

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

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**SENTRIC MUSIC LIMITED**

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**COMPANY INFORMATION**

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<b>Directors</b>	C. J. Meehan M. W. O. Davies H. P. McCamley S. N. Chandler
<b>Registered number</b>	05721428
<b>Registered office</b>	1st Floor 29 Parliament Street Liverpool Merseyside L8 5RN
<b>Independent auditor</b>	Langtons Professional Services Limited Chartered Accountants & Statutory Auditors The Plaza 100 Old Hall Street Liverpool L3 9QJ

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**SETRIC MUSIC LIMITED**

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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2021**

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**Introduction**

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

**Business review**

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

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

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

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

**Principal risks and uncertainties**

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

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

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

**Financial key performance indicators**

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

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

**Future developments**

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

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**SENTRIC MUSIC LIMITED**

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

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

**S. N. Chandler**  
Director

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## SENTRIC MUSIC LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

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

#### Results and dividends

The profit for the year, after taxation, amounted to £1,119,974 (2020 - £456,420).

The directors recommend a dividend of £450,000 (2020 - £Nil).

#### Principal activity

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

#### Directors

The directors who served during the year were:

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

#### Directors' responsibilities statement

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 the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and 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 for the Company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the 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 to enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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**SENTRIC MUSIC LIMITED**

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

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**Matters covered in the Strategic Report**

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

**Disclosure of information to auditor**

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

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

**Post balance sheet events**

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

**Auditor**

The auditor, Langtons Professional Services Limited, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

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

**S. N. Chandler**

Director

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

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**Opinion**

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

In our opinion the financial statements:

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

**Basis for opinion**

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

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

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

**Other information**

The other information comprises the information included in the Annual Report other than the financial statements and our Auditor's report thereon. The directors are responsible for the other information contained within the Annual Report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



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

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**Opinion on other matters prescribed by the Companies Act 2006**

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

- the information given in the 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.

**Matters on which we are required to report by exception**

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

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

- adequate accounting records have not been kept, 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.

**Responsibilities of directors**

As explained more fully in the Directors' responsibilities statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the 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 AUDITOR'S REPORT TO THE MEMBERS OF SENTRIC MUSIC LIMITED (CONTINUED)

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**Auditor's responsibilities for the audit of the financial statements**

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

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

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

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

Our approach was as follows:

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

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

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

enquiries of management; and

journal entry testing, with a focus on journals indicating large or unusual transactions based on our understanding of the business.

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

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

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

**Use of our report**

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

Andrew McCall (Senior statutory auditor)

for and on behalf of

**Langtons Professional Services Limited**

Chartered Accountants

Statutory Auditors

The Plaza

100 Old Hall Street

Liverpool

L3 9QJ

27 September 2022

SENTRIC MUSIC LIMITED

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2021

	Note	2021 £	2020 £
Turnover	4	29,594,989	18,786,709
Cost of sales		(24,720,544)	(15,871,930)
<b>Gross profit</b>		<b>4,874,445</b>	<b>2,914,779</b>
Administrative expenses		(3,583,618)	(2,413,218)
<b>Operating profit</b>	5	<b>1,290,827</b>	<b>501,561</b>
Interest receivable and similar income	9	-	865
Interest payable and similar expenses	10	(108,443)	(106,656)
<b>Profit before tax</b>		<b>1,182,384</b>	<b>395,770</b>
Tax on profit	11	(62,410)	60,650
<b>Profit for the financial year</b>		<b>1,119,974</b>	<b>456,420</b>

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

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

The notes on pages 13 to 28 form part of these financial statements.

**SENTRIC MUSIC LIMITED**  
**REGISTERED NUMBER: 05721428**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2021**

	Note	2021 £	2020 £
<b>Fixed assets</b>			
Intangible assets	13	2,814,338	2,563,398
Tangible assets	14	36,658	35,530
Investments	15	536,474	536,474
		<u>3,387,470</u>	<u>3,135,402</u>
<b>Current assets</b>			
Debtors: amounts falling due after more than one year	16	1,347,229	1,134,407
Debtors: amounts falling due within one year	16	14,326,704	10,507,388
Cash at bank and in hand	17	12,297,595	5,767,891
		<u>27,971,528</u>	<u>17,409,686</u>
Creditors: amounts falling due within one year	18	(28,157,096)	(17,364,528)
<b>Net current (liabilities)/assets</b>		<u>(185,568)</u>	<u>45,158</u>
<b>Total assets less current liabilities</b>		<u>3,201,902</u>	<u>3,180,560</u>
Creditors: amounts falling due after more than one year	19	(1,170,768)	(1,819,400)
<b>Net assets</b>		<u><u>2,031,134</u></u>	<u><u>1,361,160</u></u>

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**SENTRIC MUSIC LIMITED**  
**REGISTERED NUMBER: 05721428**

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

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	<b>Note</b>	<b>2021</b> <b>£</b>	<b>2020</b> <b>£</b>
<b>Capital and reserves</b>			
Called up share capital	23	<b>1,043</b>	<i>1,043</i>
Share premium account	24	<b>632,682</b>	<i>632,682</i>
Profit and loss account	24	<b>1,397,409</b>	<i>727,435</i>
		<hr/> <b>2,031,134</b> <hr/>	<hr/> <i>1,361,160</i> <hr/>

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

**S. N. Chandler**  
Director

The notes on pages 13 to 28 form part of these financial statements.

**SENTRIC MUSIC LIMITED**

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

	Called up share capital £	Share premium account £	Profit and loss account £	Total equity £
<b>At 1 January 2020</b>	<b>1,031</b>	<b>595,194</b>	<b>271,015</b>	<b>867,240</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	456,420	456,420
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>456,420</b>	<b>456,420</b>
Shares issued during the year	12	37,488	-	37,500
<b>At 1 January 2021</b>	<b>1,043</b>	<b>632,682</b>	<b>727,435</b>	<b>1,361,160</b>
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,119,974	1,119,974
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>1,119,974</b>	<b>1,119,974</b>
Dividends: Equity capital	-	-	(450,000)	(450,000)
<b>Total transactions with owners</b>	<b>-</b>	<b>-</b>	<b>(450,000)</b>	<b>(450,000)</b>
<b>At 31 December 2021</b>	<b>1,043</b>	<b>632,682</b>	<b>1,397,409</b>	<b>2,031,134</b>

The notes on pages 13 to 28 form part of these financial statements.

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

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**1. General information**

The entity is a private limited liability company, limited by shares registered in England and Wales within the United Kingdom. The registered office is 1st Floor, 29 Parliament Street, Liverpool, L8 5RN and the company number is 05721428.

**2. Accounting policies**

**2.1 Basis of preparation of financial statements**

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

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

The following principal accounting policies have been applied:

**2.2 Exemption from preparing consolidated financial statements**

The Company is a parent company that is also a subsidiary included in the consolidated financial statements of a larger group by a parent undertaking established under the law of any part of the United Kingdom and is therefore exempt from the requirement to prepare consolidated financial statements under section 400 of the Companies Act 2006.

**2.3 Going concern**

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

**2.4 Foreign currency translation**

**Functional and presentation currency**

The Company's functional and presentational currency is GBP.

**Transactions and balances**

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

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



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

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**2. Accounting policies (continued)**

**2.5 Revenue**

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

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

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

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

**2.6 Operating leases: the Company as lessee**

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

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

**2.7 Interest income**

Interest income is recognised in profit or loss using the effective interest method.

**2.8 Finance costs**

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

**2.9 Borrowing costs**

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

**2.10 Pensions**

**Defined contribution pension plan**

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

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

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

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**2. Accounting policies (continued)**

**2.11 Current and deferred taxation**

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

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

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

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

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

**2.12 Intangible assets**

**Goodwill**

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

**Other intangible assets**

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

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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

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

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**2. Accounting policies (continued)**

**2.13 Tangible fixed assets**

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

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

Depreciation is provided on the following basis:

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

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

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

**2.14 Valuation of investments**

Investments in subsidiaries are measured at cost less accumulated impairment.

**2.15 Debtors**

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

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

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

**2.16 Cash and cash equivalents**

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

**2.17 Creditors**

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

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

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**2. Accounting policies (continued)**

**2.18 Financial instruments**

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

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

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

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

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

**2.19 Dividends**

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

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

**4. Turnover**

All turnover arose within the United Kingdom.

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**SENTRIC MUSIC LIMITED**

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

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**5. Operating profit**

The operating profit is stated after charging:

	2021	2020
	£	£
Exchange differences	91,011	47,275
Other operating lease rentals	<u>53,806</u>	<u>38,867</u>

**6. Auditor's remuneration**

	2021	2020
	£	£
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>19,000</u>	<u>18,000</u>

The Company has taken advantage of the exemption not to disclose amounts paid for non audit services as these are disclosed in the group accounts of the parent Company.

**7. Employees**

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

	2021	2020
	£	£
Wages and salaries	2,342,688	1,679,786
Social security costs	252,847	173,864
Cost of defined contribution scheme	54,749	46,049
	<u>2,650,284</u>	<u>1,899,699</u>

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

	2021 No.	2020 No.
Management	6	6
Administration	4	4
Royalties and services	44	36
Marketing	1	1
Technology Development	10	10

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**SENTRIC MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**8. Directors' remuneration**

	2021 £	2020 £
Directors' emoluments	465,276	303,721
Company contributions to defined contribution pension schemes	4,987	6,124
	<u>470,263</u>	<u>309,845</u>

During the year retirement benefits were accruing to 4 directors (2020 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £164,480 (2020 - £111,133).

The value of the Company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £1,730 (2020 - £2,338).

**9. Interest receivable**

	2021 £	2020 £
Other interest receivable	-	865
	<u>-</u>	<u>865</u>

**10. Interest payable and similar expenses**

	2021 £	2020 £
Bank interest payable	645	45
Other loan interest payable	107,798	106,611
	<u>108,443</u>	<u>106,656</u>

SENTRIC MUSIC LIMITED

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

11. Taxation

	2021 £	2020 £
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Origination and reversal of timing differences	221,265	26,000
Changes to tax rates	(110,965)	(34,650)
Adjustments in respect of previous periods	(47,890)	(52,000)
<b>Total deferred tax</b>	62,410	(60,650)
<b>Taxation on profit/(loss) on ordinary activities</b>	62,410	(60,650)

**Factors affecting tax charge for the year**

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

	2021 £	2020 £
Profit on ordinary activities before tax	1,182,384	395,770
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2020 - 19%)	224,653	75,196
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	5,583	6,076
Fixed asset differences	23,550	5,088
Adjustments to deferred tax charge in respect of prior periods	(47,890)	(52,000)
Adjustment in research and development tax credit leading to an increase (decrease) in the tax charge	(86,450)	(61,750)
Rate changes in deferred tax	(57,036)	(33,260)
<b>Total tax charge for the year</b>	62,410	(60,650)

**Factors that may affect future tax charges**

Trading losses of £1,779,437 are available to carry forward against future trading profits.



SETRIC MUSIC LIMITED

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

12. Dividends

	2021 £	2020 £
On ordinary shares	450,000	-
	<u>450,000</u>	<u>-</u>

On 3 May 2022 the directors propose a dividend of £300,000.

13. Intangible assets

	Contracts £	Computer software £	Goodwill £	Total £
<b>Cost</b>				
At 1 January 2021	98,000	2,706,047	249,964	3,054,011
Additions	49,000	739,413	-	788,413
At 31 December 2021	<u>147,000</u>	<u>3,445,460</u>	<u>249,964</u>	<u>3,842,424</u>
<b>Amortisation</b>				
At 1 January 2021	-	463,534	27,079	490,613
Charge for the year on owned assets	14,700	397,791	124,982	537,473
At 31 December 2021	<u>14,700</u>	<u>861,325</u>	<u>152,061</u>	<u>1,028,086</u>
<b>Net book value</b>				
At 31 December 2021	<u>132,300</u>	<u>2,584,135</u>	<u>97,903</u>	<u>2,814,338</u>
<b>At 31 December 2020</b>	<u>98,000</u>	<u>2,242,513</u>	<u>222,885</u>	<u>2,563,398</u>

SENTRIC MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
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14. Tangible fixed assets

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

15. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 January 2021	536,474
At 31 December 2021	536,474

**SENTRIC MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
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**Subsidiary undertakings**

The following were subsidiary undertakings of the Company:

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

**16. Debtors**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Due after more than one year</b>		
Artist advances	<b>1,013,041</b>	830,907
Other debtors	<b>93,098</b>	-
Deferred tax asset	<b>241,090</b>	303,500
	<b><u>1,347,229</u></b>	<b><u>1,134,407</u></b>
	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
<b>Due within one year</b>		
Trade debtors	<b>312,924</b>	448,044
Amounts owed by group undertakings	<b>606,173</b>	674,326
Artist advances	<b>601,960</b>	415,453
Other debtors	<b>12,302</b>	29,047
Prepayments and accrued income	<b>12,793,345</b>	8,940,518
	<b><u>14,326,704</u></b>	<b><u>10,507,388</u></b>

**17. Cash and cash equivalents**

	<b>2021</b>	<b>2020</b>
	<b>£</b>	<b>£</b>
Cash at bank and in hand	<b>12,297,595</b>	5,767,891
	<b><u>12,297,595</u></b>	<b><u>5,767,891</u></b>

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

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18. Creditors: Amounts falling due within one year

	2021 £	2020 £
Other loans	750,000	50,000
Trade creditors	12,710,330	6,943,097
Cost reserve on accrued income	10,787,269	7,672,114
Amounts owed to group undertakings	2,937,593	2,252,426
Other taxation and social security	520,359	126,140
Other creditors	145,810	291,990
Accruals and deferred income	305,735	28,761
	<u>28,157,096</u>	<u>17,364,528</u>

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

	2021 £	2020 £
Other loans	750,000	1,500,000
Accruals and deferred income	420,768	319,400
	<u>1,170,768</u>	<u>1,819,400</u>

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

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20. Loans

Analysis of the maturity of loans is given below:

	2021 £	2020 £
<b>Amounts falling due within one year</b>		
Other loans	750,000	50,000
	<u>750,000</u>	<u>50,000</u>
<b>Amounts falling due 1-2 years</b>		
Other loans	750,000	750,000
	<u>750,000</u>	<u>750,000</u>
<b>Amounts falling due 2-5 years</b>		
Other loans	-	750,000
	<u>-</u>	<u>750,000</u>
	<u>1,500,000</u>	<u>1,550,000</u>

**SENTRIC MUSIC LIMITED**

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

**21. Financial instruments**

	2021 £	2020 £
<b>Financial assets</b>		
Financial assets measured at fair value through profit or loss	12,297,595	5,767,891
Financial assets that are debt instruments measured at amortised cost	15,333,294	11,296,063
	<u>27,630,889</u>	<u>17,063,954</u>
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	<u>(18,005,941)</u>	<u>(11,372,112)</u>

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

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

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

**22. Deferred taxation**

	2021 £
At beginning of year	303,500
Charged to profit or loss	(62,410)
<b>At end of year</b>	<u>241,090</u>

The deferred tax asset is made up as follows:

	2021 £	2020 £
Accelerated capital allowances	(204,967)	(104,500)
Tax losses carried forward	444,859	406,500
Short term timing differences	1,198	1,500
	<u>241,090</u>	<u>303,500</u>

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**SETRIC MUSIC LIMITED**

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

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**23. Share capital**

	2021 £	2020 £
<b>Allotted, called up and fully paid</b>		
1,493 (2020 - 1,493) A Ordinary shares of £0.10 each	149.30	149.30
2,063 (2020 - 2,063) B Ordinary shares of £0.10 each	206.30	206.30
3,095 (2020 - 3,095) D Ordinary shares of £0.10 each	309.50	309.50
3,505 (2020 - 3,505) E Ordinary shares of £0.10 each	350.50	350.50
278 (2020 - 278) F Ordinary shares of £0.10 each	27.80	27.80
	<hr/>	<hr/>
	<b>1,043.40</b>	<b>1,043.40</b>
	<hr/>	<hr/>

**24. Reserves****Share premium account**

The share premium account represents the premium paid on issue of shares.

**Profit and loss account**

The profit and loss account represents the total of all profits and losses made to date, less dividends paid.

**25. Contingent liabilities**

The company has entered into a cross guarantee with other group companies such that it will guarantee certain liabilities should they be unable to meet those liabilities as and when they fall due. At 31 December 2020 the potential liability was £2,300,092 (2020 - £2,183,425).

**26. Pension commitments**

The Company pays into personal pension plans. The assets of the plans are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £54,749 (2020 - £49,119). Contributions totalling £14,294 (2020 - £13,562) were payable to the fund at the reporting date and are included in creditors.

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**SENTRIC MUSIC LIMITED**

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

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**27. Commitments under operating leases**

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

	2021 £	2020 £
Not later than 1 year	117,740	20,000
Later than 1 year and not later than 5 years	400,181	45,000
Later than 5 years	391,875	-
	<u>909,796</u>	<u>65,000</u>

**28. Other financial commitments**

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

**29. Related party transactions**

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

**30. Controlling party**

During the year, the company was a 100% subsidiary of Sentric Music Group Limited, a company registered in England and Wales.

Accounts of the parent company are available from Companies House, Cardiff.

During the year, the company was under the control of the directors of Sentric Music Group Limited.

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



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