

COMPANY REGISTRATION NUMBER 08295507

CALDERSTONE PRODUCTIONS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022



CALDERSTONE PRODUCTIONS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2022

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CALDERSTONE PRODUCTIONS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2022

THE BOARD OF DIRECTORS

AM Barker
DRJ Sharpe

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

4 Pancras Square
London
United Kingdom
N1C 4AG

AUDITOR

Deloitte LLP
Statutory Auditor
Abbots House
Abbey Street
Reading
RG1 3BD
United Kingdom

CALDERSTONE PRODUCTIONS LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their strategic report for the company for the year ended 31 December 2022.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was to market and distribute recorded music. The company is part of Universal Music Group's UK operations.

The result of the company for the year ended 31 December 2022 and its position as at that date are set out in the statement of comprehensive income, statement of financial position and statement of changes in equity on pages 13, 14 and 15 respectively. The result and position of the company were in line with directors' expectations.

RESULTS AND DIVIDENDS

The company's profit for the financial year was £20,383,000 (2021: £20,977,000). The retained profit for the year has been transferred to reserves. The directors do not recommend a dividend payment for the year ended 31 December 2022 (2021: £nil).

KEY PERFORMANCE INDICATORS

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

Turnover

Turnover increased by 8% and was driven by growth in streaming and subscription services, together with strong sales of international repertoire.

Gross profit margin

Gross profit margin decreased to 36% (2021: 37%) as a result of a change in product mix.

Net assets

The company's net assets position improved to £65,270,000 (2021: £44,888,000) driven by the company's continued profitability.

SECTION 172 STATEMENT

Under section 172 of the Companies Act 2006, the board of directors of a company must act to promote the success of the company for the benefit of its members as a whole.

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

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

Shareholders

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

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

CALDERSTONE PRODUCTIONS LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

SECTION 172 STATEMENT (continued)

Artists

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

In 2022, UMG launched its worldwide goodwill program benefiting certain legacy recording artists and songwriters with unrecovered balances. Under the ongoing program, eligible creators and their immediate heirs who have not received any payments since January 1, 2000, will begin receiving royalties, subject to certain conditions.

Relatedly, UMG's Royalty Artist Assistance Program continues to assist our partners in need. The program offers featured artists in financial need with the ability to request advances on royalty payments during times of financial hardship. Additional Universal Music Group initiatives address artists' mental health and wellbeing. For example, recognising that the life of an artist can present unique challenges and stressors, UMUK created a bespoke program to provide artists with a confidential space to support their personal development, wellbeing, and mental health. In addition to confidential counselling services provided by an inhouse BACP-registered counsellor with over 20 years of experience in the music industry, the service includes referrals to other kinds of professional wellbeing services and assistance as needed. The program supports artists at all stages of their careers and provides a resource for staff working with an artist to flag potential concerns with a trained professional.

UMUK also hosted its second artist wellbeing and mental health seminar in May 2022 for artist managers at the offices in King's Cross, following an earlier event in 2018 at Abbey Road Studios.

In 2022, UMUK partnered with Help Musicians to launch the "Co-Pilot" program, a ground breaking musicians' mentoring network. The Co-Pilot initiative matches UMG employee mentors with musicians to share knowledge, skills, and expertise, with many of the mentorship relationships continuing beyond the program's culmination.

Employee engagement

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

Mental health and well-being remain a key focus. UMUK provided targeted programming and resources to honour World Mental Health Day and Mental Health Awareness week, including therapist sessions focused on "Improving Connection and Belonging" as well as community meet-ups and art therapy classes.

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

Business relationships - suppliers and customers

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

Our accounts payable team continues to work closely with suppliers to ensure that the payment process runs smoothly, and for the 6 months ended 31 December 2022 our average time to pay invoices was 42 days.

CALDERSTONE PRODUCTIONS LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

SECTION 172 STATEMENT (continued)

The community

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

In 2020 Universal Music Group established its Task Force for Meaningful Change, an employee led group focussed on equality, justice and inclusion. Initiatives in 2022 in the UK included:

- Partnering with Generation Works to develop a unique opportunity for young musicians to access recording space and receive mentorship from music industry experts, including A&R, production, management, and digital marketing professionals.
- Production of a series of interactive workshops to showcase classical instruments and repertoire from marginalized Black classical composers, performed by Black and ethnically diverse musicians from Decus Ensemble. The workshops were conducted in partnership with Live Music Now in six London primary schools with high percentages of pupils from minority ethnic backgrounds with limited or no classical music tuition.

UMUK supports the Universal Music UK Sound Foundation (UMUKSF), an independently funded charity that focuses on lifting up the next generation of talent across the region. UMUK also maintains its partnership with East London Arts & Music (ELAM), the free school for 16-19-year-olds founded in 2014, which involves providing curriculum advice and work experience to trainees

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

In April 2022, over 100 guests from the music industry, government, academia and the health and social care sectors came together at UMUK's offices for the launch of the Power Of Music. This is a new study, supported by UMUK, from Music for Dementia/UK Music which outlines a blueprint for using music to help improve the nation's health, particularly for those living with dementia.

The environment

In 2017 UMUK moved into its current headquarters at 4 Pancras Square certified as 'Outstanding' by BREEAM, reflecting the board's desire to make the business as environmentally friendly as possible. The location of the office means that virtually all staff now come to work on public transport. We provide facilities with secure parking for 186 bikes, showers and a towel service. 2022 operations at this location and at Abbey Road Studios were powered by 100% renewable electricity

Furthermore, the staff cafe promotes a low carbon diet by offering daily vegetarian and vegan dishes and a Meat Free Monday. Food waste is actively managed and food provenance schemes, such as MSC seafood, are adhered to when sourcing ingredients. UMG signed the Music Climate Pact in 2021, with high level commitments to change, including signing up to the Science Based Targets initiative.

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

Our staff sustainability forum, Team Green, was established in 2007 and has board level support. It works on numerous initiatives throughout the year, including those mentioned above. This also included celebrating Earth Month which featured sessions on sustainable merchandise and UMG's response to the climate crisis.

CALDERSTONE PRODUCTIONS LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

SECTION 172 STATEMENT (continued)

Maintaining a reputation for high standards of business conduct

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

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

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

STREAMLINED ENERGY & CARBON REPORTING STATEMENT

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

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

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

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses a variety of financial instruments including equity and other instruments such as artist advances and trade payables that arise directly from its operations.

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

Exchange rate risk

Exchange rate fluctuation presents a risk because some sales are priced in overseas currencies, and certain balances are denominated in currencies other than Sterling. The directors do not consider that the potential downside is significant enough to require hedging but continue to monitor the potential risk.

Interest rate risk

The company does not have any external borrowings and as such the directors consider the interest rate risk to be minimal at this stage.

Liquidity risk

The company does not hold any bank accounts, and liquidity is managed via intercompany loans and through the cash management policy of its ultimate parent company, Universal Music Group N.V.. Financial risk is managed by ensuring liquidity is sufficient to meet future needs, and that sufficient funding is in place before any new commitments are entered into. Cash flow forecasts are monitored by management on a regular basis.

CALDERSTONE PRODUCTIONS LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

PRINCIPAL RISKS AND UNCERTAINTIES

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

- the continuing trend of declining physical retail sales;
- competition from alternative entertainment products;
- the threat of a devalued product due to piracy and the illegal use of music; and
- uncertainty as to whether the growth in the subscription services market will continue in the longer term.

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

Climate change

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

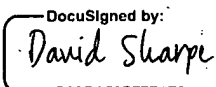
Initiatives the company is involved in are disclosed within the section 172 statement in the Strategic Report.

FUTURE DEVELOPMENTS

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

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

DRJ Sharpe
Director

DocuSigned by:

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Date: 18 May 2023

CALDERSTONE PRODUCTIONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2022

The directors present their report, together with the financial statements and the auditor's report of the company, for the year ended 31 December 2022.

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

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

DIRECTORS

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

AM Barker
DRJ Sharpe

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

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

POLICY ON THE PAYMENT OF CREDITORS

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

DONATIONS

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

AUDITOR

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

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

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

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

CALDERSTONE PRODUCTIONS LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

GOING CONCERN

The company's business activities, together with the factors likely to affect future developments, its financial exposures and its risk exposures are described in the strategic report. After making enquiries, the directors have a reasonable expectation that the company has adequate resources available to it to continue in operational existence for the foreseeable future, and at least 12 months from the date the financial statements are authorised for issue. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

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

DocuSigned by:

Bala Abioye

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A Abioye

Company Secretary

Date: 18 May 2023

Company Registration Number: 08295507

CALDERSTONE PRODUCTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALDERSTONE PRODUCTIONS LIMITED

FOR THE YEAR ENDED 31 DECEMBER 2022

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of Calderstone Productions Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2022 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity;
- the statement of accounting policies; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

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

Conclusions relating to going concern

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

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included:

- review of forecast for a period of 12 months from signing date;
- identification and challenge of key assumptions used in the forecasts;
- assessment of headroom in the forecasts (cash);
- sensitivity analysis
- sophistication of the model used to prepare the forecasts, testing of clerical accuracy of those forecasts and our assessment of the historical accuracy of forecasts prepared by management

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.

CALDERSTONE PRODUCTIONS LIMITED**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALDERSTONE PRODUCTIONS LIMITED (continued)****FOR THE YEAR ENDED 31 DECEMBER 2022**

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

CALDERSTONE PRODUCTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALDERSTONE PRODUCTIONS LIMITED (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

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

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006, UK tax legislation, Companies, Partnerships and Group Regulations 2015, UK GAAP as issued by the Financial Reporting Council; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the group's ability to operate or to avoid a material penalty. These included UK Bribery Act, Data Protection Regulation, Money Laundering and Proceeds of Crime Act, Copyright Designs and Patents Act.

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

As a result of performing the above, we identified the greatest potential for fraud in the following area, and our procedures performed to address it are described below:

- Risk of fraud in relation to revenue as a result of manual top-side adjustments. To address this risk we performed direct testing over manual journal entries to revenue, agreeing to supporting evidence, corroborating business rationale and compliance with accounting standards.

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

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

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions on other matters prescribed by the Companies Act 2006

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

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

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

CALDERSTONE PRODUCTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CALDERSTONE PRODUCTIONS LIMITED (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

Matters on which we are required to report by exception

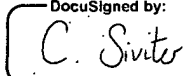
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies exemption in preparing the directors' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

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

DocuSigned by:

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Claire Siviter, FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Statutory Auditor, Reading, United Kingdom

Date: 18 May 2023

Company Registration Number: 08295507

CALDERSTONE PRODUCTIONS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
TURNOVER	4	119,614	111,046
Cost of sales		(76,395)	(70,044)
GROSS PROFIT		43,219	41,002
Distribution costs		(4,095)	(4,229)
Administrative expenses		(11,124)	(9,723)
OPERATING PROFIT	5	28,000	27,050
Interest payable and similar charges	8	(2,798)	(1,143)
PROFIT BEFORE TAXATION		25,202	25,907
Tax on profit	9	(4,819)	(4,930)
PROFIT FOR THE FINANCIAL YEAR		20,383	20,977
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		20,383	20,977

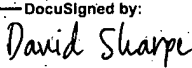
All of the activities of the company are classed as continuing operations.

The notes on pages 16 to 25 form part of these financial statements

CALDERSTONE PRODUCTIONS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2022

	Note	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	10	34,484	41,380
CURRENT ASSETS			
Inventories	11	336	104
Debtors: Amounts falling due within one year	12	227,429	184,014
		<u>227,765</u>	<u>184,118</u>
CREDITORS: Amounts falling due within one year	13	(191,505)	(175,715)
NET CURRENT ASSETS		<u>36,260</u>	<u>8,403</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>70,744</u>	<u>49,783</u>
PROVISIONS FOR LIABILITIES			
Provisions for liabilities and charges	14	(5,474)	(4,895)
NET ASSETS		<u>65,270</u>	<u>44,888</u>
CAPITAL AND RESERVES			
Called-up share capital	15	-	-
Profit and loss account		<u>65,270</u>	<u>44,888</u>
EQUITY SHAREHOLDERS' FUNDS		<u>65,270</u>	<u>44,888</u>

These financial statements were approved by the board of directors and authorised for issue on 18 May 2023 and are signed on their behalf by:

DocuSigned by:

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DRJ Sharpe
Director

Company Registration Number: 08295507

The notes on pages 16 to 25 form part of these financial statements

CALDERSTONE PRODUCTIONS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022

	Called-up share capital £'000	Profit & loss account £'000	Total shareholders' funds £'000
Balance brought forward 1 January 2021	-	23,911	23,911
Total comprehensive income			
Profit for the financial year	-	20,977	20,977
Balance brought forward 1 January 2022	-	44,888	44,888
Total comprehensive income			
Profit for the financial year	-	20,383	20,383
Balance carried forward at 31 December 2022	-	65,270	65,270

The notes on pages 16 to 25 form part of these financial statements

CALDERSTONE PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2022

1. GENERAL INFORMATION

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

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

2. STATEMENT OF COMPLIANCE

The company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis, under the historical cost convention. The financial statements are prepared in sterling, which is the functional currency of the company, and have been rounded to the nearest £'000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

FRS 102 - Qualifying exemptions

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

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

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

Going concern

The company's business activities, together with the factors likely to affect future developments, its financial exposures and its risk exposures are described in the strategic report. After making enquiries, the directors have a reasonable expectation that the company has adequate resources available to it to continue in operational existence for the foreseeable future, and at least 12 months from the date the financial statements are authorised for issue. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

CALDERSTONE PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3. ACCOUNTING POLICIES (continued)

Turnover

Turnover comprises the value of sales of physical goods, digital products, royalty income and services rendered during the year. It is stated net of VAT, discounts and returns.

Turnover from sales of goods is recognised when products are despatched, at which point the significant risks and rewards are considered to be transferred to the customer. Turnover relating to digital products and royalty income is recognised when the products are sold, or if it cannot be reliably estimated, on a receipts basis. Turnover relating to services rendered is recognised once the services have been performed. Royalties payable are charged to cost of sale in the same period as the relevant income.

Intangible assets

Intangible assets represent catalogue assets and are stated at cost less accumulated amortisation and accumulated impairment losses.

Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets.

The estimated useful lives are as follows:

Catalogue assets	15 years straight line
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The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with FRS 102, Section 27 Impairment of assets, when there is an indication that goodwill or an intangible asset may be impaired.

Financial instruments

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

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

Financial assets and liabilities

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

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

CALDERSTONE PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3. ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets and liabilities (continued)

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

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

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

Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Advances

Advances to unproven artists, where no discernible track record of activity is evidenced, are expensed. Advances to proven artists are written down to the estimated amount that will be recoverable from future royalty payments to the artist. Net advances are classified as falling due within one year, although elements may not be recovered until more than one year.

Provisions

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Interest receivable and Interest payable

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

Inventories

Inventories are valued at the lower of cost based on purchase invoice, and net realisable value, after making due allowance for obsolete and slow moving items. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

CALDERSTONE PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3. ACCOUNTING POLICIES (continued)

Impairment of assets

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

Financial assets

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

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

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

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Foreign currencies

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

Taxation

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

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

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

CALDERSTONE PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2022

3. ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

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

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

Critical accounting judgements and key sources of estimation uncertainty

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

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

Critical judgements in applying the company's accounting policies

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

Key sources of estimation uncertainty

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

Intangible assets - useful lives

The company holds an intangible asset relating to certain catalogue rights. At each reporting date the directors review the amortisation period to assess whether events and circumstances indicate that the useful life may have changed. This assessment involves consideration of various factors including, but not limited to:

- The nature of the catalogue and the likely period over which it is expected to generate revenues;
- The legal expiration date of the relevant catalogue rights and the likelihood of extension to the term; and
- Future developments in the music industry.

Artist royalty provisions

The company holds a provision for artist royalty audits as disclosed in note 14. The value of the provision is an estimate and the actual costs and timing of cash flows are dependent on future events. Any differences between expectations and the actual future liability are accounted for in the period when such determination is made.

Artist advance provisions

The company makes provisions against artist advances based on an assessment of the likelihood of recovering the balance through future artist royalties, which involves an element of estimation. The actual artist royalties may differ from these estimates. The gross carrying value of artist advances as at 31 December 2022 is £18,481,000 (2021: £18,260,000).

CALDERSTONE PRODUCTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

4. TURNOVER

Turnover by activity is as follows:

	2022 £'000	2021 £'000
Sales of goods	76,373	76,344
Royalties	43,241	34,702
	<u>119,614</u>	<u>111,046</u>

Turnover by destination is as follows:

	2022 £'000	2021 £'000
United Kingdom	94,730	90,828
Rest of Europe	8,342	7,795
United States of America	9,994	7,332
Rest of World	6,548	5,091
	<u>119,614</u>	<u>111,046</u>

5. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2022 £'000	2021 £'000
Amortisation of intangible assets	6,897	6,897
Cost of inventories recognised as an expense	1,006	1,248
Impairment of inventories	3	212
Net loss on foreign currency translation	1	5
	<u></u>	<u></u>

6. AUDITOR'S REMUNERATION

The auditor's remuneration for the year ended 31 December 2022 was £23,000 (2021: £21,000) and was borne by fellow group subsidiary, Universal Music Operations Limited in both years.

7. PARTICULARS OF EMPLOYEES

The company had no employees during the year ended 31 December 2022 (2021: none). Payroll costs amounting to £279,000 (2021: £325,000) were recharged to the company by a fellow group undertaking, Universal Music Holdings Limited.

Emoluments for the directors of the company are paid for by Universal Music Operations Limited. The fellow group company has not recharged any amount to the company (2021: £nil) on the basis that they are unable to make a reasonable apportionment of the portion of these total emoluments that relate to qualifying services provided by directors of the company.

CALDERSTONE PRODUCTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2022 £'000	2021 £'000
Other finance charges	467	53
Interest payable to group undertakings	2,331	1,090
	<u>2,798</u>	<u>1,143</u>

9. TAX ON PROFIT

(a) Analysis of tax charge in the year

	2022 £'000	2021 £'000
Current tax:		
Group relief payable for losses claimed from other group undertakings	4,698	4,930
UK Corporation tax on profit for the year	121	-
	<u>4,819</u>	<u>4,930</u>

(b) Factors affecting tax charge

The tax assessed on the profit for the year is higher than (2020: lower than) the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%).

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

	2022 £'000	2021 £'000
Profit before taxation	25,202	25,907
Profit at the standard rate of UK Corporation tax of 19.00% (2021: 19.00%)	4,788	4,922
Expenses not deductible for tax purposes	7	8
Movement in timing differences	24	-
	<u>4,819</u>	<u>4,930</u>

(c) Factors that may affect future tax charges

The company has total unutilised tax losses carried forward estimated at £480,000 (2021: £480,000), which may reduce future tax charges. No deferred tax asset has been recognised in respect of these losses due to uncertainty as to their future recoverability.

CALDERSTONE PRODUCTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

10. INTANGIBLE ASSETS

	Catalogue assets £'000
COST	
At 1 January 2021 and 31 December 2022	<u>103,451</u>
AMORTISATION	
At 1 January 2022	62,071
Charge for the year	6,896
At 31 December 2022	<u>68,967</u>
NET BOOK VALUE	
At 31 December 2022	<u>34,484</u>
At 31 December 2021	<u>41,380</u>

11. INVENTORIES

	2022 £'000	2021 £'000
Finished goods	<u>336</u>	<u>104</u>

The difference between the purchase price of inventories and their replacement cost is not material.

12. DEBTORS: Amounts due within one year

	2022 £'000	2021 £'000
Amounts due from group undertakings	215,033	175,467
Other debtors	201	320
Accrued income	12,195	8,227
	<u>227,429</u>	<u>184,014</u>

Within amounts due from group undertakings, all balances are due from other group companies.

At 31 December 2022 and 31 December 2021, all debtors are measured at amortised cost.

All amounts due from fellow group undertakings are classified as current as they are repayable on demand. They are unsecured and interest free.

CALDERSTONE PRODUCTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

13. CREDITORS: Amounts falling due within one year

	2022 £'000	2021 £'000
Trade creditors	23,800	20,803
Amounts owed to group undertakings	160,922	150,148
Corporation tax	1,372	-
Other creditors	304	105
Accruals	3,120	2,279
Current provisions	1,986	2,380
	<u>191,505</u>	<u>175,715</u>

Within amounts owed to group undertakings; all balances are owed to other group companies.

All amounts owed to fellow group undertakings are classified as current as they are repayable on demand. The interest rates are linked to SONIA from 1 January 2022. Before 1 January 2022, interest rates were linked to LIBOR.

At 31 December 2022 and 31 December 2021, all creditors are measured at amortised cost and no security has been provided against the balances.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Total £'000
At 1 January 2022	7,274
Additions dealt with in profit/loss	147
Unwinding of discount	170
Net gain on foreign currency translation	297
Amounts utilised	(428)
At 31 December 2022	7,460
Amounts falling due within one year	1,986
Amounts falling due after one year	5,474

Provision is made against the outcome of artist royalty audits ongoing at the reporting date, and against additional artist royalty obligations anticipated by management at the reporting date, resulting from a past event likely to give rise to the transfer of economic benefit. Until such time as a formal audit notification is received, the liability is not expected to crystallise within 12 months of the reporting date and is therefore classified as a non-current provision.

The other provision relates to a long term liability that the company is obliged to meet over the next 7 years. The current provision element can be found in note 13.

CALDERSTONE PRODUCTIONS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2022

15. CALLED-UP SHARE CAPITAL AND RESERVES

Allotted, called up and fully paid:

	2022		2021	
	No	£'000	No	£'000
Ordinary shares of £1 each	1	-	1	-

The company has one class of ordinary shares which have attached to them full voting, dividend and capital distribution (including on winding-up) rights. They do not confer any rights of redemption.

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

16. ULTIMATE PARENT COMPANY

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

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

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