

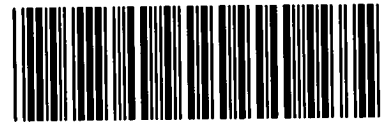
WMG Finance Limited

Annual report and financial statements

Registered number 08300633

30 September 2022

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27/06/2023

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COMPANIES HOUSE

DIRECTORS

S Rishi
F Kimick
E Levin
R Lougee

SECRETARY

Olswang Cosec Limited
Cannon Place
78 Cannon Street
London
EC4N 6AF

AUDITOR

Ecovis Wingrave Yeats LLP
Waverly House, 7-12 Noel Street
London
W1F 8GQ

REGISTERED OFFICE

Cannon Place
78 Cannon Street
London
EC4N 6AF

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Strategic Report

The directors present their report and financial statements for the year ended 30 September 2022.

Principal activity and review of business

The principal activity of the company during the year was that of an investment and holding company providing loan facilities to other group companies throughout the world. WMG Finance Ltd also heads the Citibank cash pool used by the UK group companies and participates in the BMG cash pool receiving deposits to and drawings from other group companies.

The profit in the year is driven by foreign exchange gain and net interest income being generated on intercompany loans during 2022.

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

	2022 \$'000	2021 \$'000	Change %
Profit/(Loss) after tax	27,670	(8,838)	413.08%
Shareholders' funds	102,488	74,818	36.98%
Current assets as % of current liabilities	84.71%	76.19%	8.52%

The profit in the year is due to a foreign exchange gain of \$32.8m and net interest income of \$1.9m.

As a result of the profit for the year, Shareholders' funds have increased by 36.98%.

Current assets as a % of current liabilities have increased by 8.52% mainly as a result of foreign exchange movements and the impact on cash and intercompany loan balances during the year.

Principal risks and uncertainties

The company lends and borrows to and from other Warner Music Group companies in different currencies and so is exposed to foreign exchange rate movements on those balances.

Further risks and uncertainties facing the company relate to the risks and uncertainties facing its subsidiaries and other group companies. Key risks and uncertainties facing its subsidiaries and other group companies is that due to intense competition, market forces may lead to a rise in the cost of acquiring song writing talent and artists.

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

STRATEGIC REPORT (CONTINUED)

Duty to promote the success of the company

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

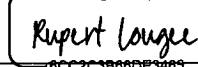
The company's and group's success depends on the company's reputation with customers and other stakeholders being maintained, and so any impact on the community and environment of commercial decisions is considered carefully.

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

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

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

By order of the Board Signed by:

Signed 
R Lougee (Director)

Date 22 June 2023

Cannon Place
78 Cannon Street
London
EC4N 6AF
Registered no. 08300633

Directors' Report

The directors present their report and financial statements for the year ended 30 September 2022.

Results and dividends

The profit for the year after taxation amounted to \$27,670k (2021 - loss \$8,838k). The directors do not recommend the payment of a final dividend (2021 – \$nil).

Future developments

The directors do not envisage any change in the company's activities in the foreseeable future.

Directors

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

C Godfrey (resigned 13 January 2023)
F Kimick
E Levin
S Rishi
R Lougee (appointed on 11 March 2022)

Going concern

Notwithstanding net current liabilities of \$111,571k as at 30.09.2022, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

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

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

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

Disclosure of information to the auditor

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


Directors' report (continued)

Auditor

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

On behalf of the board

R Lougee
Director

DocuSigned by:

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Date: 22 June 2023

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

The directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF WMG FINANCE LIMITED

Opinion

We have audited the financial statements of WMG Finance Limited (the 'Company') for the year ended 30 September 2022, which comprise the Statement of comprehensive income, the Balance sheet, 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 30 September 2022 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 Auditors' 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 Auditors' 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.

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 5, 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.

Auditors' responsibilities for the audit of the financial statements

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

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 determined that the laws and regulations which are directly relevant to the financial statements are those that relate to the reporting framework Financial Reporting Standard 102 and the relevant tax compliance regulations in the jurisdictions in which the Company operates. We evaluated the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.
- In addition, there are other significant laws and regulations which may have an effect on the determination of the amounts and disclosures in the financial statements. For these laws and regulations, the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through fines or litigation being imposed. As required by the auditing standards, auditing procedures in respect of non-compliance with these identified laws and regulations are limited to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and fraud risks identified in the paragraphs above. In addition to the audit procedures, we remained alert to any indications of non-compliance throughout the audit.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

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. This description forms part of our Auditors' 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 Auditors' 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.

Jessica Teague

Jessica Teague (Senior statutory auditor)
for and on behalf of

Ecovis Wingrave Yeats LLP
Chartered Accountants & Statutory auditor
3rd Floor, Waverley House
7-12 Noel Street
London
W1F 8GQ
Date: 23 June 2023

Profit and Loss Account and Other Comprehensive Income
for year ended 30 September 2022

	<i>Note</i>	2022	2021
		\$'000	\$'000
Interest receivable and similar income	4	24,291	16,225
Interest expense and similar charges	5	(22,384)	(14,298)
Other income and expenses	2	32,257	(12,396)
		<hr/>	<hr/>
Profit/(loss) before taxation		34,164	(10,470)
Tax on profit/(loss)	6	(6,494)	1,632
		<hr/>	<hr/>
Profit/(loss) for the financial year		27,670	(8,838)
		<hr/>	<hr/>

All amounts are derived from continuing activities.

Other Comprehensive Income

The company had no other comprehensive income for the year ended 30 September 2022 (2021 – £nil).

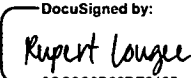
The notes on pages 12 to 22 form part of these financial statements.

Balance Sheet
at 30 September 2022

	<i>Note</i>	2022 \$'000	2021 \$'000
Fixed assets			
Investments	7	214,059	214,059
Current assets			
Debtors:			
amounts falling due within one year		381,064	274,104
amounts falling due after one year		115,156	158,633
	8	<u>496,220</u>	<u>432,737</u>
Cash at bank and in hand	9	121,912	12,774
Creditors: amounts falling due within one year	10	(729,703)	(584,752)
Net current liabilities		<u>(111,571)</u>	<u>(139,241)</u>
Net assets		<u>102,488</u>	<u>74,818</u>
Capital and reserves			
Called up share capital	11	-	-
Share Premium Account		416,060	416,060
Profit and loss account		(313,572)	(341,242)
Shareholders' funds		<u>102,488</u>	<u>74,818</u>

The notes on pages 12 to 22 form part of these financial statements.

These financial statements were approved by the board of directors and were signed on its behalf by:

Signed 
DocuSigned by:
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R Lougee (Director)

Date 22 June 2023

Cannon Place
78 Cannon Street
London
EC4N 6AF
Registered no. 08300633

Statement of Changes in Equity

	Called up Share capital \$'000	Share Premium \$'000	Profit and loss account \$'000	Total equity \$'000
Balance at 25 September 2020	-	416,060	(332,404)	83,656
Loss and total comprehensive loss for the year	-	-	(8,838)	(8,838)
Balance at 24 September 2021	-	416,060	(341,242)	74,818
Profit and total comprehensive income for the year	-	-	27,670	27,670
Balance at 30 September 2022	<u>-</u>	<u>416,060</u>	<u>(313,572)</u>	<u>102,488</u>

The notes on pages 12 to 22 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

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

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

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

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

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

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

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

This information is included in the consolidated financial statements of Warner Music Group Corp., a company incorporated in the United States of America, as at 30 September 2022 and these financial statements may be obtained from 1209 Orange Street, Wilmington, DE 19801, USA.

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

Basis of preparation

The financial statements are prepared under the historical cost convention.

Accounting period

The company has prepared financial statements for either 52 or 53 week periods ending within one week of 30 September (2021 – 24 September 2021). From 1st October 2022, accounts will continue to be prepared to 30th September each year.

Going concern

Notwithstanding net current liabilities of \$111,571k as at 30.09.2022, the financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reason.

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

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

Notes (continued)**1 Accounting policies (continued)*****Going concern (continued)***

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

Foreign currency

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

Basic financial instruments***Trade and other debtors / creditors***

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

Interest-bearing borrowings classified as basic financial instruments

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

Investments in subsidiaries

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

Related Parties

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

Notes (continued)

1 Accounting policies (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method and unwinding of the discount on provisions that are recognised in the profit and loss account.

Other interest receivable and similar income include interest receivable on funds invested.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established.

Taxation

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

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements.

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

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

Notes (continued)

2 Other Income and Expenses

This is stated after charging/(crediting):

	2022	2021
	\$'000	\$'000
Auditor remuneration – audit services	9	13
Foreign Exchange (Gain)/Loss	(32,805)	11,935
Group recharge and other fees	539	448
	<u>(32,257)</u>	<u>12,396</u>

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

3 Directors' remuneration

	2022	2021
	\$'000	\$'000
Directors' emoluments	-	-
	<u>-</u>	<u>-</u>

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

Notes (continued)

4 Interest receivable and similar income

	2022	2021
	\$'000	\$'000
Interest receivable from group undertakings	23,811	16,047
Bank interest receivable	480	178
	<u>24,291</u>	<u>16,225</u>

5 Interest payable and similar expenses

	2022	2021
	\$'000	\$'000
Interest payable to group undertakings	22,316	14,180
Bank interest payable	68	118
	<u>22,384</u>	<u>14,298</u>

6 Taxation

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

	2022	2021
	\$'000	\$'000
<i>Current tax</i>		
UK corporation tax on profit/(loss) for the period	5,980	(2,073)
Adjustments in respect of prior periods	-	-
Foreign tax suffered	514	441
Total current tax	<u>6,494</u>	<u>(1,632)</u>
Total tax per income statement	<u>6,494</u>	<u>(1,632)</u>

Notes (continued)

b. Reconciliation of tax charge

The charge/(credit) for the year can be reconciled to the loss per the income statement as follows:

	2022 \$'000	2021 \$'000
Profit/(Loss) before tax for the year	<u>34,164</u>	<u>(10,470)</u>
Tax on profit/(loss) at standard UK tax rate of 19.00% (2021: 19.00%)	6,492	(1,989)
Effects of:		
Effect of tax rates in foreign jurisdictions	2	357
Adjustment to tax in respect of prior periods	<u>-</u>	<u>-</u>
Total tax expense/(credit) included in profit and loss	<u><u>6,494</u></u>	<u><u>(1,632)</u></u>

c. Tax rate changes

An increase in the UK corporation tax rate from 19% to 25% (effective 1 April 2023) was substantively enacted on 24 May 2021. This will have a consequential effect on the company's future tax charge

d. Deferred tax

The company had no deferred tax provision at 30 September 2022 (2021: \$nil).

Notes (continued)

7 Investments

	\$'000
Cost:	
At 24 September 2021	1,119,250
At 30 September 2022	<u>1,119,250</u>
 Provision for impairment:	
At 24 September 2021	(905,191)
At 30 September 2022	<u>(905,191)</u>
 Net Book Value:	
At 24 September 2021	214,059
At 30 September 2022	<u>214,059</u>
 Unlisted investments at 30 September 2022	<u>214,059</u>

Notes (continued)

The subsidiary undertakings included in the financial statements as at 30 September 2022 are listed below. The undertakings are incorporated in Great Britain, unless otherwise indicated.

	Nature of business	Ordinary shares held
Direct Subsidiary undertakings		
Parlophone Records Limited #	Operating	100%
Indirect Subsidiary undertakings		
Warner Music Artist Services International Limited #	Operating	100%
Food Limited #	Dormant	100%
Music for Pleasure Limited #	Dormant	100%
Erato Record Classics Limited #	Dormant	100%
PLG Classics Germany GmbH ^	Operating	100%
Trooper Enterprises Limited #	Dormant	75%

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

^ Registered office – c/o Warner Music Group Germany, Holding GmbH, Alter Wandrahm 14, 20457 Hamburg

Notes (continued)

8 Debtors

	2022	2021
	\$'000	\$'000
Amounts owed by group undertakings:		
Interest-bearing intercompany accounts with group undertakings	494,113	429,705
Interest-free intercompany accounts with group undertakings	-	-
Group relief receivable	2,073	2,998
Prepayments and accrued income	34	34
	<u>496,220</u>	<u>432,737</u>

Amounts falling due after more than one year included above are:

	2022	2021
	\$'000	\$'000
Amounts owed by fellow group undertakings:		
Interest-bearing intercompany accounts with group undertakings	115,156	158,633
	<u>115,156</u>	<u>158,633</u>

Included within Debtors: Amounts owed by group undertakings, are \$356,204k (2021 - \$270,786k) of short term intercompany receivable loans. Interest is charged at the applicable rate plus 2.5% per annum and is repaid / capitalised quarterly. The loans are repayable on demand with 30 days of notice.

A second type of loan included, is \$246k (2021 - \$287k) of short term intercompany receivable loans. Interest is charged at a rate of currency 1 month reference rate plus 3% per annum. The loans are repayable on demand with two weeks written notice.

Also included within Debtors: Amounts owed by group undertakings, are \$22,507k (2021 - \$23,692k) of medium-term intercompany receivable loans. The principal loans are payable in full on 25th September 2023. In the previous year, these loans were disclosed in amounts falling due after more than one year. Interest is charged at the applicable rate plus a spread of 4% per annum and is repaid/capitalised semi-annually.

Included within Amounts owed by group undertakings falling due after more than one year is \$115,156k (2021 - \$134,941k) of medium-term intercompany loan with Warner Music Group Germany Holding GMBH. Interest is charged on the loan at 5% per annum and is repaid semi-annually. The principal loan is repayable on 10th September 2025.

Notes (continued)

9 Cash and cash equivalents/bank overdrafts

	2022	2021
	\$'000	\$'000
Cash at bank and in hand	121,912	12,774
	<u>121,912</u>	<u>12,774</u>

10 Creditors: amounts falling due within one year

	2022	2021
	\$'000	\$'000
Amounts payable to fellow group undertakings:		
Interest-bearing intercompany accounts with subsidiary undertakings	28,266	32,485
Interest-bearing intercompany accounts with group undertakings	675,384	520,285
Interest-free loan from subsidiary undertaking	19,863	24,741
Interest-free loans from group undertakings	54	114
Accruals	142	48
Corporation Tax	5,994	-
Bank overdraft	-	7,079
	<u>729,703</u>	<u>584,752</u>

Included within Amounts owed to group/subsidiary undertakings, are \$664,747k (2021 - \$507,991k) of short term intercompany payable loans. Interest is charged at the applicable rate plus 2% per annum and is repaid/capitalised quarterly. The loans are repayable on demand with 30 days of notice.

A second type of loan included within Amounts owed to group undertakings, is \$38,904k (2021 - \$44,778k) of short term intercompany payable loans. Interest is charged at a rate of currency 12 month reference rate plus 0.10% per annum. The loans are repayable on demand with two weeks written notice.

Included within interest-free loans from subsidiary undertaking is a non-interest bearing loan which is repayable on demand with 5 business days of notice.

Notes (continued)

11 Share capital

	2022	2021
	\$	\$
Allotted, called up and fully paid:		
1 Ordinary share of £1 each	1	1

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

Share premium – includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

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

12 Ultimate parent company and parent company of larger group

The company is 100% owned by Warner Music Holdings Limited, the immediate parent undertaking.

On 30 September 2022 Access Industries LLC a company incorporated in Delaware in the United States of America, was the ultimate parent undertaking. Warner Music Group Corp. was the parent undertaking of the smallest and largest group of undertakings of which the company was a member and for which group financial statements are drawn up. Copies of Warner Music Group Corp.'s financial statements can be obtained from 1209 Orange Street, Wilmington, DE 19801, USA.