

**COMPANY REGISTRATION NUMBER 03384487**

**UNIVERSAL MUSIC LEISURE LIMITED  
ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**UNIVERSAL MUSIC LEISURE LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2021**

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<b>CONTENTS</b>	<b>PAGES</b>
Officers and professional advisers	<b>1</b>
Strategic report	<b>2 to 6</b>
Directors' report	<b>7 to 8</b>
Independent auditor's report to the members	<b>9 to 11</b>
Statement of comprehensive income	<b>12</b>
Statement of financial position	<b>13</b>
Statement of changes in equity	<b>14</b>
Notes to the financial statements	<b>15 to 23</b>

**UNIVERSAL MUSIC LEISURE LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 DECEMBER 2021**

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**THE BOARD OF DIRECTORS**

BJ Muir  
SL Carmel  
P Kramer

**COMPANY SECRETARY**

A Abioye

**REGISTERED OFFICE**

4 Pancras Square  
London  
N1C 4AG

**AUDITOR**

Cooper Parry Group Limited  
Statutory Auditor  
Mindspace 9  
Appold Street  
London  
EC2A 2AP  
United Kingdom

# **UNIVERSAL MUSIC LEISURE LIMITED**

## **STRATEGIC REPORT**

### **YEAR ENDED 31 DECEMBER 2021**

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

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was to act as a holding company.

The result of the company for the year ended 31 December 2021 and its position as at that date are set out in the statement of comprehensive income, statement of financial position and statement of changes in equity on pages 12, 13 and 14 respectively. The result and position of the company were in line with directors' expectations.

#### **RESULTS AND DIVIDENDS**

The company's profit for the financial year was £57,000 (2020: profit £182,000). The retained profit for the year has been transferred to reserves. The directors do not recommend a dividend payment for the year ended 31 December 2021 (2020: £Nil).

#### **KEY PERFORMANCE INDICATORS**

Since the principal activity of the company is to act as a holding company, the directors do not consider there are any Key Performance Indicators which require disclosure.

#### **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.

The board of directors of Universal Music Leisure Limited (the "board"), constantly assesses the implications of decisions made, in terms of both the potential long-term consequences for the company, together with the impact on our stakeholders, including shareholders, artists, employees, suppliers and customers, the wider community and the environment.

The company is a member of the Universal Music UK group ("UMUK"). In making this statement the directors are referring to the relevant activities of the group.

#### **Shareholders**

The company is ultimately owned by Universal Music Group N.V. ("UMG N.V."), a company incorporated in the Netherlands. The board regularly communicates with UMG N.V. regarding strategy and performance through multiple channels, including:

- Regular and timely management accounts;
- Detailed and accurate financial budgets and forecasts;
- Collaboration as part of the UMG N.V. cash management policy; and
- Consultation and approval of any significant investment and acquisition decisions.

# **UNIVERSAL MUSIC LEISURE LIMITED**

## **STRATEGIC REPORT (continued)**

### **YEAR ENDED 31 DECEMBER 2021**

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#### **SECTION 172 STATEMENT (continued)**

##### Artists

The board recognises that the success of our artists is key to maintaining Universal Music's position as the UK's leading music company. Our Artist & Repertoire teams continue to work with their existing artists to create great new music, whilst identifying and nurturing emerging artists.

The board is mindful of the impact COVID-19 had on artists, and the company supported them wherever possible. We offered various forms of financial assistance such as interest-free royalty advances. We made good on payments to freelance musicians and crew who were due to support our artists on cancelled tours. We also have an open-door policy for pipeline royalty payments for any artists suffering financial hardship.

In 2022, UMG N.V. has initiated a worldwide goodwill program for certain legacy featured recording artists and songwriters with unrecouped balances. By not applying unrecouped advances to royalty statements, eligible creators and their immediate heirs, who have not received any payments since 2000, will begin receiving royalties subject to certain conditions. Within the coming months eligible artists and songwriters will be contacted.

Finally, in 2021 we launched a centralised support program offering artist counselling and career advice, as well as referrals to a broad spectrum of professional services, such as vocal coaching. The company introduces newly signed artists to the program so that they know the range of services available to them from the beginning of the relationship. Our commitment to artist wellbeing was bolstered further in April 2022, when Universal Music UK became the founding record company partner of Co-Pilot: the Musicians' Mentoring Network, delivered by the charity Help Musicians. The partnership sees Universal Music Group staff donate their time, skills and experience to empower musicians to navigate the post COVID-19 landscape and achieve their career goals.

##### Employee engagement

The board understands that Universal Music UK's staff are at the heart of everything we do as a business, and also the importance of an engaged and dynamic workforce to ensure we can respond to the changing musical landscape.

COVID-19 had a huge impact on Universal Music employees, the majority of whom worked from home whilst our 4 Pancras Square office was closed due to the lockdown restrictions.

Employees have now returned to the office and most have chosen the option of hybrid working, spending three days per week in the office and two days working from home. The board is incredibly proud of the resilience, teamwork and creativity that our teams have shown in adapting and flourishing under the new circumstances.

Mental health and well-being remain a key focus. We held a Mental Health Awareness Week in May 2021, which included a series of talks on topics including resilience through change, enhancing mental health, improving sleep, and eating well to stay well. There was also a community meetup for parents and carers, and a mental health session for Black-identifying employees.

Finally, to ensure all employees share in the success of the business, we have continued the policy of employees on lower salaries receiving larger percentage pay rises following the annual pay review.

##### Business relationships - suppliers and customers

The board considers that our relationship with all suppliers and customers is critical to the day to day running of our operations.

Our accounts payable team continues to work closely with suppliers to ensure that the payment process runs smoothly, and for the 6 months ended 31 December 2021 our average time to pay invoices was 43 days.

We are aware that COVID-19 has had a significant impact on many of our suppliers and we further accelerated our payment processes in 2020 and 2021 to provide them with real financial support.

# UNIVERSAL MUSIC LEISURE LIMITED

## STRATEGIC REPORT (continued)

### YEAR ENDED 31 DECEMBER 2021

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#### SECTION 172 STATEMENT (continued)

##### Business relationships - suppliers and customers (continued)

We also acknowledge the impact of COVID-19 on customers, and wherever possible have extended credit terms, or agreed payment holidays, whilst at the same time managing the company's credit risk. We have also worked closely with our customers to launch our customer portal which enables them to self-manage their accounts and orders.

##### The community

The board believes that music can play a vital role in bringing people together, working for positive change within communities.

In 2020 Universal Music Group established its Task Force for Meaningful Change, an employee led group focussed on equality, justice and inclusion. In April 2021 the Task Force published its manifesto with many exciting new initiatives, including:

- The Black Calendar initiative – a commitment to celebrating Black culture all year round, including regular educational reads and several headline events during Black History Month for all staff to attend
- Partnership with The Black Curriculum on its Springboard Programme, which provides workshops for young people teaching Black British History through the lens of music and arts; and
- Unite programme supporting Black artist managers.

Universal Music UK also supports other causes and projects including charitable work through the Universal Music UK Sound Foundation, its role as the UK charity partner of Playlist for Life (PFL), and continued support for East London Arts & Music (ELAM), the free school for 16-19-year-olds set up in 2014.

Likewise, we continue to support The BRIT Trust - the music industry charity that promotes education and wellbeing through music, such as The BRIT School and Nordoff Robbins music therapy.

##### The environment

In 2017 Universal Music UK moved into its current headquarters at 4 Pancras Square certified as 'Outstanding' by BREEAM, reflecting the board's desire to make the business as environmentally friendly as possible. The location of the office means that virtually all staff now come to work on public transport. We provide facilities with secure parking for 186 bikes, showers and a towel service. There is no staff parking onsite.

Furthermore, the staff cafe promotes a low carbon diet by offering daily vegetarian and vegan dishes and a Meat Free Monday. Food waste is actively managed and food provenance schemes, such as MSC seafood, are adhered to when sourcing ingredients.

UMG signed the Music Climate Pact in 2021, with high level commitments to change, including signing up to the Science Based Targets initiative.

UMUK has also appointed an independent company to review our pension scheme and worked with our trustees to implement the recommendations and ensure our investments were aligned with our values.

UMUK has been an active board member and financial supporter of Julie's Bicycle, the environmental non-for-profit organisation that supports the creative sector, since its inception in 2007. We achieved a 4\* certification from their Creative Green accreditation scheme for 2021.

# **UNIVERSAL MUSIC LEISURE LIMITED**

## **STRATEGIC REPORT (continued)**

### **YEAR ENDED 31 DECEMBER 2021**

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#### **SECTION 172 STATEMENT (continued)**

##### The environment (continued)

Our staff sustainability forum, Team Green, was established in 2007 and has board level support. It works on numerous initiatives throughout the year, including those mentioned above. Other recent highlights include:

- A World Environmental Day event in June 2021 including talks on eating green, climate activism and climate justice
- A Green week in April 2022 – including talks on sustainable merchandise, the climate crisis and where we are following COP 26;
- Encouraging staff engagement through suggestion boards.

##### Maintaining a reputation for high standards of business conduct

The company has a code of conduct, on which all employees are certified annually, to encourage ethical behaviour as well as to highlight possible ethical threats which could be faced by employees.

The company maintains high standards of expected conduct for its employees and has clearly defined procedures for its employees to report any concerns internally. This incorporates anti-bribery training, commercial sensitivity and appropriate workplace conduct.

The directors are acutely aware of the high-profile nature of the Universal Music brand and make every effort to both protect this reputation and live up to its standards.

#### **STREAMLINED ENERGY & CARBON REPORTING STATEMENT**

The company is within scope of Streamlined Energy and Carbon Reporting (SECR) by virtue of meeting two or more of the following criteria:

- Employs at least 250 persons
- Has an annual turnover in excess of 36 million pounds
- Has an annual balance sheet total of 18 million pounds

However, the company is a 'low energy user' by virtue of having consumed 40MWh or less within the UK, and as such is not disclosing energy and carbon information within this report.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The directors are of the view that the main risk arising from the company's financial instruments is interest rate risk, as summarised below:

##### ***Interest rate risk***

Fluctuations in interest rates have an impact on intercompany receivables and payables. The company does not have any significant external borrowings and as such the directors consider the interest rate risk to be minimal at this stage.

# UNIVERSAL MUSIC LEISURE LIMITED

## STRATEGIC REPORT (continued)

YEAR ENDED 31 DECEMBER 2021

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### PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the company relate to its activities as a holding company, primarily the impact of interest rate fluctuations on intercompany payable balances, and the effects of market forces on the performance and position of subsidiaries which could impact the carrying value of investments.

All risks and uncertainties are regularly monitored by the directors, including the following:

#### ***Brexit***

On 31 January 2020, the United Kingdom (UK) left the European Union (EU) and entered a transition period. On 31 December 2020, the transition period ended and the UK left the EU single market and customs union.

Since the company's principal activity is that of a holding company, there has not been any impact on the trading of the company.

#### ***COVID-19***

Given the company's principal activity is that of a holding company, the impact of COVID-19 and the related restrictions introduced by the UK government has been minimal. The directors will continue to monitor the situation for any future impact on the company.

#### ***Climate change***

Whilst the company is not considered to be part of a heavy emitting industry, the directors recognise the importance of reducing its impacts and moving towards being a zero carbon operation.

The company, as part of Universal Music Group's UK operations, has recently signed up to the Science Based Targets Initiative which will provide a clearly-defined pathway to reduce greenhouse gas (GHG) emissions, helping prevent the worst impacts of climate change and future-proofing business growth.

### FUTURE DEVELOPMENTS

Notwithstanding the risks and uncertainties outlined above, the directors do not anticipate any significant change in the activities and results of the company in the foreseeable future.

This report was approved by the Board and signed on their behalf by:

DocuSigned by:

*Paul Kramer*

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P Kramer

Director

Date: 12 July 2022



# **UNIVERSAL MUSIC LEISURE LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2021**

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The directors present their report, together with the financial statements of the company, for the year ended 31 December 2021.

They have included the following matters within the strategic report, otherwise required to be disclosed in the directors' report, as they are considered to be of strategic importance to the company.

- Results and dividends;
- Section 172 statement;
- Streamlined energy & carbon reporting statement;
- Financial risk management objectives and policies;
- Principal risks and uncertainties; and
- Future developments.

### **DIRECTORS**

The directors who served the company during the year and subsequently were as follows:

BJ Muir

SL Carmel

P Jassal (resigned 24 January 2022)

P Kramer (appointed 24 January 2022)

### **DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

A qualifying third party indemnity provision remains in force as at the date of approving the directors' report, subject to the provisions of section 236 of the Companies Act 2006. Universal Music Group N.V., the ultimate parent undertaking, maintains a Directors & Officers Liability Programme which indemnifies directors' personal liabilities resulting from alleged wrongful acts committed in the line of their employment, in relation to the company and its subsidiary undertakings.

### **DONATIONS**

The company made no charitable or political donations in either year.

### **AUDITOR**

In so far as each of the directors at the date of approving this report are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all 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 auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Pursuant to Section 487 of the Companies Act 2006, Cooper Parry Group Limited will be deemed to be reappointed and will therefore continue in office.

# UNIVERSAL MUSIC LEISURE LIMITED

## DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2021

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### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), 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 of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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; 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 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the board

DocuSigned by:

*Bola Abioye*

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A Abioye

Company Secretary

Date: 12 July 2022

Company Registration Number: 03384487

## **UNIVERSAL MUSIC LEISURE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC LEISURE LIMITED**

**YEAR ENDED 31 DECEMBER 2021**

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#### **Opinion**

We have audited the financial statements of Universal Music Leisure Limited (the 'company') for the year ended 31 December 2021, which comprise the statement of comprehensive income, the statement of financial position, the 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 company's affairs as at 31 December 2021 and of its profit for the year 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 company 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 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.

#### **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.

## **UNIVERSAL MUSIC LEISURE LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC LEISURE LIMITED (continued)**

**YEAR ENDED 31 DECEMBER 2021**

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#### **Opinions 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 directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report has 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 company and its environment obtained in the course of the audit, we have not identified material misstatements in 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemptions in preparing the directors' report and from the requirement to prepare a strategic report.

#### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement set out on page 8, 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 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.

#### **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 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:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations

## UNIVERSAL MUSIC LEISURE LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC LEISURE LIMITED (continued)

YEAR ENDED 31 DECEMBER 2021

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We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.
- reading the minutes of meetings of those charged with governance; enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators including the Health and Safety Executive, and the company's legal advisors.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

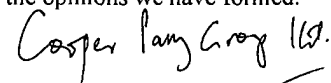
A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

#### Other matters - unaudited comparatives

Comparative information in the financial statements is derived from the company's prior period financial statements, which were not audited.

#### 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.



Steven Leith (Senior Statutory Auditor)

For and on behalf of Cooper Parry Group Limited, Statutory Auditor, London, United Kingdom

Date: 12 July 2022

Company Registration Number: 03384487

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**UNIVERSAL MUSIC LEISURE LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2021**

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	<b>Note</b>	<b>2021 £'000</b>	<b>2020 £'000 (Restated)</b>
Administrative expenses		<u>52</u>	<u>13</u>
<b>OPERATING PROFIT</b>	<b>4</b>	<b>52</b>	<b>13</b>
Interest receivable and similar income	<b>7</b>	<b>234</b>	<b>566</b>
Interest payable and similar charges	<b>8</b>	<u>(179)</u>	<u>(317)</u>
<b>PROFIT BEFORE TAXATION</b>		<b>107</b>	<b>262</b>
Tax on profit	<b>9</b>	<u>(50)</u>	<u>(80)</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>57</b>	<b>182</b>
<b>Total other comprehensive income</b>		<u>-</u>	<u>-</u>
<b>TOTAL COMPREHENSIVE INCOME</b>		<u><b>57</b></u>	<u><b>182</b></u>

**The notes on pages 15 to 23 form part of these financial statements**

**UNIVERSAL MUSIC LEISURE LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	<b>Note</b>	<b>2021 £'000</b>	<b>2020 £'000</b>
<b>FIXED ASSETS</b>			
Investments	<b>10</b>	<b>123,184</b>	123,184
		<u><b>123,184</b></u>	<u>123,184</u>
<b>CURRENT ASSETS</b>			
Debtors: Amounts falling due within one year	<b>11</b>	<b>219,600</b>	219,364
		<u><b>219,600</b></u>	<u>219,364</u>
<b>CREDITORS: Amounts falling due within one year</b>	<b>12</b>	<b>(116,759)</b>	(116,580)
<b>NET CURRENT ASSETS</b>		<u><b>102,841</b></u>	<u>102,784</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u><b>226,025</b></u>	<u>225,968</u>
<b>NET ASSETS</b>		<u><b>226,025</b></u>	<u>225,968</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	<b>13</b>	-	-
Profit and loss account		<u><b>226,025</b></u>	<u>225,968</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u><b>226,025</b></u>	<u>225,968</u>

These financial statements were approved by the board of directors and authorised for issue on 12 July 2022 and are signed on their behalf by:

DocuSigned by:

*Paul Kramer*

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P Kramer

Company Registration Number: 03384487

**The notes on pages 15 to 23 form part of these financial statements**

**UNIVERSAL MUSIC LEISURE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2021**

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	<b>Called-up share capital £'000</b>	<b>Profit &amp; loss account £'000</b>	<b>Total shareholders' funds £'000</b>
Balance brought forward at 1 January 2020	-	225,786	225,786
<b>Total comprehensive income</b>			
Profit for the financial year	-	182	182
	<hr/>	<hr/>	<hr/>
Balance brought forward at 1 January 2021	-	225,968	225,968
<b>Total comprehensive income</b>			
Profit for the financial year	-	57	57
	<hr/>	<hr/>	<hr/>
<b>Balance carried forward at 31 December 2021</b>	<hr/> <b>-</b> <hr/>	<hr/> <b>226,025</b> <hr/>	<hr/> <b>226,025</b> <hr/>

**The notes on pages 15 to 23 form part of these financial statements**



# UNIVERSAL MUSIC LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2021

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#### 1. GENERAL INFORMATION

Universal Music Leisure Limited is a private company limited by shares and incorporated in the UK under the Companies Act 2006 and registered in England and Wales. The registered office is 4 Pancras Square, London, N1C 4AG.

The principal activities of the company and the nature of its operations are set out in the strategic report on pages 2 to 6.

#### 2. STATEMENT OF COMPLIANCE

The company's financial statements have been prepared in compliance 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.

#### 3. ACCOUNTING POLICIES

##### Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis, under the historical cost convention. The financial statements are prepared in sterling, which is the functional currency of the company, and have been rounded to the nearest £'000. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

##### FRS 102 - Qualifying exemptions

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- from preparing a statement of cash flows and related notes;
- from preparing a reconciliation of the number of shares outstanding from the beginning to the end of the financial year;
- from disclosing related party transactions with wholly owned group undertakings;
- from disclosing key management personnel compensation; and
- from certain financial instrument disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments*.

This information is included in the consolidated financial statements of the company's parent undertaking, Universal Music Group N.V., copies of which can be obtained from Universal Music Group, 's-Gravelandseweg 80, 1217 EW Hilversum, The Netherlands.

##### Other qualifying exemptions

As the ultimate parent undertaking prepares publicly available consolidated financial statements and is incorporated within the European Union, the company has taken advantage of the exemption under section 401 of the Companies Act 2006 from preparing consolidated accounts. As such, these financial statements give information about the company as an individual undertaking and not about its group.

##### Going concern

The company's business activities, together with the factors likely to affect future developments, its financial exposures and its risk exposures, are described above.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources available to it to continue in operational existence for the foreseeable future. Accordingly, they continue to adapt the going concern basis in preparing the financial statements.

# UNIVERSAL MUSIC LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### YEAR ENDED 31 DECEMBER 2021

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### 3. ACCOUNTING POLICIES (continued)

#### **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

#### ***Financial assets and liabilities***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

#### ***Investments***

Investments in subsidiaries are carried at cost less impairment.

# UNIVERSAL MUSIC LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### YEAR ENDED 31 DECEMBER 2021

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### 3. ACCOUNTING POLICIES (continued)

#### **Impairment**

##### *Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each statement of financial position date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

##### *Financial assets*

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

#### **Interest receivable and Interest payable**

Interest receivable and payable relate to balances due from and to group undertakings, and are recognised in profit and loss in the statement of comprehensive income as they accrue.

#### **Taxation**

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associated and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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

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

# UNIVERSAL MUSIC LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### YEAR ENDED 31 DECEMBER 2021

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### 3. ACCOUNTING POLICIES (continued)

#### Foreign currencies

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised through profit or loss in the statement of comprehensive income.

#### Critical accounting judgements and key sources of estimation uncertainty

The directors may make judgements in the application of the accounting policies above that have a significant impact on the amounts recognised, and may make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

#### Critical judgements in applying the company's accounting policies

The directors have concluded there are no critical judgements to disclose.

#### Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

#### Impairment of investments

The directors assess investments for indicators of impairment at each reporting date. This involves reviewing financial forecasts, the preparation of which involves an element of estimation. The carrying value of the assets potentially subject to this uncertainty is disclosed in note 9. The directors have concluded there are no key sources of estimation uncertainty to disclose.

### 4. OPERATING PROFIT

#### Operating profit is stated after crediting/(charging):

	2021 £'000	2020 £'000
Net gain/(loss) on foreign currency translation	52	(29)

### 5. AUDITORS' REMUNERATION

The auditor's remuneration for the year ended 31 December 2021 was £5,000 (2020: £nil) and was borne by Universal Music Operations Limited.

**UNIVERSAL MUSIC LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2021**

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**6. PARTICULARS OF EMPLOYEES**

The company had no employees during the year ended 31 December 2021 (2020: none).

Emoluments for the directors of the company are paid for by a fellow group company. The fellow group company has not recharged any amount to the company (2020: nil) on the basis that they are unable to make a reasonable apportionment of the portion of these total emoluments that relate to qualifying services provided by directors of the company.

**7. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Interest receivable from group undertakings	<b>234</b>	566

**8. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
Interest payable to group undertakings	<b>179</b>	317

**9. TAX ON PROFIT**

**(a) Analysis of tax charge in the year**

	<b>2021</b>	2020
	<b>£'000</b>	£'000
<b>Current tax:</b>		
<b>UK Taxation</b>		
Group relief payable for losses claimed from other group undertakings	<b>50</b>	80
Tax on profit	<b>50</b>	80

**UNIVERSAL MUSIC LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2021**

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**9. TAX ON PROFIT (continued)**

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 19.00% (2020: 19.00%).

Under the Finance Act 2021, the main rate of corporation tax was increased from 19% to 25% with effect from 1 April 2023. This change was substantively enacted for IFRS and UK GAAP purposes on 24 May 2021. Deferred tax assets and liabilities are measured at the rate that is enacted and expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates.

	2021 £'000	2020 £'000
Profit before taxation	107	262
Profit at the standard rate of UK Corporation tax of 19.00% (2020: 19.00%)	20	50
Expenses not deductible for tax purposes	30	30
Current tax charge for the financial year	50	80

**10. INVESTMENTS**

	Shares in subsidiaries £'000
<b>COST</b>	
At 1 January 2021 and 31 December 2021	195,009
<b>PROVISION FOR IMPAIRMENT</b>	
At 1 January 2021 and 31 December 2021	71,825
<b>NET BOOK VALUE</b>	
At 31 December 2020 and 31 December 2021	123,184

The directors are of the opinion that the aggregate value of the company's remaining investments in subsidiary undertakings is not less than the amount at which they are stated in the accounts.

**UNIVERSAL MUSIC LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2021**

**10. INVESTMENTS (continued)**

**Subsidiary Undertakings**

The subsidiaries of Universal Music Leisure Limited as at 31 December 2021 are listed below. Those marked with an asterisk are 100% directly owned. All other companies are held through subsidiary undertakings which are 100% owned.

The following subsidiaries are all incorporated in England and Wales and have the registered address of 4 Pancras Square, London, N1C 4AG:

<b>Name</b>	<b>Shareholding type</b>	<b>%</b>	<b>Nature of business</b>
A & M Records Limited*	Ordinary/preferred	100%	Dormant company
Decca Music Group Limited*	Ordinary/preferred	100%	Dormant company
Globe Productions Limited*	Ordinary	100%	Dormant company
Go! Discs Limited*	Ordinary	100%	Dormant company
Island Records Limited*	Ordinary	100%	Dormant company
Soundproof Records Limited	Ordinary	100%	Dormant company
Island Visual Arts Limited*	Ordinary	100%	Dormant company
Mercury Records Limited*	Ordinary	100%	Dormant company
Polydor Limited*	Ordinary	100%	Dormant company
Know Existence Limited	Ordinary	100%	Dormant company
Quicksilver Recording Company Limited*	Ordinary	100%	Dormant company
Systemtactic Limited*	Ordinary	100%	Dormant company
Universal Music Group International Limited*	Ordinary	100%	Management services company
Universal Music Neighbouring Rights Limited	Ordinary	100%	Management of neighbouring rights
Universal Music Operations Limited*	Ordinary	100%	Marketing and distribution of recorded music
Universal Music (CR) Limited	Ordinary	100%	Marketing and distribution of recorded music
Composed Technology International Limited	Ordinary	80%	Dormant company
Fiction Records Limited	Ordinary	100%	Dormant company
Naughty Records Limited	Ordinary	51%	Marketing and distribution of recorded music
One Mode Productions Limited	Ordinary	100%	Marketing and distribution of recorded music
Serious Records Ltd	Ordinary	100%	Dormant company
The Wild Card Label Limited	Ordinary	100%	Dormant company
Turnfirst Limited	Ordinary	100%	Dormant company
First Classic Limited	Ordinary	100%	Dormant company
Vice Versa Limited	Ordinary	100%	Dormant company
ZTT Records Limited	Ordinary	100%	Dormant company
Stiff Records Limited	Ordinary	100%	Dormant company
All Around The World Limited	Ordinary	100%	Holding company
All Around The World Productions Limited	Ordinary	100%	Marketing and distribution of recorded music
Penny Street TV Limited	Ordinary	100%	TV production company
AATW Limited	Ordinary	100%	Dormant company
All Around The World Reproductions Limited	Ordinary	100%	Dormant company
All Around The World TV Limited	Ordinary	100%	Dormant company
Clubland Productions Limited	Ordinary	100%	Dormant company
TV Two Limited	Ordinary	100%	Online advertising company
Ultimate..... Hits Limited	Ordinary	100%	Dormant company
RG2016 Limited	Ordinary	100%	Dormant company
Universal Music UK Limited*	Ordinary	100%	Dormant company

**UNIVERSAL MUSIC LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2021**

**10. INVESTMENTS (continued)**

The following subsidiaries are all incorporated in England and Wales and have the registered address of 4 Pancras Square, London, NIC 4AG:

<b>Name</b>	<b>Shareholding type</b>	<b>%</b>	<b>Nature of business</b>
Universal Music Publishing Europe Limited*	Ordinary	100%	Music publishing company
Universal Music Publishing International Limited*	Ordinary	100%	Music publishing company
Universal Music Publishing Limited*	Ordinary	100%	Music publishing company
Universal Music Publishing BL Limited	Ordinary	100%	Music publishing company
Universal Music Publishing PGM Limited	Ordinary	100%	Music publishing company
Universal/Anxious Music Limited	Ordinary	100%	Music publishing company
Universal/Island Music Limited	Ordinary	100%	Music publishing company
Universal/MCA Music Limited	Ordinary	100%	Music publishing company
Universal/Dick James Music Limited*	Ordinary	100%	Music publishing company
Universal Music (WT) Limited	Ordinary	100%	Marketing and distribution of recorded music
This Record Co. Limited	Ordinary	100%	Dormant company
D. J. M. Records Limited	Ordinary	100%	Dormant company
Perfect Songs Limited	Ordinary	100%	Music publishing company
Kid Gloves Music Ltd	Ordinary	100%	Music publishing company
Jeeves Music Limited	Ordinary	66.67%	Music publishing company
W.G. Stonebridge Ltd	Ordinary	100%	Dormant company

**11. DEBTORS: Amounts due within one year**

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amounts due from group undertakings	<b>219,600</b>	219,364
	<b>219,600</b>	<b>219,364</b>

Within amounts due from group undertakings, £3,982,000 (2020: £3,975,000) is due from parent companies, £139,146,000 (2020: £148,153,000) is due from subsidiary companies and £76,472,000 (2020: £67,236,000) from other group companies.

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

	<b>2021</b>	<b>2020</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed to group undertakings	<b>116,759</b>	116,580
	<b>116,759</b>	<b>116,580</b>

Within amounts owed to group undertakings, £23,319,000 (2020: £23,283,000) is owed to parent companies, £93,086,000 (2020: £92,943,000) is owed to subsidiary companies, and £354,000 (2020: £354,000) is owed to other group companies.



**UNIVERSAL MUSIC LEISURE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2021**

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**13. SHARE CAPITAL AND RESERVES**

Allotted, called up and fully paid:

	2021 No	£'000	2020 No	£'000
Ordinary shares of £1 each	<u>1</u>	<u>-</u>	<u>1</u>	<u>-</u>

The profit and loss account reflects cumulative profits or losses, net of dividends and other adjustments.

**14. ULTIMATE PARENT COMPANY**

The immediate parent undertaking is Universal Music (UK) Holdings Limited. The ultimate parent undertaking and controlling party is Universal Music Group N.V. a company incorporated and domiciled in the Netherlands.

The smallest and largest group in which the result of the company is consolidated is that headed by Universal Music Group N.V.. Copies of its annual report in English may be obtained from its registered office at:

Universal Music Group  
's-Gravelandseweg 80  
1217 EW Hilversum  
The Netherlands

**15. PRIOR YEAR ADJUSTMENT**

During the year the directors identified turnover of £32,036,000 and costs of sales of the same amount, which should not have been recognised within the statement of comprehensive income in 2020. The comparative figures in the primary statements and notes have been restated to reflect the removal of these amounts. The effects of this adjustment are as follows:

	As originally stated £'000	2020 Impact of adjustment £'000	As restated £'000
<b>Statement of comprehensive income:</b>			
<b>TURNOVER</b>	32,036	(32,036)	-
<b>Cost of sales</b>	(32,036)	32,036	-