part of its trading activities. The main such risks are considered to be foreign exchange risk, credit risk and liquidity risk.

#### *Market risk - Foreign exchange risk*

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euros and US Dollars. Management monitor exchange rate movements closely and ensure adequate funds are maintained in appropriate currencies to meet known foreign currency liabilities.

#### *Credit risk*

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

#### *Liquidity risk*

Management monitors rolling forecasts of the company's cash flow requirements and maintains committed credit facilities to cover its expected needs.

### **Charitable donations**

Charitable donations for the year ended 31 March 2023 amounted to £7,000 (2022: £869,000).

### **Streamlined energy and carbon reporting**

Sony Music Entertainment UK Limited (the "company") has considered the Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018 and the associated Streamlined Energy and Carbon Reporting and recognise that the company is required to report on its annual UK energy use and associated greenhouse gas emissions in this Directors' report.

## Directors' Report for the Year Ended 31 March 2023 (continued)

Emissions and energy use		2023	2022
Emissions from combustion of gas (scope 1)	Tonnes CO2e	n/a	n/a
Emissions from combustion of fuel for transport purposes (scope 1)	Tonnes CO2e	-	10
Emissions from business travel in rental cars or employee-owned vehicles where company is responsible for purchasing the fuel (scope 3)	Tonnes CO2e	1	1
Emissions from purchased electricity (scope 2 location based)	Tonnes CO2e	273	223
Total gross CO2e based emissions based on above	Tonnes CO2e	274	234
Energy consumption used to calculate emissions	KWh	1,418,584	1,096,065
Intensity ratio: Energy consumption per sq ft	KWh per sq ft	12	11

### Methodology

The data has been calculated using the 2019 UK Government guidelines for company reporting, specifically, the conversion factors for greenhouse gas company reporting (the UK Government Conversion Factors for GHG Company Reporting).

Emissions have been identified and categorised into three 'scopes' of emission-releasing activities, as defined in the UK Government Conversion Factors for GHG Company Reporting:

- **Scope 1 (direct emissions)** emissions are those from activities owned or controlled by an organisation.
- **Scope 2 (energy indirect)** emissions are those released into the atmosphere that are associated with the consumption of purchased electricity, heat, steam and cooling. These indirect emissions are a consequence of an organisation's energy use but occur at sources not owned or controlled by the organisation.
- **Scope 3 (other indirect)** emissions are a consequence of an organisation's actions that occur at sources not owned or controlled by an organisation and that are not classed as 'scope 2' emissions.

## **Directors' Report for the Year Ended 31 March 2023 (continued)**

Emissions have been calculated as follows:

- Electricity: Emissions (CO<sub>2</sub>e) in the UK resulting from purchased electricity have been calculated from meter readings (kWh). Location-based emissions reflect the average emission of the grid where the energy consumption occurs.
- Transport: Emissions (CO<sub>2</sub>e) from business travel whereby the company is responsible for purchasing the fuel have been calculated. This includes vehicle hires and private business miles. We no longer have any company cars.

For vehicle hires, actual mileage, make, model and engine size have been used to calculate the emissions. We no longer have any company cars.

For private vehicle use the make, model, engine size and the fuel type of the cars used are not known, so the following assumptions have been made and appropriate conversion factors used:

- vehicle make/model: the conversion factor for an 'unknown' size of car has been used
- fuel type: 'unknown'
- Intensity ratio: kWh per square foot

Our new Kings Cross office is powered 100% by renewable energy. Please refer to S172 Corporate governance disclosures for more detail on our energy saving initiatives.

## **Directors' Report for the Year Ended 31 March 2023 (continued)**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 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.

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.

## **Directors' Report for the Year Ended 31 March 2023 (continued)**

### **Disclosure of information to the auditors**

In the case of each director in office at the date the directors' report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

### **Reappointment of auditors**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Approved by the Board on 19 December 2023 and signed on its behalf by:



.....  
Michael Smith  
Director

## **Independent Auditors' Report to the Directors of Sony Music Entertainment UK Limited**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion, Sony Music Entertainment UK Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 31 March 2023; Profit and Loss Account, Statement of Comprehensive Income, Statement of Changes in Equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

#### **Conclusions relating to going concern**

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.

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.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the company's ability to continue as a going concern.

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

## **Independent Auditors' Report to the Directors of Sony Music Entertainment UK Limited (continued)**

### **Reporting on other information**

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for 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 to the extent otherwise explicitly stated in this report, any form of assurance 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 an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of 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 based on these responsibilities.

With respect to the Strategic report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on our work undertaken in the course of the audit, the Companies Act 2006 requires us also to report certain opinions and matters as described below.

### **Strategic Report and Directors' Report**

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic report and Directors' Report for the year ended 31 March 2023 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic report and Directors' Report.

### **Responsibilities for the financial statements and the audit**

#### **Responsibilities of the directors for the financial statements**

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also 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.

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.

## **Independent Auditors' Report to the Directors of Sony Music Entertainment UK Limited (continued)**

### **Auditors' 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 auditors' 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.

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to compliance with tax legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements such as Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate accounting entries to manipulate financial results and management bias in accounting estimates. Audit procedures performed by the engagement team included:

- discussions with management in consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- reviewing unusual or unexpected journal entries to improve financial performance; and
- auditing accounting estimates for potential management bias.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditors' report.

### **Use of this report**

This report, including the opinions, has been prepared for and only for the company's directors as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



**Independent Auditors' Report to the Directors of Sony Music Entertainment UK  
Limited (continued)**

**Other required reporting**

**Companies Act 2006 exception reporting**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.



.....  
David Beer (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP,  
Chartered Accountants and Statutory Auditors  
Watford

Date:..... 20 December 2023

### Profit and Loss Account for the Year Ended 31 March 2023

	Note	2023 £ 000	2022 £ 000
Turnover	4	341,297	305,989
Cost of sales		<u>(156,414)</u>	<u>(142,139)</u>
Gross profit		184,883	163,850
Distribution costs		(24,136)	(26,829)
Administrative expenses		(90,632)	(91,392)
Other operating expense	5	<u>(7)</u>	<u>(16)</u>
Operating profit	6	<u>70,108</u>	<u>45,613</u>
Income from shares in group undertakings		3,232	559
Income from interest in jointly controlled entities		180	843
Other interest receivable and similar income	9	22	2
Amounts written off investments	14	(13,500)	-
Interest payable and similar expenses	10	<u>(784)</u>	<u>(815)</u>
		<u>(10,850)</u>	<u>589</u>
Profit before taxation		59,258	46,202
Tax on profit	11	<u>(14,702)</u>	<u>(10,292)</u>
Profit for the financial year		<u><u>44,556</u></u>	<u><u>35,910</u></u>

The above results were derived from continuing operations.

**Statement of Comprehensive Income for the Year Ended 31 March 2023**

	<b>Note</b>	<b>2023</b> <b>£ 000</b>	<b>2022</b> <b>£ 000</b>
Profit for the financial year		<b>44,556</b>	35,910
Remeasurement gain on defined benefit pension scheme	24	<u><b>623</b></u>	<u>-</u>
Total comprehensive income for the financial year		<u><b>45,179</b></u>	<u>35,910</u>

**Registration number: 01471066**  
**Balance Sheet as at 31 March 2023**

	Note	2023 £ 000	2022 £ 000
<b>Fixed assets</b>			
Intangible assets	12	5,628	8,370
Tangible assets	13	32,021	30,597
Investments	14	<u>152,868</u>	<u>166,368</u>
		<u>190,517</u>	<u>205,335</u>
<b>Current assets</b>			
Stocks	15	3,779	2,757
Debtors: amounts falling due within one year	16	444,556	146,305
Debtors: amounts falling due after more than one year	16	59,117	235,437
Cash at bank and in hand		1,352	9,622
Other investments		<u>-</u>	<u>18,875</u>
		508,804	412,996
<b>Creditors: Amounts falling due within one year</b>	17	<u>(228,009)</u>	<u>(191,749)</u>
<b>Net current assets</b>		<u>280,795</u>	<u>221,247</u>
<b>Total assets less current liabilities</b>		471,312	426,582
<b>Creditors: amounts falling due after more than one year</b>	17	(1,114)	-
<b>Provisions for liabilities</b>	18	<u>(2,000)</u>	<u>(3,563)</u>
<b>Net assets</b>		<u>468,198</u>	<u>423,019</u>
<b>Capital and reserves</b>			
Called up share capital	20	5,251	5,251
Share premium account		45,015	45,015
Other reserves		43,709	43,709
Retained earnings		<u>374,223</u>	<u>329,044</u>
<b>Total equity</b>		<u>468,198</u>	<u>423,019</u>

Approved and authorised by the Board on 19 December 2023 and signed on its behalf by:

  
Christopher Crellin (Dec 19, 2023 11:41 GMT)

Christopher Crellin  
Director

### Statement of Changes in Equity for the Year Ended 31 March 2023

	<b>Called up share capital £ 000</b>	<b>Share premium account £ 000</b>	<b>Other reserves £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total equity £ 000</b>
At 1 April 2022	5,251	45,015	43,709	329,044	423,019
Profit for the financial year	-	-	-	44,556	44,556
Other comprehensive income	-	-	-	623	623
At 31 March 2023	<u>5,251</u>	<u>45,015</u>	<u>43,709</u>	<u>374,223</u>	<u>468,198</u>

	<b>Called up share capital £ 000</b>	<b>Share premium account £ 000</b>	<b>Other reserves £ 000</b>	<b>Retained earnings £ 000</b>	<b>Total equity £ 000</b>
At 1 April 2021	5,251	45,015	43,709	293,134	387,109
Profit for the financial year	-	-	-	35,910	35,910
At 31 March 2022	<u>5,251</u>	<u>45,015</u>	<u>43,709</u>	<u>329,044</u>	<u>423,019</u>

## **Notes to the Financial Statements for the Year Ended 31 March 2023**

### **1 General information**

The company is a private company limited by share capital, incorporated in the United Kingdom.

The address of its registered office is:

2 Canal Reach  
London  
N1C 4DB

These financial statements were authorised for issue by the Board on 19 December 2023.

### **2 Accounting policies**

#### **Summary of significant accounting policies and key accounting estimates**

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

#### **Statement of compliance**

The individual financial statements of Sony Music Entertainment UK Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **Basis of preparation**

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

#### ***Financial reporting standard 102 - reduced disclosure exemptions***

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 4 Statement of Financial Positions paragraph 4.12(a)(iv);
- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);
- The requirements of Section 33 Related Party Disclosures paragraph 33.7 and 33.1A.

This information is included in the consolidated financial statements of Sony Group Corporation as at 31 March 2023 and these financial statements may be obtained from 7-1, Konan 1-chome, Minato-ku, Tokyo, 108-0075.

## **Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

### **2 Accounting policies (continued)**

#### **Going concern**

The directors of the company are satisfied that the financial statements are prepared on a going concern basis based on the reasonable expectation that the company will continue to trade profitably and will also receive sufficient income from its investments in the future.

#### **Consolidated financial statements**

The financial statements contain information about Sony Music Entertainment UK Limited as an individual company and do not contain consolidated financial information as the parent of a group. The results of the company and its subsidiaries are included in the consolidated financial statements of Sony Group Corporation, a company incorporated in Japan. As such, the directors have taken advantage of the exemption from consolidating under section 401 of the Companies Act 2006.

#### **Foreign currency transactions and balances**

Transactions in foreign currencies are initially recorded at the functional currency rate prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated into the respective functional currency of the entity at the rates prevailing on the reporting period date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the initial transaction dates.

Non-monetary items measured in terms of historical cost in a foreign currency are not retranslated.

#### **Turnover and revenue recognition**

Turnover comprises the value of sales (excluding VAT and net of trade discounts) of physical goods, digital products, royalty income and of services sold in the normal course of business. Turnover relating to goods is recognised when the product has been dispatched. Turnover relating to digital products is recognised when the products are sold based on reports from digital service providers. Turnover relating to services is recognised once the services have been performed.

#### **Royalties**

Royalty income is included on a receivable basis calculated on sales of records arising during each financial year as reported by licensees. Royalties payable are expensed on an accruals basis except when they are paid in advance carried forward and recognised as an asset where such advances relate to current released and unreleased products and where it is estimated that sufficient future royalties will be earned for recoupment from those products. Advances for overseas licences received in respect of individual albums are carried forward and recognised as income over the expected life of each individual licence. If advances previously written off are recovered in subsequent years, recoupment is reflected in cost of sales.

#### **Dividends**

Dividend distribution to the company's shareholders is recognised as a liability in the financial statements in the reporting period in which the dividends are declared.

## **Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

### **2 Accounting policies (continued)**

#### **Employee benefits**

The company provides a range of benefits to employees, including annual bonus arrangements, paid holiday arrangements and defined benefit and defined contribution pension plans.

##### *(i) Short term benefits*

Short term benefits, including holiday pay and other similar non-monetary benefits, are recognised as an expense in the period in which the service is received.

##### *(ii) Pension costs*

Sony Music Entertainment UK Limited and its subsidiaries participate in a defined contribution pension scheme. Certain employees of the company participate in the schemes. The company also makes certain contributions on behalf of these employees. The costs of the company contributions are charged to the profit and loss account in the year in which they are accrued.

The company also participates, along with other subsidiaries, in the Sony Music UK Pension Plan. Contributions to this pension plan are assessed by an independent qualified actuary based upon the cost of providing pensions across all participating group companies. The company operates a pension scheme providing benefits based on final pensionable pay. The pension scheme assets of the Sony Music UK Pension Plan are held separately from those of the company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus / deficit is split between operating charges, finance items and in the statement of comprehensive income, actuarial gains and losses.



## **Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

### **2 Accounting policies (continued)**

#### **Taxation**

##### *(i) Current tax*

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Sony Music UK entities, which include this company, are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. Such losses will be purchased and paid for by the recipient company. Where there is reasonable certainty that taxable losses can be utilised the group relief receivable is included in the taxation charge or credit for the year.

##### *(ii) Deferred tax*

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences 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 recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when 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 tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

#### **Intangible assets**

##### *(i) Goodwill*

Purchased goodwill arising on acquisitions of businesses is capitalised in the balance sheet and amortised through the profit and loss account. Purchased goodwill represents the fair value of the consideration less the fair value of the net assets acquired.

Goodwill amortisation in the financial statements is provided on a straight line basis over periods ranging between 10 and 20 years, dependant of the specific return of the goodwill which, in the opinion of the directors, is the useful economic life of the goodwill acquired. An impairment review is undertaken where events or circumstances indicate that the amount may no longer be recoverable.

##### *(ii) Trademarks*

Purchased trademarks are capitalised at cost in the balance sheet and amortised through the profit and loss account. Trademark amortisation in the financial statements is provided on a straight line basis over a period of 15 years which is deemed to be the useful economic life of the trademarks acquired.

## **Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

### **2 Accounting policies (continued)**

#### **Tangible assets**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is provided on the cost of fixed assets in equal annual instalments over their estimated useful lives. The rates of depreciation used are as follows:

Land and buildings - life of lease  
Equipment - 20% - 33.3%  
Furniture and fittings - 14.3%

The cost of PCs and peripherals are expensed as incurred.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the weighted average cost method.

#### **Leased assets**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **Investments**

Fixed asset investments are stated at cost less any provision for impairment. Impairment reviews are undertaken if there are indications that the investment carrying values may not be recoverable.

#### **Royalty advances and recording costs**

Advances paid to artists in respect of future royalties together with recording costs recoverable from future royalties are carried forward as an asset pending recovery through royalties earned on future record sales. When full recovery is uncertain, these costs are written down to estimated recoverable amounts.

#### **Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

#### **Jointly Controlled Entities**

Under FRS102, Sony Music Entertainment UK Limited has classified their interest in Now That's What I Call Music LLP as a jointly controlled entity, in which the arrangement is being carried on through a separate partnership. Sony Music Entertainment UK Limited is accounting for its acquisition of Now That's What I Call Music LLP at cost less impairment.

## **Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

### **2 Accounting policies (continued)**

#### **Financial instruments**

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *(i) Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

##### *(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Debt instruments are initially recognised at fair value on the date of the contract into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## **Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

### **2 Accounting policies (continued)**

#### **Tangible assets**

Tangible assets are stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs and borrowing costs capitalised.

Depreciation is provided on the cost of fixed assets in equal annual instalments over their estimated useful lives. The rates of depreciation used are as follows:

Land and buildings - life of lease  
Equipment - 20% - 33.3%  
Furniture and fittings - 14.3%

The cost of PCs and peripherals are expensed as incurred.

#### **Stocks**

Stocks are stated at the lower of cost and estimated selling price less costs to sell. Cost is determined using the weighted average cost method.

#### **Leased assets**

Leases in which substantially all the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the period of the lease.

#### **Investments**

Fixed asset investments are stated at cost less any provision for impairment. Impairment reviews are undertaken if there are indications that the investment carrying values may not be recoverable.

#### **Royalty advances and recording costs**

Advances paid to artists in respect of future royalties together with recording costs recoverable from future royalties are carried forward as an asset pending recovery through royalties earned on future record sales. When full recovery is uncertain, these costs are written down to estimated recoverable amounts.

#### **Provisions**

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount of the obligation can be estimated reliably.

#### **Jointly Controlled Entities**

Under FR5102, Sony Music Entertainment UK Limited has classified their interest in Now That's What I Call Music LLP as a jointly controlled entity, in which the arrangement is being carried on through a separate partnership. Sony Music Entertainment UK Limited is accounting for its acquisition of Now That's What I Call Music LLP at cost less impairment.

## **Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

### **2 Accounting policies (continued)**

#### **Financial instruments**

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

##### *(i) Financial assets*

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

##### *(ii) Financial liabilities*

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Debt instruments are initially recognised at fair value on the date of the contract into and are subsequently re-measured at their fair value. Changes in the fair value of derivatives are recognised in profit or loss in finance costs or income as appropriate.

Financial liabilities are derecognised when the liability is extinguished, that is when the contractual obligation is discharged, cancelled or expires.

#### **Share capital**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 3 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### *Recoverability of plan's surplus*

The entity recognises the plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan. As of year end, the entire surplus was restricted due to the uncertainty over its recoverability.

The directors have concluded that the only other material judgements made during the preparation of the financial statements have been the determination of the carrying values of the investments, the recoverability of royalty advances and the value of accrued royalties.

### 4 Turnover

The turnover for the year is attributable to the principal activity of the company.

A geographical analysis of the company's turnover for the year is as follows:

	2023 £ 000	2022 £ 000
UK	219,077	211,068
Rest of world	122,220	94,921
	<u>341,297</u>	<u>305,989</u>

### 5 Other operating expense

The analysis of the company's other operating expense for the year is as follows:

	2023 £ 000	2022 £ 000
Provision for artist royalty relating to royalty based financial income	<u>(7)</u>	<u>(16)</u>

Royalty based financial income arises as a result of a royalty due from Sony Music Entertainment International Limited.

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 6 Operating profit

Arrived at after charging/(crediting)

	2023	2022
	£ 000	£ 000
Depreciation expense	2,288	590
Amortisation expense	2,742	2,742
Auditors' remuneration - Audit of company's and subsidiaries financial statements	283	235
Operating lease charges - Plant and machinery	64	64
Operating lease charges - Rent	10,526	12,522
Service fees	(328)	(454)
Foreign exchange gains	(2,690)	(713)
Restructuring costs	-	50
Intercompany receivable written off	<u>3,181</u>	<u>-</u>

### 7 Directors' remuneration

The directors receive emoluments from the company for their services to both the company and of its subsidiaries in the group. Three of the directors total emoluments for all their services are charged in the financial statements of the company (2022: 2).

	2023	2022
	£ 000	£ 000
Aggregate emoluments	1,629	1,102
Pension scheme contributions	<u>48</u>	<u>33</u>
	<u>1,677</u>	<u>1,135</u>

During the year the number of directors who were receiving benefits and share incentives was as follows:

	2023	2022
	No.	No.
Accruing benefits under money purchase pension scheme	<u>3</u>	<u>2</u>

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 7 Directors' remuneration (continued)

In respect of the highest paid director:

	2023	2022
	£ 000	£ 000
Remuneration	656	543
Company contributions to money purchase pension schemes	<u>26</u>	<u>33</u>

The emoluments of the remaining director are borne by another group company and not recharged to the company. The director did not receive any emoluments in respect of their services to the company.

### 8 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	2023	2022
	£ 000	£ 000
Wages and salaries	34,101	34,325
Social security costs	4,618	3,920
Other pension costs	<u>2,009</u>	<u>1,942</u>
	<u>40,728</u>	<u>40,187</u>

The monthly average number of persons employed by the company (including directors) during the year, analysed by category was as follows:

	2023	2022
	No.	No.
Sales, marketing and distribution	220	228
Administration and support	<u>114</u>	<u>104</u>
	<u>334</u>	<u>332</u>

### 9 Other interest receivable and similar income

	2023	2022
	£ 000	£ 000
Interest income on bank deposits	<u>22</u>	<u>2</u>



## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 10 Interest payable and similar expenses

	2023	2022
	£ 000	£ 000
Pension expense (net)	<u>784</u>	<u>815</u>

### 11 Tax on profit

Tax charge/(credit) in the profit and loss account

	2023	2022
	£ 000	£ 000
<b>Current taxation</b>		
UK corporation tax	11,685	7,307
UK corporation tax adjustment to prior periods	<u>(3,413)</u>	<u>12</u>
	8,272	7,319
Foreign tax	<u>3,194</u>	<u>3,677</u>
Total current income tax	<u>11,466</u>	<u>10,996</u>
<b>Deferred taxation</b>		
Arising from origination and reversal of timing differences	3,513	(352)
Arising from changes in tax rates and laws	846	(352)
Adjustment in respect of prior periods	<u>(1,123)</u>	<u>-</u>
Total deferred taxation	<u>3,236</u>	<u>(704)</u>
Tax expense in the profit and loss account	<u>14,702</u>	<u>10,292</u>

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 11 Tax on profit (continued)

The tax assessed for the year is higher than (2022 - higher than) the standard rate of corporation tax in the UK of 19% (2022 - 19%).

The differences are reconciled below:

	2023 £ 000	2022 £ 000
Profit before tax	<u>59,258</u>	<u>46,202</u>
Corporation tax at standard rate	11,259	8,778
Increase/(decrease) from effect of tax rate change on opening balance	846	(351)
Effect of revenues exempt from taxation	(747)	(186)
Effect of expense not deductible in determining taxable profit (tax loss)	3,250	1,179
Deferred tax not recognised on losses	(457)	(214)
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	(4,537)	12
Tax increase from effect of capital allowances and depreciation	3,686	-
Tax increase arising from overseas tax suffered/expensed	<u>1,402</u>	<u>1,074</u>
Total tax charge	<u>14,702</u>	<u>10,292</u>

In the Spring Budget 2021, the UK Government announced that from 1 April 2023 the corporation tax rate would increase to 25% (rather than remaining at 19%, as previously enacted). This new law was substantively enacted on 24 May 2021. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The company has trading losses carried forward of £2,965,750 (2022: £3,919,833). No deferred tax asset has been recognised on £nil (2022: £2,404,833) of these losses, due to restrictions on utilisation of losses transferred in from group companies.

The corresponding potential deferred tax asset unrecognised as at 31 March 2023 is £nil (2022: £601,208).

The net deferred tax liability is expected to increase within one year after the balance sheet date of 31st March 2023 by £7,000. This is primarily due to losses streaming offsetting movements in asset pools.

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 12 Intangible assets

	<b>Goodwill</b>	<b>Trademarks, patents and licenses</b>	<b>Total</b>
	<b>£ 000</b>	<b>£ 000</b>	<b>£ 000</b>
<b>Cost or valuation</b>			
At 1 April 2022	59,108	36,101	95,209
At 31 March 2023	59,108	36,101	95,209
<b>Accumulated amortisation</b>			
At 1 April 2022	50,738	36,101	86,839
Amortisation charge	2,742	-	2,742
At 31 March 2023	53,480	36,101	89,581
<b>Carrying amount</b>			
At 31 March 2023	5,628	-	5,628
At 31 March 2022	8,370	-	8,370

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 13 Tangible assets

	Land and buildings £ 000	Furniture, fittings and equipment £ 000	Total £ 000
<b>Cost or valuation</b>			
At 1 April 2022	46,802	6,251	53,053
Additions	<u>-</u>	<u>3,712</u>	<u>3,712</u>
At 31 March 2023	<u>46,802</u>	<u>9,963</u>	<u>56,765</u>
<b>Accumulated depreciation</b>			
At 1 April 2022	17,240	5,216	22,456
Charge for the year	<u>1,366</u>	<u>922</u>	<u>2,288</u>
At 31 March 2023	<u>18,606</u>	<u>6,138</u>	<u>24,744</u>
<b>Carrying amount</b>			
At 31 March 2023	<u>28,196</u>	<u>3,825</u>	<u>32,021</u>
At 31 March 2022	<u>29,562</u>	<u>1,035</u>	<u>30,597</u>

### 14 Investments

	2023 £ 000	2022 £ 000
Investments in subsidiaries	<u>152,868</u>	<u>166,368</u>
<b>Subsidiaries</b>		£ 000
<b>Cost or valuation</b>		
At 1 April 2022 and 31 March 2023		267,260
<b>Provisions for permanent diminution in value</b>		
At 1 April 2022		100,892
Charge for the year		<u>13,500</u>
At 31 March 2023		<u>114,392</u>
<b>Carrying amount</b>		
At 31 March 2023		<u>152,868</u>
At 31 March 2022		<u>166,368</u>

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 14 Investments (continued)

#### Details of undertakings

Details of the investments (including principal place of business of unincorporated entities) in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

Undertaking	Registered office	Holding	Proportion of voting rights and shares held			
			2023	2022		
Subsidiary undertakings						
4 Tunes Music Publishing Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%		
Blue Sky Music Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%		
Century Media Records Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%		
Charriet Music Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%		
Cheeky Records Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%		
Conifer Records Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%		
Creation Records Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%		
Deconstruction Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%		
Dedicated Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%		
Essential Music & Marketing Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%		
Global Television Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%		

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 14 Investments (continued)

Hansa Production Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Indolent Records Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Logic Records Limited (UK)	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Major Label Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Minsub Limited	22 Grendall Street, St Helier, Jersey JE4 8PX Jersey	ordinary share capital	100%	100%
Multitone Records Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Phonogenic Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Probity Europe Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	35%	35%
Probity Worldwide Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Ronagold Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Salli Isaak Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Simco Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Siro Live Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Sony Music Entertainment Eurodisc Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 14 Investments (continued)

Sony Music Entertainment Ireland Limited	Embassy House, Ballsbridge, Dublin 4 Ireland	ordinary share capital	100%	100%
Sony Music Interactive Video Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
UFA Video & Media (UK) Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Vogelcourt Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Wildstar Records Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Zomba Records Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
Black Butter Limited	2 Canal Reach, London, N1C 4DB U.K.	100% B class share capital	49%	49%
Ceremony of Roses Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
SCA Music Holdings (UK) Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	100%	100%
The Luna Cinema Limited	Unit 1 Waterview Business Park, Sittingbourne, ME10 3SQ U.K.	ordinary share capital	60%	60%
Somethin' Else Group Limited	20-26 Brunswick Place, London, N1 6DZ U.K.	ordinary share capital	100%	100%
<b>Joint ventures</b>				
Promised Recordings Limited	Land 2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	0%	47%
Sign of The Times Records Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	51%	51%
Broccoli Content Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	50%	50%

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 14 Investments (continued)

B.I Records Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	50%	50%
Triple Strings Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	50%	50%
Stackhouse Music Management Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	50%	50%
Robots and Humans Music Limited	2 Canal Reach, London N1C 4DB U.K.	ordinary share capital	50%	0%
Egyptian Records Limited	2 Canal Reach, London, N1C 4DB U.K.	ordinary share capital	50%	0%

### Joint Arrangements

Now That's What I Call Music LLP	2 Canal Reach, London, N1C 4DB, UK	membership interest	50%	50%
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## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 14 Investments (continued)

#### Indirect Related Undertakings

##### (a) Sony Music Entertainment Eurodisc Limited (100%) subsidiaries

Ariola Music Limited	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	100%	100%
Sony Music Entertainment Ariola Records Limited	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	100%	100%
Sony Music Entertainment Arista Records Limited	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	100%	100%

##### (b) Zomba Records Limited (100%) subsidiaries

Coombe Music International Limited	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	100%	100%
Micrometro Limited	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	100%	100%
Music For Nations Limited	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	100%	100%
Silvertone Records Limited	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	100%	100%
Zomba Recording Services Limited	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	100%	100%

##### (c) Century Media Records Limited (100%) subsidiaries

Century Media Records GmbH	Schaferstr. 33a 44147 Dortmund, Germany	ordinary share capital	100%	100%
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##### (d) Minsub Limited (100% subsidiaries)

Ministry of Sound Recordings Limited	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	100%	100%
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## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 14 Investments (continued)

#### (e) Probity Worldwide Limited (100% subsidiaries)

Probity Europe Limited (65%)	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	100%	100%
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#### (f) Somethin' Else Group Limited (100% subsidiaries)

Somethin' Else Sound Directions Limited	20-26 Brunswick Place, London, N1 6DZ, UK	ordinary share capital	100%	100%
All Out Productions Limited	20-26 Brunswick Place, London, N1 6DZ, UK	ordinary share capital	100%	100%
Somethin' Else North Limited	20-26 Brunswick Place, London, N1 6DZ, UK	ordinary share capital	100%	100%
The XY Network Limited (85%)	20-26 Brunswick Place, London, N1 6DZ, UK	ordinary share capital	85%	85%
Somethin' Else Live Limited	20-26 Brunswick Place, London, N1 6DZ, UK	ordinary share capital	100%	100%
Radio Music Shop Limited	20-26 Brunswick Place, London, N1 6DZ, UK	ordinary share capital	100%	100%
Abracadopera Limited	20-26 Brunswick Place, London, N1 6DZ, UK	ordinary share capital	100%	0%

#### (g) The Luna Cinema Limited (60% subsidiaries)

Luna Beach Limited	Unit 1 Waterview Business Park, Sittingbourne, ME10 3SQ, UK	ordinary share capital	60%	60%
Luna Entertainment Group Limited	Unit 1 Waterview Business Park, Sittingbourne, ME10 3SQ, UK	ordinary share capital	60%	60%
Luna Kids Limited	Unit 1 Waterview Business Park, Sittingbourne, ME10 3SQ, UK	ordinary share capital	60%	60%
Luna Productions Limited	Unit 1 Waterview Business Park, Sittingbourne, ME10 3SQ, UK	ordinary share capital	60%	60%
Luna Ventures Limited	Unit 1 Waterview Business Park, Sittingbourne, ME10 3SQ, UK	ordinary share capital	60%	60%
The Luna Events Group Limited	Unit 1 Waterview Business Park, Sittingbourne, ME10 3SQ, UK	ordinary share capital	60%	60%

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 14 Investments (continued)

The Luna Cinema International Limited	Unit 1 Waterview Business Park, Sittingbourne, ME10 3SQ, UK	ordinary share capital	60%	60%
The Luna Cinema Trading Limited	Unit 1 Waterview Business Park, Sittingbourne, ME10 3SQ, UK	ordinary share capital	60%	60%

### (h) Essential Music & Marketing Limited (100% subsidiaries)

Above Board Distribution Limited	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	100%	0%
Chicaner Limited (50%)	2 Canal Reach, London, N1C 4DB, UK	ordinary share capital	50%	0%

### 15 Stocks

	2023 £ 000	2022 £ 000
Finished goods and goods for resale	<u>3,779</u>	<u>2,757</u>

### 16 Debtors

			Restated
	Note	2023 £ 000	2022 £ 000
<i>Amounts falling due within one year:</i>			
Trade debtors		32,877	25,708
Amounts owed by group undertakings		329,985	40,597
Other debtors		11,593	13,621
Other taxation and social security		190	2,701
Royalty advances		19,029	18,026
Corporation tax receivable		15,204	11,344
Prepayments and accrued income		35,678	34,308
		<u>444,556</u>	<u>146,305</u>
<i>Amounts falling due after more than one year:</i>			
Deferred tax asset	19	-	2,121
Royalty advances		14,850	19,850
Amounts owed by group undertakings		44,267	213,466
		<u>59,117</u>	<u>235,437</u>

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 16 Debtors (continued)

The prior year has been restated to move £13,187,000 from Other debtors to Prepayments and accrued income, as it was agreed that Prepayments and accrued income was a more accurate category for the users of the financial statements.

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

### 17 Creditors: Amounts falling due within one year

	Note	2023 £ 000	2022 £ 000
Trade creditors		26,106	21,137
Amounts owed to group undertakings		81,771	69,351
Corporation tax payable	11	1,217	-
Other creditors		7,983	9,145
Royalties and licences		68,356	62,982
Accruals and deferred income		<u>42,576</u>	<u>29,134</u>
		<u>228,009</u>	<u>191,749</u>
<i>Amounts falling due after more than one year:</i>			
Deferred tax liability	19	<u>1,114</u>	<u>-</u>

### 18 Provisions for liabilities

	Other provisions £ 000	Total £ 000
At 1 April 2022	3,563	3,563
Unused provision reversed	<u>(1,563)</u>	<u>(1,563)</u>
At 31 March 2023	<u>2,000</u>	<u>2,000</u>

The provision relates to dilapidation obligations.

**Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

**19 Deferred taxation**

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Accelerated tax depreciation	(2,730)	853
Other short term timing differences	750	920
Tax losses carry-forwards	<u>866</u>	<u>348</u>
<b>Undiscounted deferred tax (liability)/asset</b>	<b><u>(1,114)</u></b>	<b><u>2,121</u></b>

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 20 Called up share capital

#### Allotted, called up and fully paid shares

	2023		2022	
	No. 000	£ 000	No. 000	£ 000
Ordinary shares of £1 each	<u>5,251</u>	<u>5,251</u>	<u>5,251</u>	<u>5,251</u>

### 21 Commitments

#### Artist advance commitments

At 31 March 2023, the company has a total contractual commitment in respect of artist advances and recording costs of £17,357,000 (2022: £15,063,000) of which £17,357,000 relates to the next financial year (2022: £15,063,000).

### 22 Obligations under leases and hire purchase contracts

#### Operating leases

The total of future minimum lease payments is as follows:

	2023	2022
	£ 000	£ 000
Not later than one year	8,787	10,589
Later than one year and not later than five years	34,983	34,909
Later than five years	<u>69,431</u>	<u>78,117</u>
	<u>113,201</u>	<u>123,615</u>

The amount of non-cancellable operating lease payments recognised as an expense during the year was £10,590,000 (2022 - £12,586,000).

### 23 Guarantees

At 31 March 2023 the company had in issue guarantees to Barclays Bank Plc for Customs and Excise for £500,000 in respect of deferred VAT (2022: £500,000).

## **Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

### **24 Pension and other schemes**

#### **Defined benefit pension schemes**

##### **Sony Music UK Pension Plan**

The company is a Principal Employer under the Sony Music UK Pension Scheme ("Core Plan") following its acquisition of the trade and assets of Sony Music Entertainment UK Limited on 31 October 2004, which also provides benefits to employees of Sony Group companies.

The fair value of the assets of the Sony Music UK Pension Scheme has been allocated between employees of the company and other members based on projected benefit obligations at that date. The liabilities were allocated based on the individual identities of deferred and pensioner members.

The Core Plan is of the defined benefit type and has been closed to new members since 31 March 1995 and future accrual with effect from 31 March 2016. On 9 April 2020, the Core Plan completed a bulk annuity purchase in the scheme's name (buy-in) with Rothesay Life, an insurer, covering all the scheme's members. Under the agreement, Rothesay will pay the cost of all future benefit payments relating to the insured liabilities to the scheme. The assets of the scheme are held separately from that of the Company, being largely invested in the buy-in contract with Rothesay, together with a number of pooled funds managed by Blackrock Investment Management (UK) Limited.

The pension cost is assessed in accordance with the advice of an independent actuary using the projected unit method. At 31 March 2023, the market value of the scheme's assets was £87,808,000 (2022: £110,811,000). The assumptions that have the most significant effect on the results of the valuation are those relating to the discount rate and the rate of increase in pensions.

The company made no pension contributions during the year (2022: £Nil).

The company's current service cost for the scheme for the year was £784,000 (2022: £816,000). This was the total cost recognised as an expense.

The date of the most recent comprehensive actuarial valuation was 31 March 2021.

The year end results are based on approximate updates carried out by a qualified independent actuary.

## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 24 Pension and other schemes (continued)

#### *Reconciliation of scheme assets and liabilities to assets and liabilities recognised*

The amounts recognised in the balance sheet are as follows:

	2023 £ 000	2022 £ 000
Fair value of scheme assets	87,808	110,811
Present value of defined benefit obligation	<u>(73,432)</u>	<u>(99,352)</u>
Surplus	14,376	11,459
Irrecoverable surplus (effect of asset ceiling)	<u>(14,376)</u>	<u>(11,459)</u>
Defined benefit pension scheme surplus/(deficit)	<u>-</u>	<u>-</u>

#### *Defined benefit obligation*

Changes in the defined benefit obligation are as follows:

	2023 £ 000
Present value at start of year	99,352
Current service cost	784
Interest cost	2,571
Actuarial gains and losses	(23,815)
Benefits paid	(5,299)
Disbursements directly paid by employer	<u>(161)</u>
Present value at end of year	<u>73,432</u>

#### *Fair value of scheme assets*

Changes in the fair value of scheme assets are as follows:

	2023 £ 000
Fair value at start of year	110,811
Interest income	2,866
Actuarial gains and losses	(20,570)
Benefits paid	<u>(5,299)</u>
Fair value at end of year	<u>87,808</u>



## Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)

### 24 Pension and other schemes (continued)

#### *Analysis of assets*

The major categories of scheme assets are as follows:

	<b>2023</b>	<b>2022</b>
	<b>£ 000</b>	<b>£ 000</b>
Cash and cash equivalents	15,103	3,989
Debt instruments	-	9,308
Other	<u>72,705</u>	<u>97,514</u>
	<u><b>87,808</b></u>	<u><b>110,811</b></u>

The pension scheme has not invested in any of the company's own financial instruments or in properties or other assets used by the company.

#### *Principal actuarial assumptions*

The principal actuarial assumptions at the statement of financial position date are as follows:

	<b>2023</b>	<b>2022</b>
	<b>%</b>	<b>%</b>
Discount rate	4.75	2.65
Pension increase assumption (Post 97 pension)	3.20	3.50
Retail Inflation assumption	<u>3.35</u>	<u>3.75</u>

#### *Post retirement mortality assumptions*

	<b>2023</b>	<b>2022</b>
	<b>Years</b>	<b>Years</b>
Current UK pensioners at retirement age - male	22.00	23.00
Current UK pensioners at retirement age - female	<u>24.00</u>	<u>24.00</u>

#### **Sony Music Savings Plan**

The company participates in the Sony Music Savings Plan ("The Plan"), a defined contribution master trust. The Plan is open to new employees and existing employees. The assets of The Plan are held separately from those of the company. It is the company's policy to contribute in such a way as to match double contributions made by employees to a maximum company contribution of 10% of pensionable salary. The total pension expense for the Sony Music Savings Plan for the year ending 31 March 2023 amounted to £2,491,587 (2022: £2,129,624).

The company also incurs expenditure related to the administration of all of the above pension scheme and the securing of life insurance and personal insurance benefits for all employees.

## **Notes to the Financial Statements for the Year Ended 31 March 2023 (continued)**

### **25 Parent and ultimate parent undertaking**

The company's immediate parent undertaking is Sony Music Entertainment UK Holdings Limited, a company incorporated in the United Kingdom. The ultimate parent undertaking and controlling party is Sony Group Corporation, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Sony Group Corporation financial statements can be obtained from 7-1, Konan 1-chome, Minato-ku, Tokyo, 108-0075.

### **26 Related party transactions**

Now That's What I Call Music LLP is a joint arrangement in which Sony Music Entertainment UK Limited has a 50% holding. Sony Music Entertainment UK Limited provides Now That's What I Call Music LLP with certain distribution and administrative services during the year. The net income from these transactions with Now That's What I Call Music LLP was £353,000 (2022: £728,000). The LLP also charged Sony Music Entertainment UK Limited for administrative and development costs during the year totalling £49,000 (2022: £100,000). Sony Music Entertainment UK Limited is also owed its 50% share of undistributed profits from Now That's What I Call Music LLP which is £571,000 at 31 March 2023 (2022: £700,000). The amount owed to Sony Music Entertainment UK Limited by the LLP at 31 March 2023 was £133,000 (2022: £3,766,000). The amount owed to the LLP by Sony Music Entertainment UK Limited at 31 March 2023 was £nil (2022: £nil).

Black Butter Limited is a joint venture in which Sony Music Entertainment UK Limited has a 49% holding. At the year end Black Butter Limited owed the company £1,823,000 (2022: £2,570,000) in relation to recharges of administrative and operating costs.

Promised Land Recordings Limited was a joint venture in which Sony Music Entertainment UK Limited had a 47% holding. On 30 March 2023 Sony Music Entertainment UK Limited sold its shareholding in Promised Land Recordings Limited. As at 31 March 2023 there was nil balance owed to or from Promised Land Recordings Limited.

Robots and Humans Music Limited is a joint venture in which Sony Music Entertainment UK Limited has a 50% holding, incorporated on 4 April 2022. At the year end Robots and Humans Music Limited owed the company £987,000 in relation to recharges of administrative and operating costs.

Egyptian Records Limited is a joint venture in which Sony Music Entertainment UK Limited has a 50% holding, incorporated on 22 June 2022. At the year end Egyptian Records Limited owed the company £512,000 in relation to recharges of administrative and operating costs.

The company is exempt from disclosing related party transactions with entities that are wholly owned by the Sony Group Corporation group of companies.