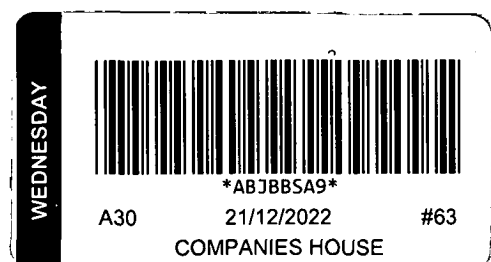


Registration number: 02019657

Sony Music Entertainment International Limited

Annual Report and Financial Statements
for the Year Ended 31 March 2022



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Strategic Report for the Year Ended 31 March 2022

The directors present their strategic report for the year ended 31 March 2022.

Principal activities

The principal activity of the company is that of an investment holding company. It provides high level consultancy services and advice in the areas of management, marketing, production, export, copyright, financing and other commercial and industrial areas to the Sony Music Entertainment companies operating within the music and entertainment industry in Europe, Africa, Asia, Australasia and Latin America. Its principal activities also include the production and exploitation of musical recordings.

Business review and results

The company considers its most important objective to be the quality and success of the companies in which it has investments.

The company's turnover during the year ended 31 March 2022 was £24,393,000 (2021 : £28,230,000) and Gross profit was £19,234,000 (2021 : £17,019,000).

The company made a loss for the financial year of £41,525,000 (2021 : profit of £112,056,000). The company was in a net asset position of £570,791,000 (2021 : £612,316,000) at 31 March 2022.

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 2022 (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.

Covid 19

Due to the Covid 19 pandemic and related lockdown measures, there has been a decline in the market for physical product sales and in certain ancillary revenue streams. The company has, however, continued to see growth in streaming revenues, which together with cost savings have minimised the negative effects on the business.

Future developments and prospects

The directors do not intend the activities of the business to change for the foreseeable future. The company will continue to make appropriate investments in related industries and will continue to align its business model to the changing market conditions and control costs effectively.

Approved by the Board on 16 December 2022 and signed on its behalf by:

William Rowe

William Rowe (Dec 16, 2022 19:43 GMT)

.....
William Rowe
Director

Directors' Report for the Year Ended 31 March 2022

The directors present their report and the audited financial statements of the company for the year ended 31 March 2022.

Dividends

The directors do not recommend a dividend payment be made in respect of the financial year ended 31 March 2022 (2021: £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

Stuart Levene

Julie Swidler

James Mullan

None of the directors held an interest in the shares of the company or any other group undertaking at 31 March 2022 (2021: none).

Company Secretary

Simon Jenkins acted as company secretary during the year.

Engagement with wider stakeholders

The company engages with wider stakeholders together with its fellow group company Sony Music Entertainment UK Limited.

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:

- An expansion of Artists Forward, our global, ground-breaking initiative prioritising transparency and support for music creators in all aspects of their development. This year we have implemented:
 - An extension of our Legacy Unrecouped Balance Programme, that means Sony will now roll forward the qualifying period for paying through streaming earnings, without regard for recoupment status
 - The creation of a holistic approach to artist needs, led by our in-house Director of Artist & Employee Wellbeing, who has already supported a number of artists

Directors' Report for the Year Ended 31 March 2022 (continued)

- Opening a London recording studio - The Gin Factory - that is a place for our artists to write, record and collaborate with each other in a creative environment.
- Relaunching our A&R Academy so that a new generation of young talent can learn the ropes of our industry and introduce new artists to the Sony fold.
- Supporting artists on various philanthropic projects they champion, including through our Social Justice Fund, such as the report we launched with BBC Radio 1 DJ, Jaguar, on *Progressing Gender Representation in UK Dance Music*.
- Hosting networking sessions for different genres including the Women in Classical drinks

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.

Business relationships - suppliers and customers

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

Over the last 12 months the company has maintained prompt contractual payments to all suppliers. This payment performance measure has been maintained during Covid-19 to ensure our suppliers received payment in a timely manner during a difficult trading period for many.

Where appropriate, credit terms were extended for many of our customers during the Covid-19 crisis to assist with their trading pressures. Whilst ensuring our credit risk was managed efficiently, payment plans were also offered to those customers in need of additional assistance.

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 of the inaugural Sony Music UK Social Justice Impact Report - a comprehensive look at the social impact delivered by the 18 current beneficiaries of our UK Social Justice Fund, who together have received more than £1.7million in Sony funding.
- A networking evening for grantees to meet each other, so that we build a 'network effect' of mutual connections that can help share ideas and amplify the work of our partner organisations.

Directors' Report for the Year Ended 31 March 2022 (continued)

- Ongoing skills sharing sessions with both Sony Music staff and partner organisations, including on PR and social media support, and between Sony artists and students such as mentoring sessions provided by Alexis Ffrench for potential applicants to the Royal Academy of Music, who might otherwise not consider a career in classical music.
- *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 rolled out beyond Sony Music Group to sister companies at Sony Corp level for the first time.
- The launch, with BBC Radio 1 DJ Jaguar, of the first report looking at gender issues in the UK electronic music industry, *Progressing Gender Representation in UK Dance Music*, which includes actionable recommendations for all parts of the dance music ecosystem.
- 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.

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:

- Becoming a founding signatory of the AIM Climate Pact in January 2022, an initiative that brings together many key players in the UK and global music industry to commit to following the UN framework on reducing our carbon footprint and emissions.
- Engaging with and providing data for the first carbon review by industry trade body, the British Phonographic Industry, which aims to set standards and roll out best-practices for its 500+ members.
- Prioritising manufacturing partners that hold ISO 14001 or 9001 certifications.
- Establishing objectives and targets for reducing energy usage, waste and water consumption in the new office, the policies of which are communicated regularly to employees.
- The company is part of the BASE committee - a cross-industry body for home entertainment companies that maps sustainability commitments including minimum standard guidelines and best practice goals, for example on packaging, recycling and Carbon Literacy training.

Directors' Report for the Year Ended 31 March 2022 (continued)

Employees

The company 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.

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

The company made no charitable donations during the financial year (2021: £ nil)

Future developments and prospects

Future developments and prospects of the company are disclosed in the strategic report.

Directors' Report for the Year Ended 31 March 2022 (continued)

Statement of Directors' Responsibilities

The directors acknowledge their responsibilities 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors' Report for the Year Ended 31 March 2022 (continued)

Disclosure of information to the auditors

The directors who held office at the date of approval of this directors' report confirm that:

- so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each director has taken all the steps that they ought to have taken as a director 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 16 December 2022 and signed on its behalf by:

William Rowe
William Rowe (Dec 16, 2022 19:43 GMT)

.....
William Rowe
Director

Independent auditors' report to the directors of Sony Music Entertainment International Limited

Report on the audit of the financial statements

Opinion

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

- give a true and fair view of the state of the company's affairs as at 31 March 2022 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 2022; Profit and Loss Account, Statement of Comprehensive Income and 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.

Independent auditors' report to the directors of Sony Music Entertainment International Limited (continued)

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 International 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 2022 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.

Independent auditors' report to the directors of Sony Music Entertainment International Limited (continued)

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.

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 the 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 significant accounting estimates for potential management bias.

Independent auditors' report to the directors of Sony Music Entertainment International Limited (continued)

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. 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.

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 obtained 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

19 December 2022

Profit and Loss Account for the Year Ended 31 March 2022

	Note	2022 £ 000	2021 £ 000
Turnover	4	24,393	28,230
Cost of sales		<u>(5,159)</u>	<u>(11,211)</u>
Gross profit		19,234	17,019
Distribution costs		43	(735)
Administrative expenses		<u>(16,040)</u>	<u>(16,474)</u>
Operating profit/(loss)	6	3,237	(190)
Income from shares in group undertakings		222	17,746
Other interest receivable and similar income	9	182	12
Interest payable and similar expenses	10	<u>-</u>	<u>(41)</u>
Profit before taxation		3,641	17,527
Tax on profit	11	<u>(45,166)</u>	<u>94,529</u>
(Loss)/profit for the financial year		<u>(41,525)</u>	<u>112,056</u>

The above results were derived from continuing operations.

Statement of Comprehensive Income for the Year Ended 31 March 2022

	2022 £ 000	2021 £ 000
(Loss)/profit for the financial year	<u>(41,525)</u>	<u>112,056</u>
Total comprehensive (expense)/income for the financial year	<u><u>(41,525)</u></u>	<u><u>112,056</u></u>

Registration number: 02019657
Balance Sheet as at 31 March 2022

	Note	2022 £ 000	2021 £ 000
Fixed assets			
Investments	13	995,113	1,402,776
Current assets			
Debtors: amounts falling due within one year	14	8,990	27,161
Debtors: amounts falling due after more than one year	14	142,206	169,346
Cash at bank and in hand		<u>6</u>	<u>-</u>
		151,202	196,507
Creditors: amounts falling due within one year	15	<u>(574,593)</u>	<u>(986,036)</u>
Net current liabilities		<u>(423,391)</u>	<u>(789,529)</u>
Total assets less current liabilities		571,722	613,247
Creditors: Amounts falling due after more than one year	15	<u>(931)</u>	<u>(931)</u>
Net assets		<u>570,791</u>	<u>612,316</u>
Capital and reserves			
Called up share capital	17	46,071	46,071
Other reserves		86,648	86,648
Retained earnings		<u>438,072</u>	<u>479,597</u>
Total equity		<u>570,791</u>	<u>612,316</u>

Approved and authorised by the Board on 16 December 2022 and signed on its behalf by:

William Rowe
William Rowe (Dec 16, 2022 19:43 GMT)

William Rowe
Director

Statement of Changes in Equity for the Year Ended 31 March 2022

	Called up Share capital £ 000	Other reserves £ 000	Retained earnings £ 000	Total equity £ 000
At 1 April 2021	46,071	86,648	479,597	612,316
Loss and comprehensive expense for the financial year	-	-	(41,525)	(41,525)
At 31 March 2022	<u>46,071</u>	<u>86,648</u>	<u>438,072</u>	<u>570,791</u>

	Called up Share capital £ 000	Other reserves £ 000	Retained earnings £ 000	Total equity £ 000
At 1 April 2020	46,071	86,648	367,541	500,260
Profit and comprehensive income for the financial year	-	-	112,056	112,056
At 31 March 2021	<u>46,071</u>	<u>86,648</u>	<u>479,597</u>	<u>612,316</u>

Notes to the Financial Statements for the Year Ended 31 March 2022

1 General information

Sony Music Entertainment International Limited ('the company') is an investment holding company and has the principal activities of providing high level consultancy services and advice in the areas of management, marketing, production, export, copyright, financing and other commercial and industrial areas to the Sony Music Entertainment companies operating within the music and entertainment industry in Europe, Africa, Asia, Australasia and Latin America as well as the production and exploitation of musical recordings.

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

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 International 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.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

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 2022 and these financial statements may be obtained from 7-1, Konan 1-chome, Minato-ku, Tokyo, 108-0075.

Going concern

The nature of the business is primarily investment in Sony Music Entertainment subsidiaries across Europe. The directors are satisfied these investments will provide sufficient income in the future and therefore have prepared the financial statements on a going concern basis.

Consolidated financial statements

The financial statements contain information about Sony Music Entertainment International 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. The directors consider the financial statements of Sony Group Corporation, prepared under International Financial Reporting Standards (IFRS), to be equivalent to the requirements of the 7th EU Directive in all material respects and have therefore taken advantage of Companies Act 2006, section 401 as revised, and not prepared consolidated financial statements.

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.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Turnover and revenue recognition

Turnover represents royalty income receivable and amounts, excluding value added tax, recharged to group companies to which consultancy services and advice are provided and is recognised as the service is 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.

Pensions

The company participates in the Sony Music Entertainment UK Pension Plan, a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The directors are unable to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reliable basis so accounts for the scheme on a defined contribution basis. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Notes to the Financial Statements for the Year Ended 31 March 2022 (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.

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
Office equipment - 20% - 33.3%
Furniture and fittings - 14.3%

The cost of PCs and peripherals are expensed as incurred.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

2 Accounting policies (continued)

Investments

(i) Investment in subsidiary company

Investment in a subsidiary company is held at cost less accumulated impairment losses.

(ii) Investment in associate

Investment in an associate is held at cost less accumulated impairment losses.

(iii) Market investments

Market Investments are held at fair value where the fair value can be measured reliably.

Impairment of non-financial assets

At each balance sheet date non-financial assets not carried at fair value are assessed to determine whether there is an indication that the asset (or asset's cash generating unit) may be impaired. If there is such an indication the recoverable amount of the asset (or asset's cash generating unit) is compared to the carrying amount of the asset (or asset's cash generating unit).

The recoverable amount of the asset (or asset's cash generating unit) is the higher of the fair value less costs to sell and value in use. Value in use is defined as the present value of the future cash flows before interest and tax obtainable as a result of the asset's (or asset's cash generating unit) continued use. These cash flows are discounted using a pre-tax discount rate that represents the current market risk-free rate and the risks inherent in the asset.

If the recoverable amount of the asset (or asset's cash generating unit) is estimated to be lower than the carrying amount, the carrying amount is reduced to its recoverable amount. An impairment loss is recognised in the profit and loss account, unless the asset has been revalued when the amount is recognised in other comprehensive income to the extent of any previously recognised revaluation. Thereafter any excess is recognised in profit or loss.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or asset's cash generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the revised carrying amount does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised in prior periods. A reversal of an impairment loss is recognised in the profit and loss account.

Notes to the Financial Statements for the Year Ended 31 March 2022 (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.

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.

Income from shares in group undertakings

Dividend income is recognised when the right to receive payment is established.

Notes to the Financial Statements for the Year Ended 31 March 2022 (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.

The directors have concluded that the only material judgements made during the preparation of the financial statements have been the determination of the carrying values of the investments.

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:

	2022 £ 000	2021 £ 000
UK	5,032	7,720
Rest of world	<u>19,361</u>	<u>20,510</u>
	<u>24,393</u>	<u>28,230</u>

5 Other operating losses

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

	2022 £ 000	2021 £ 000
Revaluation of investment	(410,121)	498,054
Royalty payable to other group undertakings	<u>410,121</u>	<u>(498,054)</u>
	<u>-</u>	<u>-</u>

The revaluation of investment relates to the company's investment in Spotify Technology S.A. The company has recognised a reduction in corresponding royalty payable to other group undertakings entitled to additional royalties in respect of this loss.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

6 Operating profit / (loss)

Arrived at after charging /(crediting)

	2022	2021
	£ 000	£ 000
Depreciation expense	-	1
Auditors' fees payable to the company's auditors	21	19
Staff costs	11,286	10,521
Foreign exchange (gains)/losses	<u>(246)</u>	<u>602</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. Two of the directors total emoluments for all their services are charged in the financial statements of the company (2021: 2).

	2022	2021
	£ 000	£ 000
Aggregate emoluments	1,040	987
Pension scheme contributions	<u>-</u>	<u>5</u>
	<u>1,040</u>	<u>992</u>

In respect of the highest paid director:

	2022	2021
	£ 000	£ 000
Remuneration	<u>639</u>	<u>638</u>

The emoluments of the remaining two directors are borne by other group companies and not recharged to the company. These two directors did not receive any emoluments in respect of their services to the company (2021: nil).

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

8 Staff costs

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

	2022	2021
	£ 000	£ 000
Wages and salaries	9,536	8,958
Social security costs	1,145	1,012
Other pension costs	605	551
	<u>11,286</u>	<u>10,521</u>

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

	2022	2021
	No.	No.
Administration and support	<u>105</u>	<u>89</u>

9 Other interest receivable and similar income

	2022	2021
	£ 000	£ 000
Interest income on bank deposits	8	12
Other finance income	174	-
	<u>182</u>	<u>12</u>

10 Interest payable and similar expenses

	2022	2021
	£ 000	£ 000
Other finance costs	<u>-</u>	<u>41</u>

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

11 Tax on profit/(loss)

Tax charged/ (credited) in the profit and loss account

	2022 £ 000	2021 £ 000
Current taxation		
UK corporation tax	17,905	(9,473)
Foreign tax relief/ other relief	<u>(111)</u>	<u>-</u>
	17,794	(9,473)
Foreign tax suffered	<u>146</u>	<u>113</u>
Total current income tax	<u>17,940</u>	<u>(9,360)</u>
Deferred taxation		
Arising from origination and reversal of timing differences	70,161	(85,169)
Arising from changes in tax rates and laws	(33,419)	-
Adjustment in respect of previous periods	<u>(9,516)</u>	<u>-</u>
Total deferred taxation	<u>27,226</u>	<u>(85,169)</u>
Tax charged/ (credited) in the profit and loss account	<u>45,166</u>	<u>(94,529)</u>

The tax assessed for the year is higher than (2021 - lower than) the standard rate of corporation tax in the UK of 19% (2021 - 19%).

The differences are reconciled below:

	2022 £ 000	2021 £ 000
Profit before tax	<u>3,641</u>	<u>17,527</u>
Corporation tax at standard rate	692	3,330
Effect of revenues exempt from taxation	(43)	(98,002)
Effect of expense not deductible in determining taxable profit	77,903	3
Effect of foreign tax rates	34	98
UK deferred tax credit relating to changes in tax rates or laws	(33,419)	-
(Decrease)/increase in UK and foreign current tax from adjustment for prior periods	<u>(1)</u>	<u>42</u>
Total tax charge/(credit)	<u>45,166</u>	<u>(94,529)</u>

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

11 Tax on profit/(loss) (continued)

Legislation to increase the main rate of corporation tax from 19% to 25% from 1 April 2023 was included in the Finance Act 2021 which received Royal Assent on 10 June 2021. The impact on the deferred tax of the company is immaterial.

12 Tangible assets

	Land and buildings £ 000	Furniture and fittings and office equipment £ 000	Total £ 000
Cost or valuation			
At 1 April 2021	113	507	620
At 31 March 2022	113	507	620
Accumulated Depreciation			
At 1 April 2021	113	507	620
At 31 March 2022	113	507	620
Carrying amount			
At 31 March 2022	-	-	-

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

13 Investments

	Market Investments £ 000	Subsidiary undertakings £ 000	Total £ 000
Subsidiaries and Market investments			
Cost or valuation			
At 1 April 2021	999,364	550,216	1,549,580
Revaluation	(410,121)	-	(410,121)
Additions	<u>-</u>	<u>2,458</u>	<u>2,458</u>
At 31 March 2022	<u>589,243</u>	<u>552,674</u>	<u>1,141,917</u>
Provision			
At 1 April 2021	<u>-</u>	<u>146,804</u>	<u>146,804</u>
At 31 March 2022	<u>-</u>	<u>146,804</u>	<u>146,804</u>
Carrying amount			
At 31 March 2022	<u>589,243</u>	<u>405,870</u>	<u>995,113</u>
At 31 March 2021	<u>999,364</u>	<u>403,412</u>	<u>1,402,776</u>

Market investments

Market investments relate to the company's investment in Spotify Technology S.A. In 2018 Spotify Technology S.A. listed on the New York Stock Exchange and the investment was revalued to fair value.

Investments in subsidiary undertakings

In September 2021, the company provided a capital loan of £2,457,741 to Sony Music Entertainment Turkey A S (2021: £ nil)

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

13 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			
			2022	2021		
Subsidiary undertakings						
Sony Music Entertainment Belgium N.V.	Hooikaai 55, 1000 Brussels Belgium	ordinary share capital	99%	99%		
Sony Music Entertainment Czech Republic Sro	Palackeho 1, 110 00, Prague 1 Czech Republic	ordinary share capital	80%	80%		
Sony Music Entertainment Denmark AS	Vognmagergade 7, 6 sal, 1120, Copenhagen K Denmark	ordinary share capital	100%	100%		
Sony Music Entertainment Finland OY	Tallberginkatu 2 A, 00180 Helsinki Finland	ordinary share capital	100%	100%		
Sony Music Entertainment Greece S.A.	Avenue Amarousiou-Halandriou 18-20, Marousi 15125 Athens Greece	ordinary share capital	100%	100%		
Sony Music Entertainment Hungary KFT	Level u.4, H-1023 Budapest Hungary	ordinary share capital	100%	100%		
Sony Music Entertainment Italy SPA	via Carlo Imbonati, 22 20158, Milano Italy	ordinary share capital	100%	100%		
Sony Music Entertainment Norway AS	Gjerdrumsvei 10A, 0402 Oslo Norway	ordinary share capital	100%	100%		
Sony Music Entertainment Poland Sp. Z.O.O.	Ul. Choralna 14, 02-879 Warsaw Poland	ordinary share capital	100%	100%		
Sony Music Entertainment Portugal LDA	Av. Torre de Belem, N 19, 1º DTO. 1400-342 Lisboa, Portugal	ordinary share capital	100%	100%		

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

13 Investments (continued)

Sony Music Entertainment Sweden AB	Box 3187, SE 10363 Stockholm Sweden	ordinary share capital	100%	100%
Sony Music Entertainment Switzerland GmbH	Letzigraben 89, CH-8003 Zurich Switzerland	ordinary share capital	100%	100%
Sony Music Entertainment Turkey AS	Cumhuriyet Cad Pegasus Evi No:48/2B Elmadağ 34367 Istanbul Turkey	ordinary share capital	100%	100%
Sony Music Entertainment France SAS	52/54, rue de Chateaudun, 75009 Paris France	ordinary share capital	100%	100%
Raymond Gubbay Limited	2 Canal Reach, London, N1C 4DB UK	ordinary share capital	100%	100%
Sony Music Entertainment International Services GmbH	Balanstr. 73, Haus 31, 81541 München Germany	ordinary share capital	100%	100%
SMEIL Digital Limited	2 Canal Reach, London, N1C 4DB UK	ordinary share capital	100%	100%
Senbla Limited	The Old Grange Warren Estate, Lordship Road Writtle, Chelmsford, Essex, CM1 3WT UK	ordinary share capital	51%	51%
Sony Music Entertainment Israel Limited	HaRakevet St 58, 21st Floor, Attn: Barnea Jaffa Lande & Co Law Offices Tel Aviv-Yavo, 6777016, Israel	ordinary share capital	100%	100%
Sony Music Entertainment Austria GmbH	Mariahilfer Str. 77-79, 1060 Wien Austria	ordinary share capital	100%	100%

Indirect Related Undertakings

(a) Sony Music Entertainment Denmark AS (100%) subsidiaries

Discowax ApS	Nørrebrogade 45C, 2., 2200 Copenhagen N, Denmark	ordinary share capital	100%	100%
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Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

13 Investments (continued)

DV Holding 2007 ApS	Nørrebrogade 45C, 2., 2200 Copenhagen N, Denmark	ordinary share capital	100%	100%
Flex Music ApS	Vognmagergade 7, 6 sal, 1120, Copenhagen K, Denmark	ordinary share capital	49%	49%
OneSeven Music ApS	Vognmagergade 7, 6 sal, 1120, Copenhagen K, Denmark	ordinary share capital	48%	48%
MX3 ApS	Nørrebrogade 45C, 2., 2200 Copenhagen N, Denmark	ordinary share capital	50%	50%
Black Pelican Entertainment ApS	Nørrebrogade 45C, 2., 2200 Copenhagen N, Denmark	ordinary share capital	100%	100%
One Seven Publishing ApS	Nørrebrogade 45C, 2., 2200 Copenhagen N, Denmark	ordinary share capital	48%	48%
The Label Sunday ApS	Nørrebrogade 45C, 2., 2200 Copenhagen N, Denmark	ordinary share capital	20%	0%

(b) Sony Music Entertainment Finland OY (100%) subsidiaries

Sakara-Tuotanto OY (39%)	PB 799, 33010 Tampere, Finland	ordinary share capital	39%	39%
Made in Baltic OU (39%)	Telliskivi Tn 60a 10412 Tallin, Estonia	ordinary share capital	39%	0%

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

13 Investments (continued)

(c) Sony Music Entertainment International Services GmbH (100%) subsidiaries

Sony Music Entertainment Germany GmbH	Balanstr. 73, Haus 31, 81541 München, Germany	ordinary share capital	100%	100%
B1 Recordings GmbH	Balanstr. 73, Haus 31, 81541 München, Germany	ordinary share capital	51%	51%
Bucardo-Kunst und Kulturproduktionen GmbH	Pleistemühlenweg 194, 48157 Münster, Germany	ordinary share capital	100%	100%
Selfmade Records GmbH	Balanstr. 73, Haus 31, 81541 München (Munich), Germany	ordinary share capital	100%	100%
Four Music Productions GmbH	Schlegelstr. 26 B, 10115 Berlin, Germany	ordinary share capital	100%	100%
Hansa Music Entertainment GmbH	Schlegelstr. 26 B, 10115 Berlin, Germany	ordinary share capital	100%	100%
MEDIA KULTUR KÖLN Projektentwicklungs- und Veranstaltungen GmbH	Im Mediapark 7, 50670 Köln, Germany	ordinary share capital	30%	30%
New Talents AG	Balanstr. 73, Haus 31, 81541 München, Germany	ordinary share capital	100%	100%
Ibrahim & Boldt Holding GmbH	Kaiserin-Augusta-Allee 28, 10553 Berlin, Germany	ordinary share capital	51%	0%
Ragucci & Boldt Holding GmbH	Kaiserin-Augusta-Allee 28, 10553 Berlin, Germany	ordinary share capital	51%	0%
Tiger Media International GmbH	Axel-Springer-Platz 3, c/o WeWork Hanse Forum, 20355 Hamburg, Germany	ordinary share capital	24%	0%

(d) Sony Music Entertainment Italy SPA (100%) subsidiaries

Heinz Music SRL	Rippa di Porta, Ticin 63/A-20 123 Milano, Italy	ordinary share capital	50%	50%
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Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

13 Investments (continued)

(e) Sony Music Entertainment Sweden AB (100%) subsidiaries

TGR Music Group AB	Erikslundsgatan 9, 126 32 Hägersten, Stockholm, Sweden	ordinary share capital	25%	25%
MLKSKE AB	Box 3187, SE-10363, Stockholm Sweden	ordinary share capital	49%	0%

(f) Sony Music Entertainment Switzerland GmbH (100%) subsidiaries

Phononet AG	Baslerstrasse 30, CH-8048 Zurich, Switzerland	ordinary share capital	33.33%	33.33%
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(g) Sony Music Entertainment France SAS (100%) subsidiaries

AVREP SA	52/54, rue de Châteaudun – 75009 Paris, France	ordinary share capital	98.8%	98.8%
Sa Majeste Productions SAS	52/54, rue de Chateaudun, 75009 Paris, France	ordinary share capital	0%	67%
WATI B SAS	52/54, rue de Chateaudun, 75009 Paris, France	ordinary share capital	30%	30%
WLG SAS	173-175, rue due Faubourg Poissonnière, 75009 Paris, France	ordinary share capital	33.33%	33.33%
WATI B Prod SAS	52/54, rue de Châteaudun – 75009 Paris, France	ordinary share capital	30%	30%
Arachnee Productions SAS	52/54, rue de Châteaudun – 75009 Paris, France	ordinary share capital	100%	100%
Editions Jade SARL	52/54, rue de Châteaudun - 75009 Paris - France	ordinary share capital	100%	100%
Editions Milan Music SAS	52/54, rue de Châteaudun - 75009 Paris, France	ordinary share capital	100%	100%
Holy Production SAS	52/54, rue de Châteaudun - 75009 Paris, France	ordinary share capital	50%	50%

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

13 Investments (continued)

Make The Link	14, rue des Epinettes - 75017 Paris - France	ordinary share capital	100%	100%
AWA	52/54, rue de Châteaudun – 75009 Paris, France	ordinary share capital	20%	20%
Label Blue Sky	chez Sofradom - 282 rue des Pyrénées - 75020 Paris, France	ordinary share capital	24%	24%

(h) Sony Music Entertainment Norway AS (100%) subsidiaries

Petroleum Records AS	Torggata 11, 0181 Oslo, Norway	ordinary share capital	79%	79%
Popular Demand Management AS	Erika Nissens gate 13B, 0480 Oslo, Norway	ordinary share capital	33.34%	33.34%
Nora Collective AS	Storgata 36C, 0182 Oslo, Norway	ordinary share capital	40%	40%

(i) Raymond Gubbay Limited (100%) subsidiaries

Raymond Gubbay Productions Limited	2 Canal Reach, London, N1C 4DB	ordinary share capital	100%	100%
Manchester Chamber Orchestra Limited	2 Canal Reach, London, N1C 4DB	ordinary share capital	100%	100%
Manchester Concert Orchestra Limited	2 Canal Reach, London, N1C 4DB	ordinary share capital	60%	60%
Classical Spectacular Limited	2 Canal Reach, London, N1C 4DB	ordinary share capital	50%	50%
Backyard Cinema Limited	55 Station Road, Beaconsfield, Buckinghamshire, HP9 1QL, UK	ordinary share capital	51%	51%

(j) Sony Music Entertainment Belgium N.V (99%) subsidiaries

Monar BVBA	54 Boskouter, 200 Burcht, Belgium	ordinary share capital	35%	35%
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Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

13 Investments (continued)

(k) Senbla Ltd (100%) subsidiaries

Senbla Marketing Limited	The Old Grange Warren Estate, Lordship Road Writtle, Chelmsford, Essex, CM1 3WT, UK	ordinary share capital	100%	100%
Senbla Productions Limited	The Old Grange Warren Estate, Lordship Road Writtle, Chelmsford, Essex, CM1 3WT, UK	ordinary share capital	100%	100%
S&C Productions Limited	2 Canal Reach, London, N1C 4BD, UK	ordinary share capital	51%	51%
General Entertainment Associates B.V.	Tweede Jan van der Heijdenstraat 105, 1074 XT Amsterdam, The Netherlands	ordinary share capital	51%	51%

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

14 Debtors

	2022 £ 000	2021 £ 000
<i>Amounts falling due within one year:</i>		
Trade debtors	985	690
Amounts owed by group undertakings	5,197	5,096
Other debtors	1,324	1,196
Other taxation and social security	21	34
Group relief debtor	-	18,698
Prepayments and accrued income	1,463	1,447
	<u>8,990</u>	<u>27,161</u>
<i>Amounts falling due after more than one year:</i>		
Deferred tax asset	139,259	166,484
Amounts owed by group undertakings	2,947	2,862
	<u>142,206</u>	<u>169,346</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. A portion of this balance has been re-classified to amounts due after one year, to reflect the rolling nature of intercompany balances.

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

15 Creditors

	2022 £ 000	2021 £ 000
<i>Amounts falling due within one year:</i>		
Amounts owed to group undertakings	557,854	977,060
Corporation tax payable	8,279	-
Other creditors	1	-
Royalties and licences	1,947	-
Taxation and social security	3	1
Accruals and deferred income	6,509	8,975
	<u>574,593</u>	<u>986,036</u>
<i>Amounts falling due after more than one year:</i>		
Other creditors	<u>931</u>	<u>931</u>

Amounts owed to group undertakings are unsecured, interest free and have no fixed date of repayment.

16 Deferred taxation

The movement on deferred tax is as follows:

	2022 £ 000	2021 £ 000
Asset at start of financial year	166,484	81,315
Deferred tax charge in income statement for year	(36,741)	85,169
Adjustment in respect of prior years	9,516	-
Asset at end of financial year	<u>139,259</u>	<u>166,484</u>

17 Called up share capital

Allotted, called up and fully paid shares

	2022		2021
	No. 000	£ 000	No. 000 £ 000
Ordinary shares of £1 each	<u>46,071</u>	<u>46,071</u>	<u>46,071 46,071</u>

Notes to the Financial Statements for the Year Ended 31 March 2022 (continued)

18 Dividends

No dividends were paid during the year (2021: £ nil).

19 Parent and ultimate parent undertaking

The company's immediate holding company is Sony Music Entertainment UK Holdings Limited, a company incorporated in England and Wales. 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 the Sony Group Corporation financial statements can be obtained from 7-1, Konan 1-chome, Minato-ku, Tokyo, 108-0075.

20 Pensions

The company participates in the Sony Music Entertainment UK Pension Plan, a defined benefit pension scheme. The directors are unable to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and accounts for the scheme on a defined contribution basis.

The assets of the pension plan are held separately from the assets of any group company. The latest actuarial valuation of the plan was carried out as at year ended 31 March 2022. Details of this valuation are included in the financial statements of Sony Music Entertainment UK Limited.

The total cost of pension benefits for all schemes, charged to the profit and loss account, amounted to £685,568 (2021: £614,481)

21 Related party transactions

The company is exempt from disclosing other related party transactions as they are with other companies that are wholly owned within the Group. The company has no other related party transactions.