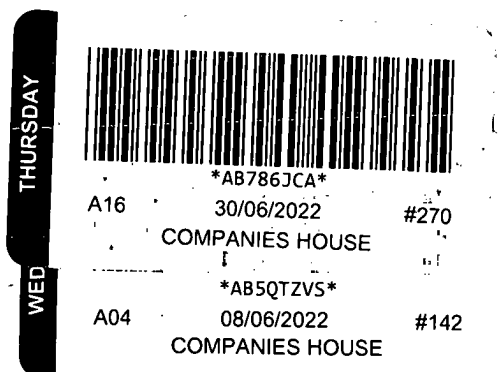


COMPANY REGISTRATION NUMBER 03840597

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



UNIVERSAL MUSIC DIRECT LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021

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UNIVERSAL MUSIC DIRECT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

BOARD OF DIRECTORS

BJ Muir
SL Carmel
P Kramer (appointed on 24 January 2022)

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

4 Pancras Square
London
N1C 4AG

AUDITOR

Deloitte LLP
Statutory Auditor
Abbots House
Abbey Street
Reading
United Kingdom

UNIVERSAL MUSIC DIRECT LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for Universal Music Direct Limited ("the company") for the year ended 31 December 2021.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the sales intermediary between the Canadian business unit (UMC) and another group company.

The results and position of the company for the year ended 31 December 2021 are set out in the statement of comprehensive income, statement of financial position and statement of changes in equity on pages 10, 11 and 12 respectively. The result and position of the company were in line with directors' expectations.

RESULTS AND DIVIDENDS

The company's loss for the financial year was £1,000 (2020 - loss £222,000). The retained loss for the year has been transferred to reserves. A significant portion of activities within the company were transferred to another group company as at 31 October 2020. The impact of this is seen to a greater extent in these 2021 accounts.

The directors do not recommend a dividend payment for the year ended 31 December 2021 (2020 - £Nil).

KEY PERFORMANCE INDICATORS

The company uses a variety of performance indicators to review historical performance and plan for the future. The key indicators are turnover and gross profit margin, as described below.

Turnover

Turnover levels declined in 2021, with a decrease of 99.7% compared to the prior year. This was largely due to the transfer of the activity in another group company as at 31 October 2020.

Gross profit margin

The company's gross profit margin increased from +0.7% to 15% this year. This was due to major additional expenditure in 2020 incurred in writing off debts held on the balance sheet, that were no more in 2021. The majority of revenue is passed on to other music labels within Universal Music Group.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses a variety of financial instruments including cash, equity instruments and various instruments such as trade receivables and trade payables that arise directly from its operations.

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

Interest rate risk

The company does not have any significant external borrowings, interest income and expense derives solely from intercompany balances, and as such the directors consider the interest rate risk to be minimal at this stage.

Liquidity risk

The company manages its financial risk by ensuring liquidity is sufficient to meet future needs, and that sufficient funding is in place before any new commitments are entered into.

UNIVERSAL MUSIC DIRECT LIMITED

STRATEGIC REPORT (continued)

YEAR ENDED 31 DECEMBER 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The company is faced with similar risks and uncertainties as other companies operating in the recorded music business, broadly:

- competition from alternative entertainment products;
- price pressure from the increased presence of supermarkets in the music market and their threat to the survival of independent music retailers;
- the threat of a devalued product due to piracy and the illegal use of music;
- uncertainty as to whether the growth in the subscription services market can replace the decline in the physical and download market; and
- interest rate fluctuations.

On 31 October 2020 the management of stock previously held on the company's balance sheet transferred over to Universal Music Operations Limited. This has resulted in the revenue generated within the company also now being recognised within other companies within the Universal Music Group. Consequently, there are no material ongoing expenditures within the company with third parties outside of the Universal Music Group.

The directors remain confident that the company will be able to continue to operate due to ongoing commitments of support from Universal Music Operations Limited, though as previously stated there are not expected to be any material liabilities with third parties which would create risk of insolvency within the company in future.

The United Kingdom's exit from the European Union is not anticipated to have any material impact on the company. This is because the company transferred its stock balance, along with the expectation of future revenues generated by that stock, to Universal Music Operations Limited. This transfer means that any changes in the regulatory environment with regard to imports and exports are not expected to impact Universal Music Direct Limited.

All risks and uncertainties are regularly monitored by the Board of Directors of the company.

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.

P Kramer
Director
Date: 13 May 2022

DocuSigned by:
Paul Kramer
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UNIVERSAL MUSIC DIRECT LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2021

The directors present their report, together with the financial statements and the auditor's report 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.
- Financial risk management objectives and policies.
- Principal risks and uncertainties.
- Future developments.

There are no subsequent events to report for the 2021 accounts.

DIRECTORS

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

BJ Muir

SL Carmel

P Jassal (resigned on 24 January 2022)

P Kramer (appointed on 24 January 2022)

There were no other resignations or appointments of directors during 2021.

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.

DONATIONS

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

UNIVERSAL MUSIC DIRECT LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2021

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, Deloitte LLP will be deemed to be reappointed and will therefore continue in office.

DIRECTORS' RESPONSIBILITIES STATEMENT

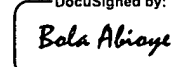
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that 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; 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.

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

DocuSigned by:

8C3863FB990C4CC...
A Abioye

Company Secretary

Date: 13 May 2022

Company Registration Number: 03840597

UNIVERSAL MUSIC DIRECT LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC DIRECT LIMITED

YEAR ENDED 31 DECEMBER 2021

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Universal Music Direct Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2021 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- statement of comprehensive income;
- statement of financial position;
- statement of changes in equity; and
- related notes 1 to 15.

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).

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 UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion

Conclusions relating to going concern

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.

UNIVERSAL MUSIC DIRECT LIMITED

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

YEAR ENDED 31 DECEMBER 2021

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, 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.

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

UNIVERSAL MUSIC DIRECT LIMITED

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

YEAR ENDED 31 December 2021

Extent to which the audit was considered capable of detecting irregularities, including fraud

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.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

We obtained an understanding of the legal and regulatory frameworks that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act and UK tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included Employment Law, UK Bribery Act, Data Protection Regulation, Money Laundering and Proceeds of Crime Act 2006 & Copyright, Design and Patents Act 1998,

We discussed among the audit engagement team including relevant internal specialists such as tax, regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- reading minutes of meetings of those charged with governance and reviewing correspondence with HMRC.

UNIVERSAL MUSIC DIRECT LIMITED

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

YEAR ENDED 31 December 2021

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- The strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

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 any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

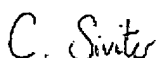
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

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.



Claire Siviter, FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Statutory Auditor

Reading, United Kingdom

Date: 13 May 2022

Company Registration Number: 03840597

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

		2021	2020
	Note	£'000	£'000
TURNOVER	4	61	20,401
Cost of sales		(53)	(20,554)
GROSS PROFIT/(LOSS)		8	(153)
Administrative expenses		(58)	(120)
OPERATING LOSS		(50)	(273)
Interest payable and similar expenses	8	(20)	(36)
LOSS BEFORE TAXATION	5	(70)	(309)
Tax credit on loss	9	69	87
LOSS FOR THE FINANCIAL YEAR		(1)	(222)

All of the activities of the company are classed as continuing operations.

The company has no gains or losses in 2021 (2020: none) which would be classified as other comprehensive income or expenditure.

The notes on pages 13 to 22 form part of these financial statements

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

	Note	2021 £'000	2020 £'000
FIXED ASSETS			
Tangible assets	10	-	-
CURRENT ASSETS			
Debtors: Amounts falling due within one year	11	3,172	3,470
		3,172	3,470
CURRENT LIABILITIES			
Creditors: Amounts falling due within one year	12	(9,367)	(9,664)
NET CURRENT LIABILITIES		(6,195)	(6,194)
TOTAL ASSETS LESS CURRENT LIABILITIES		(6,195)	(6,194)
NET LIABILITIES		(6,195)	(6,194)
CAPITAL AND RESERVES			
Called-up equity share capital	14	1	1
Share premium account		712	712
Profit and loss account		(6,908)	(6,907)
EQUITY SHAREHOLDERS' DEFICIT		(6,195)	(6,194)

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

DocuSigned by:

Paul Kramer

P Kramer 7C707EFD4E154A9...

Director

Date: 13 May 2022

Company Registration Number: 03840597

The notes on pages 13 to 22 form part of these financial statements

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

	Called up share capital £'000	Share premium £'000	Profit & loss account £'000	Total shareholders' deficit £'000
Balance brought forward 1 January 2020	1	712	(6,685)	(5,972)
Total comprehensive loss				
Loss for the financial year	-	-	(222)	(222)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance brought forward 1 January 2021	1	712	(6,907)	(6,194)
Total comprehensive loss				
Loss for the financial year	-	-	(1)	(1)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance carried forward at 31 December 2021	1	712	(6,908)	(6,195)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 13 to 22 form part of these financial statements

UNIVERSAL MUSIC DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2021

1. GENERAL INFORMATION

Universal Music Direct 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 3.

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.

FRS 102 - Qualifying exemptions

The company meets the definition of a qualifying subsidiary 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 companies;
- 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 's-Gravelandseweg 80, 1217 EW Hilversum, The Netherlands.

UNIVERSAL MUSIC DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2021

3. ACCOUNTING POLICIES (continued)

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 in the strategic report.

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 (i.e. for at least 12 months from the date when the financial statements are authorised for issue). Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

The financial statements have been prepared on the going concern basis as the company has received confirmation from Universal Music Group N.V., the company's intermediate parent undertaking, of its intention to continue to provide financial and other support to the extent necessary to enable the company to continue to pay its liabilities as and when they become due for a period of not less than one year from the date of approval of these financial statements. Having regard to this intention, and the ability of Universal Music Group N.V. to provide such support if necessary, the directors believe it is appropriate to prepare these financial statements on a going concern basis, notwithstanding the net current liabilities at 31 December 2021.

Turnover

Turnover comprises the value of sales of physical goods during the year and any intercompany management fees. It is stated net of VAT, discounts and returns.

Turnover from sales of goods is recognised when the significant risks and rewards are rewards are considered to be transferred to the customer, i.e. at the dispatch of goods.

Financial instruments

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

Trade and other debtors / creditors

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

UNIVERSAL MUSIC DIRECT LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2021

3. ACCOUNTING POLICIES (continued)

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 extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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.

The only estimate within the financial statements are those around accrued expenditures. The directors do not consider that there is a significant degree of uncertainty or judgement in the valuation of these. There are no other significant estimates present within the financial statements.

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

4. TURNOVER

Turnover by activity is as follows:

	2021	2020
	£'000	£'000
Sale of goods	-	20,287
Intercompany Management Fees	61	114
	<u>61</u>	<u>20,401</u>

5. LOSS BEFORE TAX

Loss before tax is stated after charging:

	2021	2020
	£'000	£'000
Cost of stock recognised as an expense	-	19,343
Net loss on foreign currency translation	(1)	22
	<u>(1)</u>	<u>22</u>

6. AUDITOR'S REMUNERATION

The auditor's remuneration for the year ended 31 December 2021 was £14,476 (2020 - £29,325) for the audit of these financial statements and was borne by another group company in both years. No other remuneration was paid to the auditor in the year (2020: £nil).

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

7. 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. The allocation to the company for these services is £nil (2020: £nil).

8. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021 £'000	2020 £'000
Interest payable to group undertakings	<u>20</u>	<u>36</u>
	<u>20</u>	<u>36</u>

9. TAX ON LOSS

(a) Analysis of tax credit in the year

	2021 £'000	2020 £'000
Current tax:		
In respect of the year		
Group relief (receivable)/payable for losses claimed from/surrendered to other group undertakings	<u>(52)</u>	<u>(106)</u>
Total current tax	<u>(52)</u>	<u>(106)</u>
Deferred tax:		
Origination and reversal of timing differences	(17)	19
Adjustments in respect of prior periods	<u>-</u>	<u>-</u>
Total deferred tax	<u>(17)</u>	<u>19</u>
Tax credit on loss	<u>(69)</u>	<u>(87)</u>

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

(b) Factors affecting tax credit

The tax assessed on the loss for the year is higher than the standard rate of corporation tax in the UK of 19.0% (2020 19.0%).

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
Loss before taxation	(70)	(309)
Loss at the standard rate of UK Corporation tax of 19.0% (2020 - 19.0%)	(13)	(59)
Impact of statutory rate change	(56)	(28)
Current tax credit for the financial year	(69)	(87)

(c) Factors that may affect future tax charges

The company has a total unutilised tax losses carried forward estimated at £292,803 (2020 - £292,803), which may reduce future tax charges. No deferred tax asset has been recognised in respect of these losses due to uncertainty as to their future recoverability.

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

10. TANGIBLE ASSETS

	Plant & Machinery £'000	Total £'000
COST		
At 1 January 2021	3,500	3,500
 At 31 December 2021	 3,500	 3,500
DEPRECIATION		
At 1 January 2020	3,500	3,500
Charge for the year	-	-
 As at 31 December 2020	 3,500	 3,500
NET BOOK VALUE		
At 31 December 2021	-	-
 At 31 December 2020	 -	 -

Plant and Machinery is valued at cost less accumulated depreciation and has a useful economic life of between 3 and 10 years, straight line depreciation is applied.

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

11. DEBTORS: Amounts due within one year

	2021	2020
	£'000	£'000
Trade debtors	16	6
Amounts owed by group undertakings	2,714	3,246
Corporation tax	2	2
Other debtors	207	-
Deferred taxation (note 13)	233	216
	<u>3,172</u>	<u>3,470</u>

Within amounts owed by group undertakings £nil relates to the parent undertaking, £nil relates to fellow subsidiaries and £2,714 K relates to other group undertakings.

All amounts owed from fellow group undertakings are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis. Interest accrues on these amounts at 1 month LIBOR plus 0.1%.

12. CREDITORS: Amounts falling due within one year

	2021	2020
	£'000	£'000
Amounts owed to group undertakings	8,891	8,930
VAT	-	80
Accruals and deferred income	476	654
	<u>9,367</u>	<u>9,664</u>

Within amounts owed to group undertakings £2,541k relates to the parent undertaking, £nil relates to fellow subsidiaries and £6,350k relates to other group undertakings. The reduction in trade creditors and accruals and deferred income is due to the transfer of operations to another group company which occurred during 2020.

All amounts owed from fellow group undertakings are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis. Interest accrues on these amounts at 1 month LIBOR plus 0.1%.

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

13. DEFERRED TAXATION

The movement in the deferred taxation balance during the year was:

	2021 £'000	2020 £'000
Balance brought forward	216	236
Deferred tax (charge) in profit & loss account	17	(20)
Prior year adjustment	-	-
Balance carried forward	<u>233</u>	<u>216</u>

The movement for deferred taxation consists of the tax effect of timing differences in respect of:

	2021 £'000	2020 £'000
Excess of depreciation over taxation allowances	233	216
	<u>233</u>	<u>216</u>

14. CALLED UP EQUITY SHARE CAPITAL

Authorised:

	2021 No	£'000	2020 No	£'000
Ordinary shares of £0.0004 each	2,500,000	1	2,500,000	1
	<u>2,500,000</u>	<u>1</u>	<u>2,500,000</u>	<u>1</u>

Allotted, called up and fully paid:

	2021 No	£'000	2020 No	£'000
Ordinary shares of £0.0004 each	1,373,000	1	1,373,000	1
	<u>1,373,000</u>	<u>1</u>	<u>1,373,000</u>	<u>1</u>

All shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

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

15. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Virgin Records 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