

Registered number: 12566815

SENTRIC MUSIC GROUP LIMITED

**ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

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SENTRIC MUSIC GROUP LIMITED

COMPANY INFORMATION

Directors	S N Chandler M W O Davies C J Meehan H P McCamley
Registered number	12566815
Registered office	1st Floor, 29 Parliament Street Liverpool Merseyside L8 5RN
Independent auditor	Langtons Professional Services Limited Chartered Accountants & Statutory Auditor 11th Floor, The Plaza 100 Old Hall Street Liverpool L3 9QJ

SENTRIC MUSIC GROUP LIMITED

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SENTRIC MUSIC GROUP LIMITED

GROUP STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

Introduction

The directors present their strategic report for the year ended 31 December 2021.

Business review

The business in 2021 overperformed against plan, and shows sizeable growth against the prior year. Publishing royalty collections globally increased by over 50%, synchronisation income by over 25% and neighbouring rights income by over 40%.

This growth was mostly driven by increasing digital income. Other income types grew less due to the continued impact of the COVID-19 pandemic. Live income was particularly hit due to the cancellation of shows in 2020 and early 2021. Although neighbouring rights income recovered by over 40%, this is still below pre-pandemic levels.

Overhead spend was as expected, growing by 37% on the previous year which was mostly driven by employee wages. Headcount increased by 10% in the UK.

The business implemented a change in system in 2021. RightsApp is an in-house built end-to-end royalty administration system that will future-proof the group's scaling and increasing catalogue volume. Operational processes have been made more efficient, allowing for turnover and gross profit growth that outweighs growth in overhead.

Principal risks and uncertainties

As the world recovered from COVID-19 we have seen an uplift in Live Performance and Public Performance revenues without any negative impact on streaming and digital revenues. The risk remains of a similar event in the future.

The group will always be at risk from the unfulfillment of contractual obligations, whether internal or external. This is mitigated by effective leadership and management teams, strong internal processes and the implementation of innovative technological solutions.

The company's direct international collection network presents risk from currency fluctuations. This is mitigated by natural hedging and a fair policy of royalty distribution using spot rates at the time of royalty receipt. Currency conversion is undertaken at times throughout the year when exchange rates are favourable. Currency hedging via institutions is an option for managing this further should the risk become more significant.

Financial key performance indicators

Sentric Music Group continues to use traditional KPIs to analyse the performance of the business. Year on year growth in the consolidated accounts again do not represent actual growth due to the partial year presented for 2020.

Management accounts show year on year growth in group revenue of 56.9%. Gross profit margin grew slightly to 16.8% vs. 15.3% in 2020, with gross profit itself growing 72%. This particularly reflects the growth in higher margin, self service catalogues in comparison to lower margin, co-publishing and sub-publishing catalogues. EBITDA margin grew from 4.2% in 2020 to 7.1% in 2021, and EBITDA grew 165.9% against 2020.

Future developments

The Board of Sentric Music Group made the decision for the entire group to be acquired by Utopia Music AG in the 4th quarter of 2021. This was completed in the first half of 2022. Leadership and management are excited about the new opportunities that becoming part of the Utopia Music Group presents and the prospects for further, faster growth over the next few years.

SENTRIC MUSIC GROUP LIMITED

**GROUP STRATEGIC REPORT (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021**

This report was approved by the board on 27 September 2022 and signed on its behalf.

S N Chandler
Director

SENTRIC MUSIC GROUP LIMITED

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2021

The directors present their report and the financial statements for the period ended 31 December 2021.

Directors' responsibilities statement

The directors are responsible for preparing the Group strategic report, the Directors' report and the consolidated financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and the Group and of the profit or loss of the Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Principal activity

The principle business activity of the group is Music Publishing. We represent our clients' song lyrics and compositions globally, registering them directly with copyright societies in over 65 territories, actively making claims for their usage to ensure all monies due are paid to us. Upon receipt of Music Publishing royalties, we account to our clients in accordance with their contract with us.

Results and dividends

The profit for the period, after taxation, amounted to £879,747 (2020 - £421,218).

The directors do not recommend a dividend for the period.

Directors

The directors who served during the period were:

S N Chandler
M W O Davies
N P Inskip (resigned 4 May 2022)
C J Meehan
H P McCamley (appointed 19 August 2021)

SENTRIC MUSIC GROUP LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2021

Matters covered in the Group Strategic Report

The business review, principal risks and uncertainties, key performance indicators and future developments are disclosed in the strategic report.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

Post balance sheet events

On 4 May 2022, the entire share capital of the company was acquired by Utopia Music AG, a company incorporated in Switzerland.

Auditor

Under section 487(2) of the Companies Act 2006, Langtons Professional Services Limited will be deemed to have been reappointed as auditor 28 days after these financial statements were sent to members or 28 days after the latest date prescribed for filing the accounts with the registrar, whichever is earlier.

This report was approved by the board on 27 September 2022 and signed on its behalf.

S N Chandler
Director

SENTRIC MUSIC GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTRIC MUSIC GROUP LIMITED

Opinion

We have audited the financial statements of Sentric Music Group Limited (the 'parent Company') and its subsidiaries (the 'Group') for the period ended 31 December 2021, which comprise the Group Statement of comprehensive income, the Group and Company Statements of financial position, the Group Statement of cash flows, the Group and Company Statement of changes in equity and the related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December 2021 and of the Group's profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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.

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 Group's or the parent 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.

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

SENTRIC MUSIC GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTRIC MUSIC GROUP LIMITED (CONTINUED)

Other information

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. 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 in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Group strategic report and the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Group strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Group strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

SENTRIC MUSIC GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTRIC MUSIC GROUP LIMITED
(CONTINUED)**

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors 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 Group's and the parent 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 Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

SENTRIC MUSIC GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTRIC MUSIC GROUP LIMITED (CONTINUED)

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's 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 Group 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:

The objectives of our audit, in respect to fraud, are:

- to identify and assess the risks of material misstatement of the financial statements due to fraud;
- to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- to respond appropriately to fraud or suspected fraud identified during the audit.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

Our approach was as follows:

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are those that relate to the reporting framework (FRS 102 and the Companies Act 2006), the relevant tax compliance regulations in the UK and the EU General Data Protection Regulation (GDPR).

We understood how the Company is complying with those frameworks by making enquiries of management. Through consideration of the results of our audit procedures we were able to either corroborate or provide contrary evidence which was then followed up.

Based on our understanding we designed our audit procedures to identify non-compliance with laws and regulations. Our procedures involved:

enquiries of management; and
journal entry testing, with a focus on manual consolidation journals and journals indicating large or unusual transactions based on our understanding of the business.

We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by meeting with management to understand where it considered there was susceptibility to fraud. We also considered performance targets and their propensity to influence efforts made by management to manage revenue and earnings. Where the risk was considered to be higher, including areas impacting key performance indicators or management remuneration, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition detailed above, the assessment of items identified by management as non-recurring and testing manual journals and were designed to provide reasonable assurance that the financial statements were free from material fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditor's report.

SENTRIC MUSIC GROUP LIMITED

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SENTRIC MUSIC GROUP LIMITED
(CONTINUED)**

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Andrew McCall (Senior statutory auditor)

for and on behalf of

Langtons Professional Services Limited

Chartered Accountants

Statutory Auditor

11th Floor, The Plaza

100 Old Hall Street

Liverpool

L3 9QJ

27 September 2022

SENTRIC MUSIC GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 DECEMBER 2021**

		Year ended 31 December 2021 £	<i>Period ended 31 December 2020 £</i>
	Note		
Turnover	4	31,647,926	14,270,568
Cost of sales		(26,270,620)	(12,075,673)
Gross profit		5,377,306	2,194,895
Administrative expenses		(4,178,313)	(1,753,043)
Other operating income	5	-	2
Operating profit	6	1,198,993	441,854
Interest payable and similar expenses	10	(225,152)	(118,888)
Profit before taxation		973,841	322,966
Tax on profit	11	(94,094)	98,252
Profit for the financial period		879,747	421,218
Profit for the period attributable to:			
Owners of the parent Company		879,747	421,218
		879,747	421,218

There were no recognised gains and losses for 2021 or 2020 other than those included in the consolidated statement of comprehensive income.

There was no other comprehensive income for 2021 (2020:£NIL).

The notes on pages 20 to 41 form part of these financial statements.

SENTRIC MUSIC GROUP LIMITED
REGISTERED NUMBER: 12566815

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Intangible assets	12	5,482,791	5,548,895
Tangible assets	13	36,658	35,530
		<u>5,519,449</u>	<u>5,584,425</u>
Current assets			
Debtors: amounts falling due after more than one year	15	1,463,465	1,309,444
Debtors: amounts falling due within one year	15	14,754,303	10,742,439
Cash at bank and in hand	16	13,357,888	6,781,036
		<u>29,575,656</u>	<u>18,832,919</u>
Creditors: amounts falling due within one year	17	(27,010,410)	(16,459,340)
Net current assets		<u>2,565,246</u>	<u>2,373,579</u>
Total assets less current liabilities		<u>8,084,695</u>	<u>7,958,004</u>
Creditors: amounts falling due after more than one year	18	(3,062,769)	(3,752,825)
Provisions for liabilities			
Net assets		<u><u>5,021,926</u></u>	<u><u>4,205,179</u></u>
Capital and reserves			
Called up share capital	22	1,207	1,176
Share premium account	23	3,932,809	3,782,866
Capital redemption reserve	23	26	-
Treasury reserves	23	(81)	(81)
Profit and loss account	23	1,087,965	421,218
Equity attributable to owners of the parent Company		<u><u>5,021,926</u></u>	<u><u>4,205,179</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2022.

S N Chandler
Director

The notes on pages 20 to 41 form part of these financial statements.

SENTRIC MUSIC GROUP LIMITED
REGISTERED NUMBER: 12566815

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Fixed assets			
Investments	14	3,067,976	3,064,409
		<u>3,067,976</u>	<u>3,064,409</u>
Current assets			
Debtors: amounts falling due after more than one year	15	16,484	28,821
Debtors: amounts falling due within one year	15	2,724,562	2,252,506
Cash at bank and in hand	16	37,550	90,769
		<u>2,778,596</u>	<u>2,372,096</u>
Creditors: amounts falling due within one year	17	(73)	-
Net current assets		<u>2,778,523</u>	<u>2,372,096</u>
Total assets less current liabilities		<u>5,846,499</u>	<u>5,436,505</u>
Creditors: amounts falling due after more than one year	18	(1,892,000)	(1,775,333)
Net assets		<u><u>3,954,499</u></u>	<u><u>3,661,172</u></u>

SENTRIC MUSIC GROUP LIMITED
REGISTERED NUMBER: 12566815

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 31 DECEMBER 2021

	Note	2021 £	2020 £
Capital and reserves			
Called up share capital	22	1,207	1,176
Share premium account	23	3,932,809	3,782,866
Capital redemption reserve	23	26	-
Profit and loss account brought forward	(122,870)	-	-
Profit/(loss) for the period	356,327	(122,870)	-
Other changes in the profit and loss account	(213,000)	-	-
Profit and loss account carried forward		20,457	(122,870)
		<u>3,954,499</u>	<u>3,661,172</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 27 September 2022.

S N Chandler
Director

The notes on pages 20 to 41 form part of these financial statements.

SENTRIC MUSIC GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021

	Called up share capital £	Share premium account £	Capital redemption reserve £	Treasury reserve £	Profit and loss account £	Total equity £
At 1 January 2021	1,176	3,782,866	-	(81)	421,218	4,205,179
Comprehensive income for the period						
Profit for the period	-	-	-	-	879,747	879,747
Total comprehensive income for the period	-	-	-	-	879,747	879,747
Purchase of own shares	-	-	26	-	(212,974)	(212,948)
Shares issued during the period	57	149,943	-	-	-	150,000
Shares cancelled during the period	(26)	-	-	-	-	(26)
Transfer to/from profit and loss account	-	-	-	-	(26)	(26)
Total transactions with owners	31	149,943	26	-	(213,000)	(63,000)
At 31 December 2021	1,207	3,932,809	26	(81)	1,087,965	5,021,926

The notes on pages 20 to 41 form part of these financial statements.

SENTRIC MUSIC GROUP LIMITED

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2020

	Called up share capital £	Share premium account £	Treasury reserve £	Profit and loss account £	Total equity £
Comprehensive income for the period					
Profit for the period	-	-	-	421,218	421,218
Other comprehensive income for the period					
	-	-	-	-	-
Total comprehensive income for the period	-	-	-	421,218	421,218
Shares issued during the period	1,176	3,782,866	-	-	3,784,042
Other movement type 1	-	-	(81)	-	(81)
Total transactions with owners	1,176	3,782,866	(81)	-	3,783,961
At 31 December 2020	1,176	3,782,866	(81)	421,218	4,205,179

The notes on pages 20 to 41 form part of these financial statements.

SENTRIC MUSIC GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	Called up share capital £	Share premium account £	Capital redemption reserve £	Profit and loss account £	Total equity £
Comprehensive income for the period					
Loss for the period	-	-	-	(122,870)	(122,870)
Contributions by and distributions to owners					
Shares issued during the period	1,176	3,782,866	-	-	3,784,042
Total transactions with owners	1,176	3,782,866	-	-	3,784,042
At 1 January 2021	1,176	3,782,866	-	(122,870)	3,661,172
Comprehensive income for the period					
Profit for the period	-	-	-	356,327	356,327
Contributions by and distributions to owners					
Purchase of own shares	-	-	26	(212,974)	(212,948)
Shares issued during the period	57	149,943	-	-	150,000
Shares cancelled during the period	(26)	-	-	-	(26)
Transfer to/from profit and loss account	-	-	-	(26)	(26)
Total transactions with owners	31	149,943	26	(213,000)	(63,000)
At 31 December 2021	1,207	3,932,809	26	20,457	3,954,499

The notes on pages 20 to 41 form part of these financial statements.

SENTRIC MUSIC GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	2021	2020
	£	£
Cash flows from operating activities		
Profit for the financial period	879,747	421,218
Adjustments for:		
Amortisation of intangible assets	854,517	253,161
Depreciation of tangible assets	14,296	8,658
Loss on disposal of tangible assets	297	-
Interest paid	225,152	118,889
Taxation charge	94,094	(98,252)
(Increase) in debtors	(4,259,980)	(2,686,710)
Increase in creditors	9,910,977	366,736
Net cash generated from operating activities	7,719,100	(1,616,300)
Cash flows from investing activities		
Purchase of intangible fixed assets	(788,413)	(412,875)
Purchase of tangible fixed assets	(15,995)	(11,243)
Sale of tangible fixed assets	275	-
Purchase of fixed asset investments	-	(3,064,406)
Net cash from investing activities	(804,133)	(3,488,524)

SENTRIC MUSIC GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	2021 £	2020 £
Cash flows from financing activities		
Issue of ordinary shares	150,000	3,783,961
Purchase of ordinary shares	(213,000)	-
New secured loans	-	408,092
Other new loans	-	1,717,000
Repayment of other loans	(50,000)	(75,000)
Interest paid	(225,152)	(118,889)
Cash acquired on purchase of subsidiaries	-	6,170,696
Net cash used in financing activities	(338,152)	11,885,860
Net increase in cash and cash equivalents	6,576,815	6,781,036
Cash and cash equivalents at beginning of period	6,781,036	-
Cash and cash equivalents at the end of period	13,357,851	6,781,036
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	13,357,888	6,781,036
Bank overdrafts	(37)	-
	13,357,851	6,781,036

The notes on pages 20 to 41 form part of these financial statements.

SENTRIC MUSIC GROUP LIMITED

**CONSOLIDATED ANALYSIS OF NET DEBT
FOR THE PERIOD ENDED 31 DECEMBER 2021**

	At 1 January 2021 £	Cash flows £	At 31 December 2021 £
Cash at bank and in hand	6,781,036	6,576,852	13,357,888
Bank overdrafts	-	(36)	(36)
Debt due after 1 year	(3,375,092)	908,092	(2,467,000)
Debt due within 1 year	(313,562)	(858,824)	(1,172,386)
	<u>3,092,382</u>	<u>6,626,084</u>	<u>9,718,466</u>

The notes on pages 20 to 41 form part of these financial statements.

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

1. General information

The entity is a private limited liability company, limited by shares registered in England and Wales within the United Kingdom. The registered office is 1st Floor, 29 Parliament Street, Liverpool, L8 5RN and the company number is 12566815.

The financial statements present consolidated group information as well as individual company information.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgment in applying the Group's accounting policies (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of comprehensive income in these financial statements.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated statement of comprehensive income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 21 April 2020.

2.3 Going concern

The group depends on its existing bank facilities to meet its day to day working capital requirements. Current forecasts indicate that the group expects to be able to operate within these facilities for whole of the foreseeable future. Accordingly, the directors believe it is appropriate to prepare the financial statements on the going concern basis.

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.4 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Consolidated statement of comprehensive income within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

2.5 Revenue

Turnover represents net invoiced sales of services and commissions, excluding value added tax. For income where the company acts as principal for the revenue generated, turnover is stated as the gross royalty in the profit and loss account. Where the group acts as agent for the revenue generated, turnover is stated only as the group's net publisher share in the profit and loss account.

Artist liabilities represent only the amounts owing to account holders from monies already received by the company at the balance sheet date.

Accrued income represents the company's net publisher share of royalty receipts that are due to the company in the future, calculated on the basis of activity undertaken in respect of the period for which the accounts have been prepared. The accrued income included is six months of revenue which has been calculated on a prudent basis.

As a result, turnover represents twelve months worth of royalties.

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.6 Operating leases: the Group as lessee

Rentals paid under operating leases are charged to profit or loss on a straight-line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight-line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

2.7 Research and development

In the research phase of an internal project it is not possible to demonstrate that the project will generate future economic benefits and hence all expenditure on research shall be recognised as an expense when it is incurred. Intangible assets are recognised from the development phase of a project if and only if certain specific criteria are met in order to demonstrate the asset will generate probable future economic benefits and that its cost can be reliably measured. The capitalised development costs are subsequently amortised on a straight line basis over their useful economic lives, which range from 3 to 6 years.

If it is not possible to distinguish between the research phase and the development phase of an internal project, the expenditure is treated as if it were all incurred in the research phase only.

2.8 Finance costs

Finance costs are charged to profit or loss over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.9 Borrowing costs

All borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.10 Pensions

Defined contribution pension plan

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.11 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.12 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of the Group's share of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight-line basis to the Consolidated statement of comprehensive income over its useful economic life.

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

The estimated useful lives range as follows:

Goodwill	-	10	years
Computer software	-	10	years

2.13 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Fixtures and fittings	-	20%	straight line
Office equipment	-	33%	straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

2.14 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

2. Accounting policies (continued)

2.15 Debtors

Short-term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

For debtors not expected to be fully recoverable within 1 year, such as artist advances, an appropriate estimate of the amount to be recovered after 1 year is made and the balance disclosed as greater than 1 year.

For those balances still outstanding after 5 years, an appropriate provision is made to cover these amounts.

2.16 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated statement of cash flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.17 Creditors

Short-term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.18 Financial instruments

The Group only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in ordinary shares.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Consolidated statement of comprehensive income.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the Group would receive for the asset if it were to be sold at the reporting date.

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

3. Judgments in applying accounting policies and key sources of estimation uncertainty

The directors make judgments around the value of accrued income to include in the accounts, along with the associated cost reserve for royalties payable.

4. Turnover

The whole of the turnover is attributable to the principal activity of the business.

Analysis of turnover by country of destination:

	Year ended 31 December 2021 £	Period ended 31 December 2020 £
United Kingdom	31,623,288	14,270,568
Rest of the world	24,638	-
	31,647,926	14,270,568

5. Other operating income

	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Sundry income	-	2
	-	2

6. Operating profit

The operating profit is stated after charging:

	Year ended 31 December 2021 £	Period ended 31 December 2020 £
Exchange differences	96,882	61,523
Other operating lease rentals	82,754	27,219

SENTRIC MUSIC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

7. Auditor's remuneration

	Year ended 31 December 2021 £	<i>Period ended 31 December 2020 £</i>
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	19,000	<i>18,000</i>

8. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Wages and salaries	2,921,603	<i>1,448,920</i>	-	<i>80,740</i>
Social security costs	260,226	<i>118,314</i>	-	<i>11,142</i>
Cost of defined contribution scheme	54,749	<i>29,374</i>	-	<i>-</i>
	3,236,578	<i>1,596,608</i>	-	<i>91,882</i>

The average monthly number of employees, including the directors, during the period was as follows:

	Group Year ended 31 December 2021 No.	<i>Group Period ended 31 December 2020 No.</i>	Company Year ended 31 December 2021 No.	<i>Company Period ended 31 December 2020 No.</i>
Management	6	<i>6</i>	-	<i>1</i>
Administration	4	<i>4</i>	-	<i>-</i>
Royalties and services	44	<i>36</i>	-	<i>-</i>
Marketing	1	<i>1</i>	-	<i>-</i>
Technology Development	10	<i>10</i>	-	<i>-</i>
	65	<i>57</i>	0	<i>1</i>

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

9. Directors' remuneration

	Year ended 31 December 2021 £	<i>Period ended 31 December 2020 £</i>
Directors' emoluments	390,276	188,573
Group contributions to defined contribution pension schemes	3,860	2,638
	394,136	191,211

During the period retirement benefits were accruing to 3 directors (2020 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £164,480 (2020 - £133,823).

The value of the Group's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,730 (2020 - £1,480).

10. Interest payable and similar expenses

	Year ended 31 December 2021 £	<i>Period ended 31 December 2020 £</i>
Bank interest payable	687	5
Other loan interest payable	224,465	118,883
	225,152	118,888

SENTRIC MUSIC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

11. Taxation

	Year ended 31 December 2021 £	<i>Period ended 31 December 2020 £</i>
Total current tax	<u>-</u>	<u>-</u>
Deferred tax		
Origination and reversal of timing differences	272,040	<i>(9,810)</i>
Changes to tax rates	(128,327)	<i>(36,442)</i>
Adjustments in respect of previous periods	(49,619)	<i>(52,000)</i>
Total deferred tax	<u>94,094</u>	<u><i>(98,252)</i></u>
Taxation on profit/(loss) on ordinary activities	<u>94,094</u>	<u><i>(98,252)</i></u>

SENTRIC MUSIC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

11. Taxation (continued)

Factors affecting tax charge for the period

The tax assessed for the period is lower than (2020 - *lower than*) the standard rate of corporation tax in the UK of 19% (2020 - 19%). The differences are explained below:

	Year ended 31 December 2021 £	<i>Period ended 31 December 2020 £</i>
Profit on ordinary activities before tax	973,841	322,965
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	185,030	61,363
Effects of:		
Non-tax deductible amortisation of goodwill and impairment	60,238	35,139
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,247	6,183
Fixed asset differences	23,550	5,087
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(86,450)	(61,750)
Foreign tax adjustment	17,628	-
Pre acquisition trading	-	(57,250)
Deferred tax prior year	(49,619)	(52,000)
Deferred tax	(62,530)	(35,024)
Total tax charge for the period	94,094	(98,252)

Factors that may affect future tax charges

Losses totalling £1,845k are available to offset against future profits.

SENTRIC MUSIC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

12. Intangible assets

Group

	Contracts £	Computer software £	Goodwill £	Total £
Cost				
At 1 January 2021	98,000	2,706,047	3,420,404	6,224,451
Additions	49,000	739,413	-	788,413
At 31 December 2021	<u>147,000</u>	<u>3,445,460</u>	<u>3,420,404</u>	<u>7,012,864</u>
Amortisation				
At 1 January 2021	-	463,534	212,022	675,556
Charge for the period on owned assets	14,700	397,791	442,026	854,517
At 31 December 2021	<u>14,700</u>	<u>861,325</u>	<u>654,048</u>	<u>1,530,073</u>
Net book value				
At 31 December 2021	<u>132,300</u>	<u>2,584,135</u>	<u>2,766,356</u>	<u>5,482,791</u>
At 31 December 2020	<u>98,000</u>	<u>2,242,513</u>	<u>3,208,382</u>	<u>5,548,895</u>

Company

The company has no intangible assets.

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

13. Tangible fixed assets

Group

	Fixtures and fittings £	Office equipment £	Total £
Cost or valuation			
At 1 January 2021	26,755	55,769	82,524
Additions	6,232	9,764	15,996
Disposals	-	(1,402)	(1,402)
At 31 December 2021	32,987	64,131	97,118
Depreciation			
At 1 January 2021	17,979	29,015	46,994
Charge for the period on owned assets	3,941	10,355	14,296
Disposals	-	(830)	(830)
At 31 December 2021	21,920	38,540	60,460
Net book value			
At 31 December 2021	11,067	25,591	36,658
At 31 December 2020	8,776	26,754	35,530

SENTRIC MUSIC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

14. Fixed asset investments

Company

	Investments in subsidiary companies £
Cost or valuation	
At 1 January 2021	3,064,409
Additions	3,567
At 31 December 2021	<u>3,067,976</u>
Net book value	
At 31 December 2021	<u><u>3,067,976</u></u>
At 31 December 2020	<u><u>3,064,409</u></u>

Direct subsidiary undertakings

The following were direct subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
Sentric Music Trustees Limited	England and Wales	Ordinary	100%
Sentric Music Copyrights Limited	England and Wales	Ordinary	100%
RightsApp Limited	England and Wales	Ordinary	100%
Sentric Music Limited	England and Wales	Ordinary	100%
Sentric Music Inc	United States of America	Ordinary	100%

Indirect subsidiary undertakings

The following were indirect subsidiary undertakings of the Company:

Name	Registered office	Class of shares	Holding
IQ Music Limited	England and Wales	Ordinary	100%
Black Rock Publishing Limited	England and Wales	Ordinary	100%
Masstrax Music Limited	England and Wales	Ordinary	100%
Sentric Music Publishing Limited	England and Wales	Ordinary	100%
Sentric Music (Switzerland) Limited	England and Wales	Ordinary	100%
Sentric Music (Canada) Limited	England and Wales	Ordinary	100%

SENTRIC MUSIC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

15. Debtors

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Due after more than one year				
Royalty advances	1,107,708	952,691	-	-
Other debtors	93,098	-	-	-
Deferred tax asset	262,659	356,753	16,484	28,821
	<u>1,463,465</u>	<u>1,309,444</u>	<u>16,484</u>	<u>28,821</u>
	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Due within one year				
Trade debtors	354,040	536,639	-	-
Amounts owed by group undertakings	-	-	2,724,562	2,252,506
Royalty advances	634,334	456,047	-	-
Other debtors	13,223	40,373	-	-
Prepayments and accrued income	13,752,706	9,709,380	-	-
	<u>14,754,303</u>	<u>10,742,439</u>	<u>2,724,562</u>	<u>2,252,506</u>

The company has loaned £81 to its subsidiary, Sentric Music Copyrights Limited, in order for the subsidiary to purchase G Ordinary shares.

16. Cash and cash equivalents

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Cash at bank and in hand	13,357,888	6,781,036	37,550	90,769
Less: bank overdrafts	(36)	-	-	-
	<u>13,357,852</u>	<u>6,781,036</u>	<u>37,550</u>	<u>90,769</u>

SENTRIC MUSIC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

17. Creditors: Amounts falling due within one year

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Bank overdrafts	36	-	-	-
Bank loans	408,092	250,000	-	-
Other loans	750,000	50,000	-	-
Trade creditors	13,604,741	7,608,950	-	-
Amounts owed to group undertakings	-	-	73	-
Cost reserve on accrued income	10,788,087	7,672,114	-	-
Other taxation and social security	572,602	188,001	-	-
Other creditors	147,102	293,015	-	-
Accruals and deferred income	739,750	397,260	-	-
	<u>27,010,410</u>	<u>16,459,340</u>	<u>73</u>	<u>-</u>

Bank loans are secured by a fixed and floating charge over all assets of the group.

Other loans are secured by a fixed and floating charge over all the assets of Sentric Music Limited.

18. Creditors: Amounts falling due after more than one year

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Bank loans	-	158,092	-	-
Other loans	2,467,000	3,217,000	1,717,000	1,717,000
Accruals and deferred income	595,769	377,733	175,000	58,333
	<u>3,062,769</u>	<u>3,752,825</u>	<u>1,892,000</u>	<u>1,775,333</u>

Bank loans are secured by a fixed and floating charge over all assets of the group.

The aggregate amount of liabilities repayable wholly or in part more than five years after the reporting date is:

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Repayable by instalments	-	858,500	-	858,500
	<u>-</u>	<u>858,500</u>	<u>-</u>	<u>858,500</u>

The other loan payable in installments over more than five years is repayable in four half yearly installments starting in May 2025. A premium of 40% of the total borrowed is repayable at the same time as an installment is due.

SENTRIC MUSIC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

19. Loans

An analysis of loans is provided below:

	Group 2021 £	Group 2020 £	Company 2021 £	Company 2020 £
Amounts falling due within one year				
Bank loans	408,092	250,000	-	-
Other loans	750,000	50,000	-	-
	1,158,092	300,000	-	-
Amounts falling due 1-2 years				
Bank loans	-	158,092	-	-
Other loans	750,000	750,000	-	-
	750,000	908,092	-	-
Amounts falling due 2-5 years				
Other loans	1,717,000	1,608,500	1,717,000	858,500
	1,717,000	1,608,500	1,717,000	858,500
Amounts falling due after more than 5 years				
Other loans	-	858,500	-	858,500
	-	858,500	-	858,500
	3,625,092	3,675,092	1,717,000	1,717,000

SENTRIC MUSIC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

20. Financial instruments

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Financial assets				
Financial assets measured at fair value through profit or loss	13,357,888	6,781,036	37,550	90,769
Financial assets that are debt instruments measured at amortised cost	15,847,115	11,641,692	2,724,561	2,252,507
	<u>29,205,003</u>	<u>18,422,728</u>	<u>2,762,111</u>	<u>2,343,276</u>
Financial liabilities				
Financial liabilities measured at amortised cost	(29,486,283)	(20,010,602)	-	-

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets that are debt instruments measured at amortised cost comprise trade, group and other debtors and accrued income.

Financial liabilities measured at amortised cost comprise bank and other loans, trade, group and other creditors, cost reserve on accrued income and accruals.

SENTRIC MUSIC GROUP LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

21. Deferred taxation

Group

	2021 £
At beginning of year	356,753
Charged to profit or loss	(94,094)
Arising on acquisition	-
At end of year	262,659

Company

	2021 £
At beginning of year	28,821
Charged to profit or loss	(12,337)
At end of year	16,484

The deferred tax asset is made up as follows:

	Group 2021 £	<i>Group 2020 £</i>	Company 2021 £	<i>Company 2020 £</i>
Accelerated capital allowances	(204,967)	(104,500)	-	-
Tax losses carried forward	466,428	459,753	16,484	28,821
Short term timing differences	1,198	1,500	-	-
	262,659	356,753	16,484	28,821

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

22. Share capital

	2021 £	2020 £
Allotted, called up and fully paid		
9,268 (2020 - 11,900) A Ordinary shares of £0.01 each	93	119
32,007 (2020 - 32,007) B Ordinary shares of £0.01 each	320	320
44,350 (2020 - 44,350) D Ordinary shares of £0.01 each	444	444
1 (2020 - 1) E Ordinary share of £0.01	-	-
9,110 (2020 - 3,386) F Ordinary shares of £0.01 each	91	34
25,948 (2020 - 25,948) G Ordinary shares of £0.01 each	259	259
	<hr/>	<hr/>
	1,207	1,176

The rights attaching to each class of share can be found within the Articles of Association of the company, which is freely available at Companies House.

The 25,948 G Ordinary shares of £0.01p each are classed as Treasury shares.

During the period the following shares were issued:

5,724 F Ordinary shares of £0.01 each issued for a total of £150,000.

During the year the following shares were cancelled:

2,632 A Ordinary shares of £0.01 each.

23. Reserves

Share premium account

The share premium account represents shares issued at above par value.

Capital redemption reserve

The capital redemption reserve represents the share capital cancelled by the company, transferred from the profit and loss reserve in order to prevent a diminution in shareholder value.

Treasury reserves

The treasury reserve represents shares that Sentric Music Trustees Limited holds in Sentric Music Group Limited.

Profit and loss account

The profit and loss account is all profit or loss made to date, less dividends declared.

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

24. Share based payments

The company has granted options to subscribe to additional shares as follows:
44,939 D Ordinary shares of £0.01p each may be subscribed at par.

Sentric Music Copyrights Limited has granted the right to award the 25,948 G Ordinary shares of £0.01p which it currently holds in Sentric Music Group Limited to certain employees of Sentric Music Limited.

25. Pension commitments

The Group operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund. Contributions totalling £14,294 (2020 - £13,562) were payable to the fund at the reporting date and are included in other creditors.

26. Commitments under operating leases

At 31 December 2021 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2021 £	Group 2020 £
Not later than 1 year	201,740	44,000
Later than 1 year and not later than 5 years	454,181	123,000
Later than 5 years	391,875	-
	<u>1,047,796</u>	<u>167,000</u>

27. Other financial commitments

The group is contracted to pay advances to artists in the normal course of business. At the year end, there are £161,108 of future committed advances. There are further contractually committed advances but the payment of these is dependent on the fulfillment of certain contractual requirements. Accordingly it is not possible to quantify the future commitments that may crystallise.

28. Related party transactions

The group has paid £40,982 (2020 - £151,210) to BGF Investment Management Limited during the year. The group has borrowed £1,717,000 from BGF Investments LP during the prior period. This amount is still outstanding at the year end and is included in other loans.
Interest accrued but unpaid on the loan amounts to £175,000 (2020 - £58,333).

The BGF group of entities are significant shareholders in the group.

The company has taken advantage of the exemption under paragraph 33.1A of FRS 102 and has not disclosed transactions with other wholly owned group companies.

SENTRIC MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

29. Controlling party

The directors consider that C J Meehan and BGF Nominees Limited are significant (though not overall) controlling parties of the group.

On 4 May 2022, the new ultimate parent company became Utopia Music AG, a company incorporated in Switzerland.

30. Subsidiary exemption from audit

The directors consider that the group is entitled to exemption from the requirement to have an audit of its subsidiary undertakings under the provisions of section 479A of the Companies Act 2006 ("the Act") and members have not required any of the subsidiaries to obtain an audit for the year in question in accordance with section 476 of the Act.

Sentric Music Copyrights Limited (12567869), IQ Music Limited (01863098), Masstrax Music Limited (07403474), Sentric Music Publishing Limited (07763473) and Black Rock Publishing Limited (08499946) have taken advantage of this exemption.