

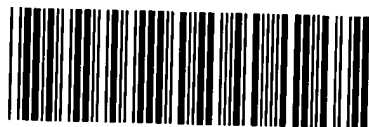
WMG Acquisition (UK) Limited

Report and Financial Statements

25 September 2020

Registered No. 04987681

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COMPANIES HOUSE

WMG Acquisition (UK) Limited

Registered No. 04987681

DIRECTORS

P Robinson

C Godfrey (appointed on 2nd March 2020)

S Rishi (appointed on 2nd March 2020)

R Booker (resigned 30th September 2019)

K Le Gassick (resigned 15th January 2020)

SECRETARY

CMS Cameron McKenna Nabarro Olswang LLP

Cannon Place

78 Cannon Street

London

EC4N 6AF

AUDITOR

KPMG LLP

15 Canada Square

London

E14 5GL

United Kingdom

REGISTERED OFFICE

Cannon Place

78 Cannon Street

London

EC4N 6AF

WMG Acquisition (UK) Limited

Registered No. 04987681

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WMG Acquisition (UK) Limited

Registered No. 04987681

STRATEGIC REPORT

The directors present their Strategic Report for the year ended 25 September 2020.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

WMG Acquisition (UK) Limited is a non-trading holding company. The principal activity of the company during the year continued to be as an investment holding company. The directors do not envisage any change in the company's activities in the foreseeable future. WMG Acquisition (UK) Limited leads cash pool arrangements for UK group companies and earns interest on those companies' deposits to and drawings from the cash pool. WMG Acquisition (UK) Limited also receives and makes other short and longer-term loans with WM group entities.

The company's key financial and other performance indicators during the year were as follows:

	2020 £000	2019 £000	Change %
Net Interest Expense	(5,782)	(6,605)	12%
(Loss)/Profit after tax	(3,652)	(4,044)	10%
Shareholders' funds	93,152	96,804	-4%
Current assets as a % of current liabilities	92%	95%	-3%

During the financial year the loss after tax of £3.7m was made due to net interest expense (£5.8m) offset by foreign exchange gain of £1.5m.

Shareholders' funds have decreased by 4% due to a loss after tax of £3.7m driven by net interest expense. Net interest expense result is mainly due to the long-term creditor loan of £100m which commanded higher interest rates and the directors will seek to address this.

Current assets as a % of current liabilities have marginally decreased by 3% in line with the movements discussed above.

PRINCIPAL RISKS AND UNCERTAINTIES

The main risks and uncertainties facing the company relate to the risks and uncertainties facing its subsidiaries, which could affect the value of its investments in its subsidiaries.

The main risks and uncertainties facing its subsidiaries is that market forces may lead to a rise in the cost of acquiring song writing talent and artists.

Other key risks and uncertainties are those prevalent in the music market in general. These include the continued threat of unlicensed music usage and the uncertainty as to the extent to which new digital music platforms can deliver sufficient monetary benefits to music repertoire owners and publishers to offset the weakening traditional markets.

As with any business, competitive risks also exist. Traditional competitors such as other major and independent publishers and record labels are now joined by new entrants and business models, particularly in the audio-visual sector.

WMG Acquisition (UK) Limited

Registered No. 04987681

STRATEGIC REPORT (CONTINUED)

Exposure to price and credit risk

The company is exposed to price risk in relation to the relationship with external bodies such as local third party collection services. Mechanical and performance royalties are calculated using rates and distribution rules which have been set by the board of performing rights societies, which directly impact company revenue.

Effect of Covid-19 in the subsequent financial year

Whilst the activities of some subsidiaries have been impacted by the current COVID-19 global pandemic, the Company's subsidiaries have continued to be profitable with positive cashflows in the year ended 25 September 2020. The Company therefore has a reasonable expectation that its subsidiaries will be profitable with positive cashflows for the next 12 months and beyond.

Effect of the UK exit from EU

UK management has been keeping the effect of the UK exit from the EU under regular review.

The majority of the group's UK business relates to the acquisition of Intellectual Property within the UK and then licensing and otherwise exploiting that Intellectual Property physically and digitally both in the UK and outside UK. While the group continues to sell physical goods both inside and outside the UK that is a reducing part of the business.

Duty to promote the success of the company

The directors define the successful running of the company as supporting the group in achieving its wider long term strategy. The group's long term strategy is to be a sustainable profitable business, maintaining its reputation as the home to an unparalleled family of creative artists and songwriters. The success of the company and group is dependent on positive and effective dealings with all stakeholders and so the directors were mindful of the long term consequences of key commercial decisions made during the year, and determined that these were in the interests of the group's employees, suppliers, customers and other stakeholders, as they were all aligned to the group's growth strategy.

The company's and group's success depends on the company's reputation with customers and other stakeholders being maintained, and so any impact on the community and environment of commercial decisions is considered carefully.

The key decisions taken during the year related to the settlement and signing of loan agreements with other group companies. All consequences of these decisions were reviewed in detail with the group treasury team before authorisation, to ensure the long-term success of the group and company.

The company also regularly engages with stakeholders to maintain these important relationships.

The directors confirm that throughout the year they have acted, in good faith, in a way that they consider to be most likely to promote the success of the company and the group for the benefit of its' members as a whole.

By order of the Board  2EE54513CF454ED...

Signed _____

S Rishi (Director)

24 June 2021

Date _____

Cannon Place
78 Cannon Street
London
EC4N 6AF

WMG Acquisition (UK) Limited

Registered No. 04987681

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 25 September 2020.

RESULTS AND DIVIDENDS

The loss for the year ended 25 September 2020, after taxation, was £3,652k (2019 - loss £4,044k). There were no dividends in 2020 (2019 – no dividends paid).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 25 September 2020 and subsequently were as follows:

P Robinson

S Rishi (appointed on 2nd March 2020)

C Godfrey (appointed on 2nd March 2020)

R Booker (resigned 30th September 2019)

K Le Gassick (resigned 15th January 2020)

There are no directors' interests requiring disclosure under the Companies Act 2006.

Going concern

Notwithstanding net current liabilities of £28,858 as at 25.09.2020, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reason.

The Directors considered the operating nature of the entity and expectations for the future trading along with the outstanding inter-company payables and inter-company receivables for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its ultimate parent Warner Music Group Corp and repayment of outstanding balances from fellow subsidiaries to meet its liabilities as they fall due for that period.

Warner Music Group Corp. has indicated its intention to continue to make available such funds as are needed by the company, and will ensure that no other group company will seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

DISCLOSURE OF INFORMATION TO AUDITOR

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

WMG Acquisition (UK) Limited


Registered No. 04987681

DIRECTORS' REPORT (CONTINUED)

AUDITOR

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board


Signed 2EE54513CF454ED...

S Rishi (Director)

Date 24 June 2021

Cannon Place
78 Cannon Street
London
EC4N 6AF

WMG Acquisition (UK) Limited

Registered No. 04987681

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' 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 they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), 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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and 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;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

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 responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WMG ACQUISITION UK LIMITED

Opinion

We have audited the financial statements of WMG Acquisition UK Ltd for the year ended 25 September 2020 which comprise the Income Statement, Balance Sheet, Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 25 September 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the company or to cease its operations, and as they have concluded that the company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

We are required to report to you if we have concluded that the use of the going concern basis of accounting is inappropriate or there is an undisclosed material uncertainty that may cast significant doubt over the use of that basis for a period of at least a year from the date of approval of the financial statements. In our evaluation of the directors' conclusions, we considered the inherent risks to the company's business model and analysed how those risks might affect the company's financial resources or ability to continue operations over the going concern period. We have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the company will continue in operation.

Strategic report and directors' report

The directors are responsible for the strategic report and the directors' report. Our opinion on the financial statements does not cover those reports and accordingly, we do not express an audit opinion thereon.

Our responsibility is to read the strategic report and the directors' report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required 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.

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 5, the directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

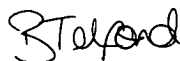
Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

The purpose of our audit work and to whom we owe our responsibilities

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.



Bethan Telford

Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

15 Canada Square

London

E14 5GL

24 June 2021

WMG Acquisition (UK) Limited

Registered No. 04987681

PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 25 SEPTEMBER 2020

	Notes	2020 £000	2019 £000
Administrative expenses		(35)	(27)
OPERATING (LOSS) / GAIN	2	(35)	(27)
Foreign exchange gain		1,547	880
Interest receivable and similar income	4	11,196	9,331
Interest payable and similar expense	5	(16,978)	(15,936)
(LOSS) / PROFIT BEFORE TAXATION		(4,270)	(5,752)
Tax on (loss) / profit	6	618	1,708
(LOSS) / PROFIT FOR THE YEAR	12	(3,652)	(4,044)

All amounts are derived from continuing activities.

OTHER COMPREHENSIVE INCOME

The company had no other comprehensive income for the year ended 25 September 2020 (2019 – £nil).

Notes on pages 11 to 20 form part of these financial statements.

WMG Acquisition (UK) Limited

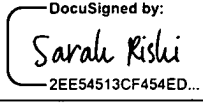
Registered No. 04987681

BALANCE SHEET AT 25 SEPTEMBER 2020

	Notes	2020 £000	2019 £000
FIXED ASSETS			
Investments	7	222,010	222,010
CURRENT ASSETS			
Debtors	8	317,770	412,196
Cash at bank and in hand		13,377	26,115
		<u>331,147</u>	<u>438,311</u>
CURRENT LIABILITIES			
CREDITORS: amounts falling due within one year	9	(360,005)	(463,517)
NET CURRENT LIABILITIES		<u>(28,858)</u>	<u>(25,206)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>193,152</u>	<u>196,804</u>
CREDITORS: amounts falling due after more than one year	9	(100,000)	(100,000)
NET ASSETS		<u>93,152</u>	<u>96,804</u>
CAPITAL AND RESERVES			
Called up share capital	10	—	—
Profit and loss account	12	93,152	96,804
SHAREHOLDERS' FUNDS	12	<u>93,152</u>	<u>96,804</u>

The notes on pages 11 to 20 form part of these financial statements.

These financial statements were approved by the Board of Directors and were signed on behalf of the Board of Directors by:

Signed 
 DocuSigned by:
 2EE54513CF454ED...
S Rishi (Director)

Cannon Place
 78 Cannon Street
 London
 EC4N 6AF
 Registered no. 04987681

24 June 2021
 Date —

WMG Acquisition (UK) Limited

Registered No. 04987681

STATEMENT OF CHANGES IN EQUITY AT 25 SEPTEMBER 2020

	Share capital £000	Profit and loss account £000	Total £000
At 28 September 2018	–	100,847	100,847
Loss for the year	–	(4,044)	(4,044)
At 27 September 2019	–	96,804	96,804
At 27 September 2019	–	96,804	96,804
Loss for the year	–	(3,652)	(3,652)
At 25 September 2020	–	93,152	93,152

The notes on pages 11 to 20 form part of these financial statements.

WMG Acquisition (UK) Limited

Registered No. 04987681

NOTES TO THE FINANCIAL STATEMENTS AT 25 SEPTEMBER 2020

1. ACCOUNTING POLICIES

WMG Acquisition UK Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

The Company is exempt by virtue of s401 of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

These financial statements were prepared in accordance with Financial Reporting Standard 102, *The Financial Reporting Standard applicable in the UK and Republic of Ireland* ("FRS 102"). The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000, except when otherwise indicated.

The Company's ultimate parent undertaking includes the Company in its consolidated financial statements, and is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosure:

- Reconciliation of the number of shares outstanding from the beginning to end of the period;
- Cash Flow Statement and related notes; and
- Key Management Personnel compensation.

As the consolidated financial statements of the ultimate parent undertaking include the equivalent disclosures, the Company has also taken the exemptions under FRS102 available in respect of:

- The disclosures required by FRS 102.11 *Basic Financial Instruments* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

BASIS OF PREPARATION

The financial statements are prepared under the historical cost convention.

ACCOUNTING PERIOD

The company prepares accounts for either 52 or 53 week periods ending within one week of 30 September.

GOING CONCERN

Notwithstanding net current liabilities of £28,858k as at 25.09.2020, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reason.

The Directors considered the operating nature of the entity and expectations for the future trading along with the outstanding inter-company payables and inter-company receivables for a period of 12 months from the date of approval of these financial statements which indicate that, taking account of reasonably possible downsides, the company will have sufficient funds through funding from its ultimate parent Warner Music Group Corp and repayment of outstanding balances from fellow subsidiaries to meet its liabilities as they fall due for that period.

Warner Music Group Corp. has indicated its intention to continue to make available such funds as are needed by the company, and will ensure that no other group company will seek repayment of the amounts due at the balance sheet date, for the period covered by the forecasts. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that

WMG Acquisition (UK) Limited

Registered No. 04987681

NOTES TO THE FINANCIAL STATEMENTS AT 25 SEPTEMBER 2020 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the directors are confident that the company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated to the Company's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised in the profit and loss account.

BASIC FINANCIAL INSTRUMENTS

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 the 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 interest for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in subsidiaries

These are separate financial statements of the company. Investments in subsidiaries and jointly controlled entities are carried at cost less impairment.

RELATED PARTIES

The company has taken advantage of the exemption in FRS 102 not to disclose related party transactions with fellow wholly-owned group undertakings.

WMG Acquisition (UK) Limited

Registered No. 04987681

NOTES TO THE FINANCIAL STATEMENTS AT 25 SEPTEMBER 2020 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

IMPAIRMENTS EXCLUDING STOCK AND DEFERRED TAX ASSETS

Financial assets (excluding trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in the profit and loss account. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the profit and loss account.

Non-financial assets

The carrying amount of the entity's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset exceeds its estimated recoverable amount. Impairment losses are recognised in the profit and loss account.

TAXATION

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account 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 balance sheet 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.

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 balance sheet 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.

WMG Acquisition (UK) Limited

Registered No. 04987681

**NOTES TO THE FINANCIAL STATEMENTS AT 25 SEPTEMBER 2020
(CONTINUED)**
2. OPERATING PROFIT/ (LOSS)

This is stated after charging:

Auditor's remuneration

	2020	2019
	£000	£000
Auditor's remuneration – audit of these financial statements	3	3
Audit of financial statements of subsidiaries of the company	437	494
	<u>440</u>	<u>497</u>

Amounts receivable by the Company's auditor and its subsidiaries in respect of services to the Company and its subsidiaries, other than the audit of the Company's financial statements, have not been disclosed as the information is required instead to be disclosed on a consolidated basis in the financial statements of the Company's ultimate parent, Warner Music Group Corp.

3. DIRECTORS' REMUNERATION

	2020	2019
	£000	£000
Other emoluments	287	888
Pension contributions	12	5

The aggregate of the highest paid director was £135,420 (2019: £449,420), and the company pension contributions of £nil (2019: £4,999) were made to a money purchase scheme on their behalf.

Other emoluments include compensation for loss of office of £nil (2019: £236k).

The emoluments for three of the directors who served during the year are included in the accounts of this company. As they provide services to this company and multiple subsidiary companies, the group does not consider that there is a practicable method to apportion these emoluments. The other directors do not perform qualifying services and therefore no emoluments are disclosed in relation to these directors.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020	2019
	£000	£000
Interest receivable from group undertakings	11,196	6,295
Bank and other interest	-	3,036
	<u>11,196</u>	<u>9,331</u>

WMG Acquisition (UK) Limited

Registered No. 04987681

**NOTES TO THE FINANCIAL STATEMENTS AT 25 SEPTEMBER 2020
(CONTINUED)****5. INTEREST PAYABLE AND SIMILAR EXPENSE**

	2020 £000	2019 £000
Interest payable to group undertakings	16,978	15,936
	<u>16,978</u>	<u>15,936</u>

6. TAXATION**a. Total tax expense recognised in the profit and loss account**

	2020 £000	2019 £000
Current tax		
UK corporation tax on income for the period	(618)	(932)
Adjustments in respect of prior periods	–	(776)
	<u>(618)</u>	<u>(1,708)</u>

The full tax credit for the year is recognised in the Profit and Loss account.

b. Reconciliation of tax charge

The standard rate of current tax for the year based on the UK standard rate of corporation tax is 19% (2019: 19%). The current tax charge for the year differs from the standard rate for the reasons in the reconciliation below:

	2020 £000	2019 £000
(Loss)/Profit before tax for the year	<u>(4,270)</u>	<u>(5,752)</u>
(Loss)/Profit multiplied by the standard rate of tax in the UK of 19% (2019 – 19%)	(811)	(1,093)
Factors affecting charge:		
Non-taxable income	–	–
Expenses not deductible for tax purposes	176	149
Adjustment to tax charge in respect of previous periods	–	(776)
Effects of group relief/other reliefs	17	12
	<u>(618)</u>	<u>(1,708)</u>
Total tax (credit)/expense included in profit and loss	<u>(618)</u>	<u>(1,708)</u>

WMG Acquisition (UK) Limited

Registered No. 04987681

NOTES TO THE FINANCIAL STATEMENTS AT 25 SEPTEMBER 2020 (CONTINUED)

6. TAXATION CONTINUED

c. Tax rate changes

A reduction in the UK corporation tax rate from 19% to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. The March 2020 Budget announced that the rate of 19% would continue to apply with effect from 1 April 2020, and this was substantively enacted on 17 March 2020, the UK deferred tax asset as at 25 September 2020 has been calculated based on this rate. In the 3 March 2021 Budget it was announced that the UK tax rate will increase to 25% from 1 April 2023.

This will have a consequential effect on the company's future tax charge

d. Deferred tax

The Company had no deferred tax provision at 25 September 2020 (2019 – £nil).

7. INVESTMENTS

	£000
Cost and net book value:	
At 27 September 2019	222,010
At 25 September 2020	222,010

Details of the investments in which the group and the company held any class of share capital as at 25 September 2020 were as follows:

Subsidiary undertakings:

Name of Company	Country of registration (or incorporation and operation)	Holding	Proportion of voting rights and shares held	Nature of business
Direct Subsidiary undertakings				
Warner Music International Services Limited #	England and Wales	Ordinary shares	100%	Group services and investment holding company
Warner Music Holdings Limited UK #	England and Wales	Ordinary shares	100%	Holding company
Warner Chappell Music Group (UK) Limited#	England and Wales	Ordinary shares	100%	Dormant
Warner Chappell Music Limited UK#	England and Wales	Ordinary shares	100%	Music Publishing
WMG Kensington Limited	England and Wales	Ordinary shares	100%	Holding company
Indirect Subsidiary Undertakings				
WMIS Limited#	England and Wales	Ordinary shares	100%	Group services
Warner Music UK Limited#	England and Wales	Ordinary shares	100%	Record company

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A+E Records Limited#	England and Wales	Ordinary shares	100%	Record company
ADA Global Limited#	England and Wales	Ordinary shares	100%	Dormant
Anxious Records Limited#	England and Wales	"A" & "B"	100%	Dormant
		Ordinary shares		
B Unique Records Limited#	England and Wales	Ordinary shares	100%	Record company
China Records Limited#	England and Wales	"A" & "B"	100%	Record company
		Ordinary shares		
Comedy Box Limited#	England and Wales	Ordinary shares	100%	Dormant
W Songs Limited#	England and Wales	Ordinary shares	100%	Dormant
Elmlowe Limited#	England and Wales	"A" & "B"	100%	Record company
		Ordinary shares		
Exallshow Limited#	England and Wales	Ordinary shares	100%	Music Publishing
First Night Records Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Radar Scope Ltd#	England and Wales	Ordinary shares	100%	Music Publishing
SK Acquisition Ltd#	England and Wales	Ordinary shares	100%	Technology Services
Film27 Ltd#	England and Wales	Ordinary shares	100%	Business Support
FFRR Records Limited#	England and Wales	Ordinary shares	100%	Record company
Gingerbread Man Records Limited#	England and Wales	Ordinary shares	50%	Record company
Magnet Records Limited#	England and Wales	Ordinary shares	100%	Dormant
Taffia International Limited#	England and Wales	Ordinary shares	50.1%	Record company
Laurel Records Limited#	England and Wales	Ordinary shares	100%	Record company
Funghi Records Limited#	England and Wales	Ordinary shares	100%	Dormant
Infectious Records Limited#	England and Wales	Ordinary shares	100%	Record company
1967 Limited#	England and Wales	Ordinary shares	100%	Record company
679 Recordings Limited#	England and Wales	"A" & "B"	100%	Record company
		Ordinary shares		
WMG Finance Limited#	England and Wales	Ordinary shares	100%	Finance Company
Parlophone Records Limited#	England and Wales	Ordinary shares	100%	Recorded Music
WMG Global Ventures Limited (f.k.a. Chrysalis Records International Limited) #	England and Wales	Ordinary shares	100%	Artist creation
Warner Music Artist Services International Limited#	England and Wales	Ordinary shares	100%	Dormant
Food Limited#	England and Wales	Ordinary shares	100%	Dormant
Erato Record Classics Limited#	England and Wales	Ordinary shares	100%	Dormant
Music for Pleasure Limited#	England and Wales	Ordinary shares	100%	Dormant
PLG Germany Classics Limited^	Germany	Ordinary shares	100%	Recorded Music
Trooper Enterprises Limited#	England and Wales	Ordinary shares	75%	Dormant
Warner Music Ireland Limited>	Republic of Ireland	Ordinary shares	100%	Record company
Warner Music (Northern Ireland) Limited>	Republic of Ireland	Ordinary shares	50%	Record company

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Sharemyplaylists.com Limited#	England and Wales	Ordinary shares	100%	Dormant
Bubbles Music Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Dizzy Heights Music Publishing Limited#	England and Wales	Ordinary shares	100%	Music Publishing
FFRR Music Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Glissando Music Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Kirshner Warner Bros. Music Limited#	England and Wales	Ordinary shares	50%	
Magnet Music Limited#	England and Wales	Ordinary shares	100%	Dormant
The National Video Corporation Limited#	England and Wales	Ordinary shares	100%	Record company
Warner Chappell MLM Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Warner Chappell Music International Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Warner Chappell TM Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Warner Chappell UK Limited#	England and Wales	Ordinary shares	100%	Dormant
Asherberg, Hopwood & Crew Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Burlington Music Company Limited#	England and Wales	Ordinary shares	100%	Dormant
Palace Music Company Limited#	England and Wales	Ordinary shares	50%	Dormant
Chappell Music Limited#	England and Wales	Ordinary shares	100%	Dormant
Chappell Morris Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Patricia Music Limited#	England and Wales	Ordinary shares	50%	Music Publishing
Intersong Music Limited#	England and Wales	Ordinary shares	100%	Dormant
Diplomat Music Limited#	England and Wales	Ordinary shares	50%	Music Publishing
JEWEL MUSIC PUBLISHING COMPANY LIMITED#	England and Wales	Ordinary shares	50%	Music Publishing
Throat Music Limited#	England and Wales	Ordinary shares	100%	Dormant
Warner Chappell Artemis Music Limited#	England and Wales	Ordinary shares	100%	Dormant
Warner Chappell Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Warner Chappell North America Limited#	England and Wales	Ordinary shares	100%	Dormant
CRML Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Destiny Music Limited#	England and Wales	Ordinary shares	100%	Music Publishing
CPM Music Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Warner Chappell Production Music Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Warner Chappell Music Publishing Limited#	England and Wales	Ordinary shares	100%	Music Publishing
Warner Chappell Overseas Holdings Limited#	England and Wales	Ordinary shares	100%	Dormant
WMG Church Street Limited#	England and Wales	Ordinary shares	100%	Holding company

Registered office - Cannon Place, 78 Cannon Street, London EC4N 6AF

> Registered office - Gordon Street Mews, 27-29 Gordon Street, Belfast, BT1 2JL

^ Registered office - Warner Music Group Germany, Holding GmbH, Alter Wandrahm 14, 20457 Hamburg

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NOTES TO THE FINANCIAL STATEMENTS AT 25 SEPTEMBER 2020
(CONTINUED)

8. DEBTORS

	2020	2019
	£000	£000
Amounts owed by other group undertakings	316,220	408,133
Group relief receivable	1,550	4,063
	<u>317,770</u>	<u>412,196</u>

Included within amounts owed by other group undertakings are amounts subject to cash pooling arrangements and as such there are no specific repayment dates. Interest is charged at a rate of 3 month Libor plus 0.35% per annum and is repaid/capitalised quarterly.

9. CREDITORS

	2020	2019
	£000	£000
Amounts owed to other group undertakings	349,242	458,673
Accruals and deferred income	27	27
Bank overdraft	10,736	4,817
	<u>360,005</u>	<u>463,517</u>
<i>Amounts falling due after one year:</i>		
Amounts owed to other group undertakings	100,000	100,000
	<u>100,000</u>	<u>100,000</u>

Included within amounts owed to group undertakings are amounts subject to cash pooling arrangements and as such there are no specific repayment dates. Interest is charged at a rate of 3 month Libor per annum and is repaid/capitalised quarterly.

Included within amounts falling due after one year is £100,000k (2019: £100,000k), which is payable in full on or prior to 01 November 2026. Interest accrues on the outstanding amount at a fixed annual interest rate of 8.125%, and is payable semi-annually. The company has the option to make prepayments on the outstanding principal amount.

10. SHARE CAPITAL

	2020	2019
	£	£
<i>Allotted, called up and fully paid:</i>		
2 ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

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NOTES TO THE FINANCIAL STATEMENTS AT 25 SEPTEMBER 2020 (CONTINUED)

11. CONTINGENT LIABILITIES

The company has entered into a group composite accounting agreement with its bankers. The terms of the agreement permit the bankers, without notice, to draw down funds deposited into the system, to offset borrowings drawn down from the system by other group members who are also parties to these arrangements. At the balance sheet date, WMG Acquisition Limited is in a net credit position with the bank and therefore there are no contingent liabilities.

12. RESERVES

Share capital – represents the nominal value of shares that have been issued.

Profit and loss account – includes all current and prior period retained profits and losses.

13. SUBSEQUENT EVENTS

At the balance sheet date, the company was the immediate parent undertaking to Warner Music International Services Limited which it owned 100%. On 27 April 2021, the entire share capital of Warner Music International Services Limited was purchased by WMG Global Ventures Limited (fka Chrysalis Records International Limited), which is now the immediate parent undertaking.

Prior to this transaction, WMG Global Ventures Limited was purchased by the company making it a direct subsidiary and Warner Music International Services Limited an indirect subsidiary.

14. PARENT UNDERTAKING AND CONTROLLING PARTY

The company is 100% owned by WMG Acquisition Corp., the immediate parent undertaking.

On 25 September 2020 Access Industries LLC a company incorporated in Delaware in the United States of America, was the ultimate parent undertaking. Warner Music Group Corp. was the parent undertaking of the smallest and largest group of undertakings of which the company was a member and for which group financial statements are drawn up. Copies of Warner Music Group Corp.'s financial statements can be obtained from 1209 Orange Street, Wilmington, DE 19801, USA.