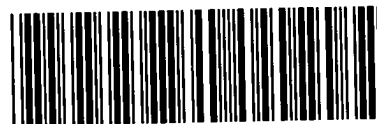


Registration number: 05103087

The Orchard, EU Limited

Directors' Report and Financial Statements
for the Year Ended 31 March 2020

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Directors' Report for the Year Ended 31 March 2020

The directors present their report and the audited financial statements of the company for the year ended 31 March 2020.

Principal activity

The principal activity of the company is to serve as a cost centre.

Future developments and prospects

The directors do not intend the activities of the business to change for the foreseeable future. The directors are confident that The Orchard, EU Limited will continue to serve its function as a cost centre.

Results and Dividends

The company made a profit for the financial year of £42,464 (2019: £47,684). The directors do not recommend a dividend payment to be made in respect of the financial year ended 31 March 2020 (2019: £0).

Directors of the company

The directors who held office during the year and up to the date of signing the financial statements were as follows:

JA Mullan

B Navin

Company Secretary

Abogado Nominees Limited acted as company secretary during the year.

Going concern

The financial statements have been prepared on a going concern basis. The directors have received notice from the immediate parent entity, Orchard Enterprises NY, Inc., that it will support the operational needs of the company in order to allow it to meet its liabilities as and when they fall due for a period of 12 months from the date of approval of the financial statements. Therefore, the directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of Orchard Enterprises NY, Inc..

Directors' Report for the Year Ended 31 March 2020 (continued)

Statement of Directors' Responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law).

Under company law, 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS102, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

Directors' Report for the Year Ended 31 March 2020 (continued)

Directors' confirmations

In the case of each director in office at the date of the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

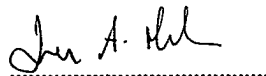
Reappointment of auditors

The auditors, PricewaterhouseCoopers LLP, were appointed in the prior year and have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Approved by the Board on 31 March 2021 and signed on its behalf by:



JA Mullan
Director

Independent Auditors' Report to the members of The Orchard, EU Limited

Report on the audit of the financial statements

Opinion

In our opinion, The Orchard, EU Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law); and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Directors' Report and Financial Statements (the "Annual Report"), which comprise: Balance Sheet as at 31 March 2020; the Statement of Comprehensive Income, the Statement of Changes in Equity for the year then ended; and the Notes to the Financial Statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern.

Independent Auditors' Report to the members of The Orchard, EU Limited (continued)

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the year ended 31 March 2020 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report to the members of The Orchard, EU Limited (continued)

Auditors responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

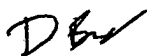
Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.



.....
David Beer (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP,
Chartered Accountants and Statutory Auditors
Watford

31 March 2021

Statement of comprehensive income for the Year Ended 31 March 2020

	Note	2020 £	2019 £
Turnover	4	855,180	1,464,916
Administrative expenses		<u>(814,457)</u>	<u>(1,395,158)</u>
Operating profit	5	<u>40,723</u>	<u>69,758</u>
Profit before taxation		40,723	69,758
Tax on profit	8	<u>1,741</u>	<u>(22,074)</u>
Profit for the financial year		<u><u>42,464</u></u>	<u><u>47,684</u></u>

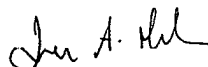
The above results were derived from continuing operations.

The notes on pages 10 to 18 form an integral part of these financial statements.

(Registration number: 05103087)
Balance Sheet as at 31 March 2020

	Note	2020 £	2019 £
Fixed assets			
Tangible assets	9	5,535	10,345
Debtors: amounts falling due after more than one year	10	<u>-</u>	<u>40,728</u>
		<u>5,535</u>	<u>51,073</u>
Current assets			
Debtors: amounts falling due within one year	10	2,681,619	1,860,777
Creditors: Amounts falling due within one year	11	<u>(2,882,731)</u>	<u>(2,149,891)</u>
Net current liabilities		<u>(201,112)</u>	<u>(289,114)</u>
Net liabilities		<u>(195,577)</u>	<u>(238,041)</u>
Capital and reserves			
Called up share capital	13	100	100
Retained earnings		<u>(195,677)</u>	<u>(238,141)</u>
Total equity		<u>(195,577)</u>	<u>(238,041)</u>

Approved and authorised by the Board on 31 March 2021 and signed on its behalf by:



JA Mullan
 Director

Statement of Changes in Equity for the Year Ended 31 March 2020

	Called up share capital £	Accumulated losses £	Total £
At 1 April 2019	100	(238,141)	(238,041)
Profit for the year	-	42,464	42,464
Total comprehensive income	-	42,464	42,464
At 31 March 2020	100	(195,677)	(195,577)

	Called up share capital £	Accumulated losses £	Total £
At 1 April 2018	100	(285,825)	(285,725)
Profit for the year	-	47,684	47,684
Total comprehensive income	-	47,684	47,684
At 31 March 2019	100	(238,141)	(238,041)

The notes on pages 10 to 18 form an integral part of these financial statements.

Notes to the Financial Statements for the Year Ended 31 March 2020

1 General information

The company is a private company limited by share capital, incorporated in the United Kingdom.

The address of its registered office is:

The Lighthouse
370 Grays Inn Road
Kings Cross
London
WC1X 8BB

These financial statements were authorised for issue by the Board on 31 March 2021.

2 Accounting policies

Summary of significant accounting policies and key accounting estimates

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The company has adopted FRS 102 in these financial statements.

Statement of compliance

The individual financial statements of The Orchard, EU Limited have been prepared in accordance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Going concern

The financial statements have been prepared on a going concern basis. The directors have received notice from the immediate parent entity, Orchard Enterprises NY, Inc., that it will support the operational needs of the company in order to allow it to meet its liabilities as and when they fall due for a period of 12 months from the date of approval of the financial statements. Therefore, the directors believe that preparing the accounts on the going concern basis is appropriate due to the continued financial support of Orchard Enterprises NY, Inc.

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

Financial reporting standard 102 - reduced disclosure exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by the FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- The requirements of Section 4 Statement of Financial Positions paragraph 4.12(a)(iv);
- The requirements of Section 7 Statement of Cash Flows;
- The requirements of Section 3 Financial Statement Presentation paragraph 3.17(d);

This information is included in the consolidated financial statements of Sony Corporation as at 31 March 2017 and these financial statements may be obtained from 7-1, Konan 1-chome, Minato-ku, Tokyo, 108-0075.

Turnover and revenue recognition

Turnover comprises the value of recharges of costs to a parent entity, excluding VAT. Turnover is recognised in the period in which the expense occurs.

Foreign currency transactions and balances

(i) Functional and presentation currency

The company's functional and presentational currency is the Pound Sterling.

(ii) Transactions and balances

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the period end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting period. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case tax is also recognised in other comprehensive income or directly in equity respectively.

(i) Current tax

Current tax is the amount of income tax payable in respect of the taxable profit for the year or prior years. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Sony Music UK entities which include this company are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. Such losses will be purchased and paid for by the recipient company. Where there is reasonable certainty that taxable losses can be utilised the group relief receivable is included in the taxation charge or credit for the year.

(ii) Deferred tax

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

Deferred tax is recognised on all timing differences at the reporting date except for certain exceptions. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

Financial instruments

The Company has chosen to adopt sections 11 and 12 of FRS 102 in respect of financial instruments.

(i) Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

(ii) Financial liabilities

Basic financial liabilities, including trade and other payables, bank loans, loans from fellow group companies and preference shares that are classified as debt, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

2 Accounting policies (continued)

Tangible assets

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

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

Land and buildings - Straight line basis over the length of the lease
Plant and machinery etc - 20% to 50% per annum on a straight line basis

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amounts and are recognised in the income statement.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

3 Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Due to the straightforward nature of the company, the directors have concluded that there are no material judgements or estimations to disclose.

4 Turnover

The turnover for the year is attributable to the principal activity of the company.

A geographical analysis of the company's turnover for the year is as follows:

	2020	2019
	£	£
USA	<u>855,180</u>	<u>1,464,916</u>

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

5 Operating profit

Arrived at after charging

	2020 £	2019 £
Depreciation expense	4,810	25,925
Loss on disposal of property, plant and equipment	-	50,183
Auditors' remuneration - Audit of company's financial statements	<u>7,570</u>	<u>15,000</u>

The loss on disposal in 2019 relates to the removal of an office leasehold improvement asset as the company moved to new office premises during the period.

6 Directors' remuneration

The directors received no emoluments from the company for their services to the company. They were remunerated by other group companies.

7 Staff costs

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

	2020 £	2019 £
Wages and salaries	564,470	836,980
Social security costs	66,591	108,935
Other pension costs	<u>50,707</u>	<u>52,332</u>
	<u>681,768</u>	<u>998,247</u>

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

	2020 No.	2019 No.
Sales, marketing and distribution	9	12
Administration and support	<u>4</u>	<u>4</u>
	<u>13</u>	<u>16</u>

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

8 Taxation on profit

Tax (credited)/charged in the income statement

	2020 £	2019 £
Current taxation		
UK corporation tax	6,604	11,057
Adjustment in respect of previous periods	<u>(27,551)</u>	<u>-</u>
	<u>(20,947)</u>	<u>11,057</u>
Deferred taxation		
Origination and reversal of timing differences	6,135	12,314
Impact of change in tax rate	(4,449)	(1,297)
Adjustments in respect of previous periods	<u>17,520</u>	<u>-</u>
Total deferred taxation	<u>19,206</u>	<u>11,017</u>
Tax (receipt)/expense in the income statement	<u>(1,741)</u>	<u>22,074</u>

The tax on profit before tax for the year is higher than the standard rate of corporation tax in the UK (2019 - higher than the standard rate of corporation tax in the UK) of 19% (2019 - 19%).

The differences are reconciled below:

	2020 £	2019 £
Profit before tax	<u>40,723</u>	<u>69,758</u>
Corporation tax at standard rate	7,737	13,254
Decrease from effect of tax rate change on opening balance	(4,449)	(1,298)
Effect of expense not deductible in determining taxable profit (tax loss)	5,001	10,118
Decrease due to adjustment for prior periods	<u>(10,030)</u>	<u>-</u>
Total tax (credit)/charge	<u>(1,741)</u>	<u>22,074</u>

Legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and from 19% to 17% from 1 April 2020 was included in the Finance Act 2016 which received Royal Assent on 15 September 2016.

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

9 Tangible assets

	Plant and Machinery £	Total £
<i>Cost</i>		
At 1 April 2019	27,180	27,180
At 31 March 2020	27,180	27,180
<i>Accumulated depreciation</i>		
At 1 April 2019	16,835	16,835
Charge for the year	4,810	4,810
At 31 March 2020	21,645	21,645
<i>Net Book Value</i>		
At 31 March 2020	5,535	5,535
At 31 March 2019	10,345	10,345

10 Debtors

	Note	2020 £	2019 £
<i>Amounts falling due within one year:</i>			
Amounts owed by group undertakings		2,575,041	1,777,525
Other debtors		8,618	67,786
Taxation and social security		2,970	854
Corporation tax debtor	8	58,856	-
Deferred tax assets	8	36,134	14,612
		<u>2,681,619</u>	<u>1,860,777</u>
<i>Amounts falling due after more than one year:</i>			
Deferred tax assets		-	40,728

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

11 Creditors

	Note	2020 £	2019 £
<i>Amounts falling due within one year:</i>			
Amounts owed to group undertakings		2,874,465	2,013,740
Group relief payable	8	-	23,979
Other creditors		696	75,567
Social security and other taxes		-	21,605
Accruals and deferred income		<u>7,570</u>	<u>15,000</u>
		<u>2,882,731</u>	<u>2,149,891</u>

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

12 Deferred taxation

	2020 £	2019 £
Fixed asset timing differences	8,626	7,126
Losses	<u>27,508</u>	<u>48,214</u>
Deferred tax asset	<u>36,134</u>	<u>55,340</u>

The movement on deferred tax is as follows:

	2020 £	2019 £
Asset at start of year	55,340	66,359
Deferred tax charge/credit to income statement for the period	(1,686)	(11,019)
Adjustment in respect of prior years	<u>(17,520)</u>	<u>-</u>
Asset at end of year	<u>36,134</u>	<u>55,340</u>

Notes to the Financial Statements for the Year Ended 31 March 2020 (continued)

13 Called up share capital

Allotted, called up and fully paid shares

	2020		2019	
	No.	£	No.	£
ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

14 Related party transactions

The company has taken advantage of the exemption, under the terms of Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', not to disclose related party transactions with wholly owned subsidiaries within the group.

15 Parent and ultimate parent undertaking

The company's immediate parent is Orchard Enterprises NY, Inc., incorporated in United States of America.

The ultimate parent is Sony Corporation, incorporated in Japan.

The most senior parent entity producing publicly available financial statements is Sony Corporation. These financial statements are available upon request from 7-1, Konan 1-chome, Minato-ku, Tokyo, 108-0075.

The ultimate controlling party is Sony Corporation.