

Music and Entertainment Rights Licensing Independent Network Limited (MERLIN)
(UK establishment number BR022220)

Annual Transparency Report for the year to 31 December 2023

MERLIN

ANNUAL TRANSPARENCY REPORT

for the year to 31 December 2023

Music and Entertainment Rights Licensing Independent

Network Limited

("MERLIN")

Registered Office:

25 – 28 North Wall Quay
Dublin 1
Dublin D01 H104

Business Address:

2nd Floor, Room #02C128
125 Kingsway
London WC2B 6NH

Annual Transparency Report for the year to 31 December 2023

Merlin

2023 Transparency report

This transparency report relates to MERLIN's financial year ended 31 December 2023 and has been published in accordance with Regulation 21 of the Collective Management of Copyright (EU Directive) Regulations 2016 (the "Regulations").

Gravita Audit II Limited have performed work in accordance with the International Standard on Related Services (ISRS) 4400 'Engagements to perform agreed upon procedures regarding financial information' and 'The Agreed Upon Procedures for the Audit of an Annual Transparency Report' as published by the Intellectual Property Office. Those procedures assist the directors of MERLIN (the "company") in fulfilling the obligation to report under section 21(2)(b) of the Regulations. Gravita Audit II Limited's private factual findings report is included as an appendix to this report.

This transparency report also includes certain financial information which is contained in MERLIN's separately published financial statements for the year ended 31 December 2023. Such information has been subject to audit by Crowleys DFK, and their audit report is included with MERLIN's 31 December 2023 financial statements.

➤ **Report of the activities for 2023**

The principal activity of MERLIN during the year to 31 December 2023 was licensing recorded music to digital music services and other digital platforms ("DSPs"). MERLIN obtains recorded music and related rights from independent record labels and distributors, who own and/or control such rights, and who choose to license rights to MERLIN for its licensing purposes and are known as Merlin Members ("Members").

MERLIN carries out its digital music licensing and copyright enforcement activities globally.

MERLIN did not undertake any other business unrelated to such activities.

2023 was another year of growth for MERLIN, with an increase in revenue and Member numbers as well as recruitment of new talent to its team.

➤ **Digital Service Providers and Platforms**

In 2023, MERLIN had 37 active licensing agreements with DSPs including Apple Music, Deezer, Meta, Pandora, Snap, SoundCloud, Spotify, TikTok and YouTube, finishing the year with 35 active deals.

During the year, the company signed a number of new deals with DSPs, as well as renewing several existing deals.

Annual Transparency Report for the year to 31 December 2023

➤ **MERLIN Members**

MERLIN continued to attract new Members in the year, and there were 24 new joiners from across the world.

MERLIN continued to make royalty payments to Members totalling £1,190,176,346 in the year.

➤ **IT**

Investment in IT infrastructure continued including to ensure that royalty reporting and payments to Members are made in a timely and efficient manner, and in respect of the development of MERLIN's data analytics capabilities.

➤ **Legal and Governance structure of MERLIN**

MERLIN is a private company limited by shares, registered in The Republic of Ireland with company number 655936. MERLIN's business activities are operated from its offices in London. Its UK establishment number is BR022220.

The company is a wholly owned subsidiary of Merlin Network (Global Independent Digital) Company Limited by Guarantee, a company registered in the Republic of Ireland with company number 655914 ("Merlin Network").

The statutory Directors of Merlin Network are advised by a non-executive advisory committee, which is elected on a bi-annual basis by MERLIN's Members. The advisory committee (known as the "Merlin Board") may in addition include up to six non-voting advisors appointed by MERLIN's executives. The Merlin Board has the right to nominate two of Merlin Networks' statutory Directors ("Designated Directors") and accordingly, the Merlin Board exercises a supervisory role via the Designated Directors. The role of the Merlin Board (which is not remunerated) is to represent the interest of Members reflecting protections contained in Merlin's Membership Agreement with its Members.

Annual Transparency Report for the year to 31 December 2023

All ownership interests in Merlin Network are held by individual members of the Merlin Board on behalf of and for the sole benefit of the Merlin Members.

MERLIN has a Board of statutory Directors that manages the operation of all aspects of the company's business, including its costs, revenues, licensing, and operating policies.

➤ **Members of the statutory Board of Directors during the year to 31 December 2023**

The Board of MERLIN during the year consisted of the following directors:

- Charlie Lexton
- Jeremy Sirota
- Ryan McWhinnie
- Adam Wright

➤ **Members of the Merlin Board during the year to 31 December 2023**

The Merlin Board is an advisory committee to the statutory directors of Merlin's holding company, Merlin Network (Global Independent Digital) Company Limited by Guarantee:

- Darius Van Arman (Chairperson)
- Pascal Bittard
- Marie Clausen
- Tom Deakin
- Michel Lambot
- Chris Maund
- Carlos Mills
- Martin Mills
- Sandra Ortega
- Louis Posen
- Jason Taylor
- Michael Ugwu
- Horst Weidenmuller
- Pieter van Rijn
- Justin West
- Yushi Yamashita
- Katie Alberts – Advisor
- Glen Barros – Advisor
- Rachel Buswell – Advisor
- Megan Jasper – Advisor

Annual Transparency Report for the year to 31 December 2023

➤ **Designated Directors during the year to 31 December 2023**

The following individuals were the Designated Directors referred to above (i.e. directors of Merlin Network):

- Martin Charles Mills
- Horst Weidenmuller

➤ **Board remuneration**

The remuneration paid in the year to 31 December 2023 to the directors, who were employed and paid by MERLIN (or entities owned or controlled by MERLIN), and who constitute the persons who manage MERLIN's business within the meaning of Regulation 9 (being Adam Wright, Charlie Lexton, Jeremy Sirota, and Ryan McWhinnie), is outlined below.

MERLIN and the other group companies operated three payrolls in the year (one in MERLIN). The directors and management who managed the business were remunerated from two of those group companies, one of which being MERLIN. The remuneration paid to such persons by MERLIN and other group companies collectively totalled £1,660,700 (inclusive of pension contributions, fees and other benefits) in the above year.

The Merlin Board (including the Designated Directors referred to above), which exercises the supervisory function within the meaning of the Regulation, received no remuneration for services to MERLIN or any group company during the year.

The directors do not consider any other employees as holding any other key management or supervisory function within the group during the year.

Annual Transparency Report for the year to 31 December 2023

➤ **Entities owned or controlled by MERLIN in whole or in part**

MERLIN wholly owns and controls the following entities:

- MERLIN (UK Services) Limited, a company registered in England and Wales,
- Music and Entertainment Rights Licensing Independent Network Inc, a company registered in the United States,
- MERLIN Japan KK, a company registered in Japan.

➤ **Special Report on the use of amounts withheld for the purpose of social, cultural and educational services**

There were no amounts paid, withheld or deducted for social, cultural and educational services during the financial year to 31 December 2023.

➤ **Cashflow statement**

A statement of cash flows is included within the annual accounts.

➤ **Information on refusal to grant a licence**

Regulation 21(4)(c) requires the Annual Transparency Report to include information on any refusals to grant a licence in accordance with paragraph (5)(b)(ii) of Regulation 15.

- In the year under review, any decision not to proceed with a licensing agreement requested in MERLIN's area of activity was given with a reasoned statement explaining the decision. There are a variety of reasons for not proceeding and each one is bespoke in its nature. The Board has a record of the number of licences rejected in a year but this is commercially sensitive, and therefore the information is not provided in the public domain.

Annual Transparency Report for the year to 31 December 2023

➤ **Financial Information**

The 31 December 2023 audited financial statements of MERLIN, (comprising of the Profit and Loss Account, Statement of Financial Position, Statement of Changes in Equity and the Cash Flow Statement) are attached to the report and can be found on the company's website.

Regulations 21 (4)(i)(ii) specify that a CMO should include 'operating and financial costs...including management fees deducted from or offset against rights revenue...'. In MERLIN's activities, there is only one stream of revenue which is royalty income from music rights (including payments by way of the settlement of copyright breaches). Any costs, whether operating or financial, are 100% allocated against this one revenue stream. There have been no management fees payable in the year.

Based on the Merlin Membership Agreement, MERLIN normally budgets on the basis of achieving a gross margin of 1.5% of the funds it receives from DSPs subject to the impact of "Additional Royalties" (as explained below). This is expected to cover MERLIN's operating costs.

Any excess of margin over operating costs (less an amount (gross net of corporation tax at the applicable rate at the time) by way of reserve for supporting future activities and for unknown contingencies) is paid to Members as "Additional Royalties".

The future activities of the company are detailed in business plans approved by the Merlin Board, details of which are commercially sensitive and therefore not disclosed in the public domain.

In 2023, MERLIN's profit before tax was £5,393,105. The margin MERLIN achieved in the year to 31 December 2023 (subsequent to an Additional Royalty payment to Members and tax payable in respect of this financial year) was 0.34%, being the profit after tax as a proportion of the gross cost of royalties for the year.

➤ **Rights Revenue**

Royalty income for the year (including payments by way of the settlement of copyright breaches) totalled £1,191,959,139.

Royalty income (including payments by way of the settlement of copyright breaches) derives from licensing recorded music to DSPs and where applicable enforcing rights in such content.

All costs incurred by MERLIN are attributable and allocated against such income.

MERLIN is entirely self-funded and does not use any external funding to cover costs. However, MERLIN has loans outstanding at the year end, which relates to amounts provided by Members to facilitate MERLIN's purchase of investments.

Annual Transparency Report for the year to 31 December 2023

➤ **Payments of Rights Revenue**

Royalty payments to the Members are made monthly.

The total payments made to Members in the year totalled £1,190,176,346.

The total amount payable to Members (as recognised in the accounts for the year to 31 December 2023) was £1,178,467,160.

➤ **Distributions made outside the Regulation 12 (2) deadline**

Regulations 12 (2) specifies that distributions of a CMO's rights revenue should be made within 9 months from the end of the financial period in which the rights revenue was collected, unless prevented by objective reasons.

The Board's policy is to ensure the contractual amounts due to Members are paid as quickly as reasonably practicable in line with the Merlin Membership Agreement, and in any event in accordance with the Regulations (i.e. within 9 months of the end of the financial period).

MERLIN paid out 99.35% of all contractual amounts due to Members (being £1,178,467,160) within nine months following the end of the financial period ending 31 December 2023. The remaining 0.65%, representing a balance of £7,700,917, remained unpaid as the result of ongoing investigations by MERLIN into irregular activity that, if left unaddressed, would or might result in improper or incorrect payments being made to Members, including payments being made to certain Members at the expense of other Members.

On review, Merlin has additionally assessed that 0.3% of royalties paid to Members in 2023 (being £3,586,347) was or might have been attributed to Members incorrectly. Once investigations are completed and relevant amounts have been recovered and correctly allocated, Merlin will pay the applicable sums as royalties.

➤ **Income arising from investment of rights revenue**

There was no income arising from investment (excluding cash deposits) of rights revenue during the financial year. All interest earned was on company-owned cash balances deposited with financial institutions.

Annual Transparency Report for the year to 31 December 2023

➤ **Held revenue**

Rights revenue unallocated to Members as at 31 December 2023 totalled £281,389,888. This is made up of:

Current liabilities	2023
	£
Royalties Payable	213,214,664
Settlement fees	806,420
Additional Royalties	5,270,000
DSP advances	12,275,560
Doubtful royalties payable provision	(2,003,623)
Other accruals and WHT	1,680,773
Deferred income	50,146,094
Total	281,389,888

Royalties payable represent amounts payable to, but not yet due and not allocated to Members.

Settlement fees represent balances of royalties (relating to settlement income), which are payable, but not yet allocated to, Members. Until allocated to Members, MERLIN does not recognise its margin on the amount.

Additional Royalties (sometimes referred to as "rebate") represent an additional royalty payment due to Members (as described above).

DSP advances are advance payments of royalties to MERLIN from DSPs on account of future royalty payments. These amounts fund MERLIN's royalty payments to Members when royalty reporting to MERLIN is provided by the applicable DSPs.

Doubtful royalties payable provision relates to royalties not payable by MERLIN to Members as a result of corresponding balances due from DSPs being deemed irrecoverable.

Other accruals and WHT include amounts withheld pending recovery of taxation charges withheld.

Deferred income represents amounts received from DSPs on which royalties are payable by MERLIN to Members over the period of the relevant agreement.

There are no operating costs for services other than related to rights management. There are no costs for social, cultural or educational services during the year ended 31 December 2023.

Annual Transparency Report for the year to 31 December 2023

➤ **Information on the cost of rights management and other services provided**

MERLIN has only one rights category, therefore, the costs, as disclosed in the Profit and Loss account give a total account of the costs incurred by the company.

In the year to 31 December 2023, MERLIN's operating costs amounted to £9,904,511.

Other financial and operating income amounted to £1,805,637, of which £1,771,926 related to interest receivable.

Corporate taxation charges totalled £1,405,742.

In 2023, the costs of MERLIN (costs of rights management and other services — excluding finance and corporate taxation charges) amounted to 0.83% of reported revenue.

➤ **Information on relationships with other Collective Management Organisations**

There was no financial relationship with other Collective Management Organisations during the financial year to 31 December 2023.

➤ **Approval**

The directors acknowledge their responsibilities in ensuring that the company's Annual Transparency Report complies with Regulation 21 of the Collective Management of Copyright (EU Directive) Regulations 2016 and is in accordance with the underlying financial and non-financial information used to prepare it.



Charles Lexton 25/11/2024

For and on behalf of MERLIN

Annual Transparency Report for the year to 31 December 2023

➤ **Independent Auditors Report to the Directors of Music and Entertainment Rights Licensing Independent Network Limited**

We have performed the procedures agreed with you and listed below on the 2023 Transparency Report. Our work was performed in accordance with the International Standard on Related Services (ISRS) 4400 'Engagements to perform agreed-upon procedures regarding financial information.' The procedures were performed solely to assist the company's directors in fulfilling their reporting obligations under Regulation 21 of the Collective Management of Copyright (EU Directive) Regulations 2016 (the "Regulations") and are summarised in Annex C of Agreed Upon Procedures for the audit of an Annual Transparency Report as issued by the Intellectual Property Office.

We have nothing to report with respect to the findings from the procedures undertaken.

Although the above procedures are of an audit nature, they do not constitute a **full** scope audit or review engagement performed in accordance with International Standards on Auditing (UK) or the International Standard for Review Engagements (UK and Ireland). Accordingly, we do not express any assurance on the annual transparency report for the year ended 31 December 2023.

Had we performed additional procedures, or had we performed an audit or review of the 2023 Transparency Report in accordance with generally accepted auditing standards, other matters might have come to our attention that we would have reported to you. This report relates only to the 2023 Transparency Report and does not extend to any financial statements of the company taken as a whole.

➤ **Use and purpose of our report**

Our report is prepared solely for the use of MERLIN and solely for the purpose of its compliance with Regulation 21(2)(b) of the Collective Management of Copyright (EU Directive) Regulations 2016. It may not be relied upon by MERLIN for any other purpose whatsoever. Our report was not prepared for the benefit of any party other than MERLIN. Gravita Audit II Limited neither owes nor accepts any duty to any other party (including any copyright owner, heirs to copyright owners, agents or licensees) and shall not be liable for any loss, damage or expense of whatsoever nature which is caused by their reliance on our report.

Daniel Rose

**Daniel Rose (Senior Statutory Auditor)
For and on behalf of Gravita Audit II Limited
Chartered Accountants
Statutory Auditor**

Date 26/11/2024

Aldgate Tower
2 Lemn Street
London
E1 8FA

**MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT
NETWORK LIMITED**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2023

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

COMPANY INFORMATION

Directors	Charles Jonathan Lexton (British) Jeremy Sirota (American) Adam Geoffrey Wright (British) Ryan McWhinnie (British) Neil Anthony Miller (British) (appointed 1 July 2024)
Company secretary	Goodbody Secretarial Limited
Registered number	655936
Registered office	3 Dublin Landings North Wall Quay Dublin 1
Business address	125 Kingsway London WC2B 6NH
Independent auditors	Crowleys DFK Unlimited Company Chartered Accountants and Statutory Audit Firm 16/17 College Green Dublin 2 D02 V078
Bankers	HSBC Ireland 1 Grand Canal Square Grand Canal Harbour Dublin 2 D02 P820
Solicitors	ACK Media Law LLP 37 Duke Street London W1U 1LN Pryor Cashman LLP 7 Times Square New York NY 10036-6569

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

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MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2023

The directors present their annual report and the audited financial statements for the year ended 31 December 2023.

Principal activities

The principal activity of the Company is licensing recorded music owned and/or controlled by independent record labels and distributors to digital music services. Record labels and distributors who choose to license rights to the Company for this purpose are known as Merlin Members.

Business review

Revenue for this year amounted to £1,191,959,139 (2022: £998,408,521) which is an increase of 19% from the prior year. The Company continues to operate the Business in line with expectations.

Results and dividends

The profit for the year, after taxation, amounted to £3,987,363 (2022: £1,507,069). At 31 December 2023, the Company had assets of £303,641,433 (2022: £257,115,803), liabilities of £294,173,843 (2022: £251,092,576) and total capital and reserves of £9,467,590 (2022: £6,023,227). The directors expect the nature of the Company's activities to be unchanged for the foreseeable future.

The Directors paid interim dividends of £543,000 during the year ended 31 December 2023 (2022: £Nil). The Directors do not recommend payment of a final dividend (2022: £Nil).

Directors

The directors who served during the year were:

Charles Jonathan Lexton (British)
Jeremy Sirota (American)
Adam Geoffrey Wright (British)
Ryan McWhinnie (British)

Company secretary

The Company secretary who served throughout the financial year was Goodbody Secretarial Limited.

Directors, company secretary and their interests

In accordance with Section 329 of the Companies Act 2014, the directors' and company secretary shareholdings and the movements therein during the year ended 31 December 2023 were as follows:

	Ordinary shares of £1 each	
	31/12/23	1/1/23
Charles Jonathan Lexton	-	-
Jeremy Sirota	-	-
Adam Geoffrey Wright	-	-
Ryan McWhinnie	-	-
	<u> </u>	<u> </u>

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Principal risks and uncertainties

The directors consider that the principal risks and uncertainties faced by the Company and its subsidiaries are in the following categories:

Credit risk

The Company has a growing number of customers. However, there is limited risk with debtors, as the credit risk situation is closely monitored.

Fraud risk

The risk is mitigated by maintaining segregation of duties for receipt of funds and the payment of creditors. The directors have put processes and controls in place to ensure that detailed checking is carried out at all stages, to ensure the accuracy and validity of all transactions.

Profitability risk

The Company has a strong focus on its cost structure. The directors place a strong emphasis on cost control and prepare monthly management accounts which are compared to monthly budgetary figures.

Business risk

Due to the current economic situation and the risks and uncertainties identified, the directors and parent company have indicated they will continue to place strong emphasis on cost control, the management of the Company's cashflow and to continue to regularly review their management accounts. On this basis it is deemed appropriate to continue to prepare the accounts on a going concern basis.

Accounting records

The measures taken by the directors to ensure compliance with the requirements of Sections 281 to 285 of the Companies Act 2014 with regard to the keeping of accounting records, are the employment of appropriately qualified accounting personnel and the maintenance of computerised accounting systems. The company's accounting records are maintained at 125 Kingsway, London WC2B 6NH.

Future developments

There are no plans in respect of changes to the activities of the Company that require disclosure in the financial statements.

Statement on relevant audit information

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

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

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2023

Audit Committee

Section 167 of the Companies Act 2014 requires the directors of a company over a particular size to either establish an Audit Committee or to explain in the Directors' Report why they have not decided to establish an Audit Committee.

The directors of the Company have decided not to establish an Audit Committee because the Merlin group, of which the Company forms part, already has an internal finance function which:

- (i) monitors the financial reporting process;
- (ii) monitors the effectiveness of the Company's systems of internal control and risk management;
- (iii) monitors the statutory audit of the Company's statutory financial statements;
- (iv) reviews and monitors the independence of the statutory auditors and in particular the provision of additional services to the Company.

Directors' compliance statement

As required by section 225(2) of the Companies Act 2014, the directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations (as defined in section 225(1)).

The directors confirm that:

- a) A compliance policy statement (as defined in section 225(3)(a)) has been drawn up setting out the Company's policies, which, in the directors' opinion, are appropriate to ensure compliance with the Company's relevant obligations;
- b) Appropriate arrangements or structures that are, in the directors' opinion, designed to secure material compliance with the relevant obligations have been put in place; and
- c) A review of these arrangements or structures has been conducted in the financial year to which this report relates.

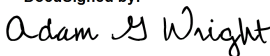
Post balance sheet events


There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Crowleys DFK Unlimited Company Chartered Accountants and Statutory Audit Firm, continue in office in accordance with section 383(2) of the Companies Act 2014.

This report was approved by the board on 17-10-2024 and signed on its behalf.

DocuSigned by:

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Adam Geoffrey Wright
Director

DocuSigned by:

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Charles Jonathan Lexton
Director

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2023

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

Irish company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with the Companies Act 2014 and The Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', which is issued by the Financial Reporting Council.

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 assets, liabilities and financial position of the Company as at the financial year end date, of the profit or loss for that financial year and otherwise comply with the Companies Act 2014.

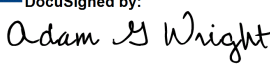
In preparing these financial statements, the directors are required to:


- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identify those standards, and note the effect and the reasons for any material departure from those standards; 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 ensuring that the Company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the Company, enable at any time the assets, liabilities, financial position and profit or loss of the Company to be determined with reasonable accuracy, enable them to ensure that the financial statements and Directors' Report comply with the Companies Act 2014 and enable the financial statements to be audited. 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 Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

On behalf of the board on: 17-10-2024

DocuSigned by:

F4D5561DF4C84F7...
Adam Geoffrey Wright
Director

DocuSigned by:

B6B38329ED3746D
Charles Jonathan Lexton
Director

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Music and Entertainment Rights Licensing Independent Network Limited (the 'Company') for the year ended 31 December 2023, which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows, and the notes to the financial statements, including a summary of significant accounting policies set out in note 2. The financial reporting framework that has been applied in their preparation is Irish law and Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland', which is issued by the Financial Reporting Council.

In our opinion, the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2023 and of its profit for the year then ended;
- have been properly prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) 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 financial statements in Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), 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 the date 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.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED (CONTINUED)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual report, other than the financial statements and our Auditors' report thereon. 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 audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2014

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

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

We have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited, and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on 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 Directors' Report.

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of any of sections 305 to 312 of the Act, which relate to disclosures of directors' remuneration and transactions are not complied with by the Company. We have nothing to report in this regard.

Respective responsibilities and restrictions on use

Responsibilities of directors

As explained more fully in the Directors' Responsibilities Statement on page 4, the directors are responsible for the preparation of the financial statements in accordance with the applicable financial reporting framework that 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' Report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) 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.

As part of an audit in accordance with ISAs (Ireland), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditors' Report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditors' Report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MUSIC AND ENTERTAINMENT RIGHTS
LICENSING INDEPENDENT NETWORK LIMITED (CONTINUED)**

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

This report is made solely to the Company's members, as a body, in accordance with Section 391 of the Companies Act 2014. 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.

DocuSigned by:



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Tony Cooney

for and on behalf of

Crowleys DFK Unlimited Company

Chartered Accountants and Statutory Audit Firm

16/17 College Green

Dublin 2

D02 V078

Date: 17-10-2024

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Note	2023 £	2022 £
Royalties	4	1,191,959,139	998,408,521
Gross cost of royalties		(1,178,467,160)	(987,253,514)
Gross profit		<u>13,491,979</u>	<u>11,155,007</u>
Administrative expenses		(9,904,511)	(8,954,629)
Other operating income	5	-	79,983
Operating profit	6	<u>3,587,468</u>	<u>2,280,361</u>
Other interest receivable and similar income	10	1,805,637	110
Value adjustments in respect of financial assets	15	(551,531)	(1,499,698)
Value adjustments in respect of member loans		551,531	1,499,698
Profit before taxation		<u>5,393,105</u>	<u>2,280,471</u>
Tax on profit	11	(1,405,742)	(773,402)
Profit for the financial year		<u><u>3,987,363</u></u>	<u><u>1,507,069</u></u>

The notes on pages 15 to 32 form part of these financial statements.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	£	£
Profit for the financial year	3,987,363	1,507,069
Other comprehensive income	-	-
Total comprehensive income for the financial year	<u>3,987,363</u>	<u>1,507,069</u>

The notes on pages 15 to 32 form part of these financial statements.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

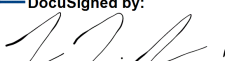
**BALANCE SHEET
AS AT 31 DECEMBER 2023**

	Note	2023 £	2022 £
Fixed assets			
Intangible assets	13	1	1
Tangible assets	14	150,060	172,107
Financial assets	15	3,103,514	3,574,178
		<u>3,253,575</u>	<u>3,746,286</u>
Current assets			
Debtors: amounts falling due within one year	16	187,538,103	167,548,089
Cash at bank and in hand	17	112,849,755	85,821,428
		<u>300,387,858</u>	<u>253,369,517</u>
Creditors: amounts falling due within one year	18	(292,622,483)	(249,029,955)
		<u>7,765,375</u>	<u>4,339,562</u>
Net current assets		<u>7,765,375</u>	<u>4,339,562</u>
Total assets less current liabilities		<u>11,018,950</u>	<u>8,085,848</u>
Creditors: amounts falling due after more than one year	19	(1,551,360)	(2,062,621)
		<u>9,467,590</u>	<u>6,023,227</u>
Net assets		<u>9,467,590</u>	<u>6,023,227</u>
Capital and reserves			
Called up share capital presented as equity	22	1	1
Merger reserve	23	16,157	16,157
Profit and loss account	23	9,451,432	6,007,069
		<u>9,467,590</u>	<u>6,023,227</u>
Shareholders' funds		<u>9,467,590</u>	<u>6,023,227</u>

The financial statements were approved and authorised for issue by the board on 17-10-2024

DocuSigned by:

 F4D5561DF4C84F7...
Adam Geoffrey Wright
 Director

DocuSigned by:

 B6B38329ED3746D...
Charles Jonathan Lexton
 Director

The notes on pages 15 to 32 form part of these financial statements.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2023**

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2023	1	16,157	6,007,069	6,023,227
Profit for the year	-	-	3,987,363	3,987,363
Dividends: Equity capital	-	-	(543,000)	(543,000)
At 31 December 2023	1	16,157	9,451,432	9,467,590

The notes on pages 15 to 32 form part of these financial statements.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2022**

	Called up share capital	Merger reserve	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2022	1	16,157	4,500,000	4,516,158
Profit for the year	-	-	1,507,069	1,507,069
At 31 December 2022	1	16,157	6,007,069	6,023,227

The notes on pages 15 to 32 form part of these financial statements.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2023**

	2023	2022
	£	£
Cash flows from operating activities		
Profit for the financial year	3,987,363	1,507,069
Adjustments for:		
Depreciation of tangible assets	38,312	41,157
Value adjustments in respect of financial assets	551,531	1,499,698
Loss on disposal of tangible assets	19,790	4,531
Interest received	(1,805,637)	(110)
Taxation charge	1,405,742	773,402
(Increase) in debtors	(19,990,014)	(23,641,568)
Increase in creditors	42,955,344	58,504,551
Corporation tax (paid)	(728,288)	(1,108,530)
Value adjustment in respect of member loans	(551,531)	(1,499,698)
Net cash generated from operating activities	<u>25,882,612</u>	<u>36,080,502</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(36,055)	(65,852)
Purchase of investments	(80,867)	(28,786)
Sale of listed investments	-	6,000
Interest received	1,805,637	110
Net cash from investing activities	<u>1,688,715</u>	<u>(88,528)</u>
Cash flows from financing activities		
New member loans	-	574,631
Dividends paid	(543,000)	-
Net cash used in financing activities	<u>(543,000)</u>	<u>574,631</u>
Net increase in cash and cash equivalents	27,028,327	36,566,605
Cash and cash equivalents at beginning of year	85,821,428	49,254,823
Cash and cash equivalents at the end of year	<u>112,849,755</u>	<u>85,821,428</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	112,849,755	85,821,428
	<u>112,849,755</u>	<u>85,821,428</u>

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****1. General information**

These financial statements comprising the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes constitute the individual financial statements of Music and Entertainment Rights Licensing Independent Network Limited for the financial year ended 31 December 2023.

Music and Entertainment Rights Licensing Independent Network Limited is a private Company limited by shares (registered under Part 2 of the Companies Act 2014) incorporated and registered in the Republic of Ireland (CRO Number: 655936). The registered office of the Company is 3 Dublin Landings, North Wall Quay, Dublin 1. The principal place of business of the Company is 125 Kingsway, London WC2B 6NH. The nature of the Company's operations and its principal activities are set out in the Director's Report.

The financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and the Republic of Ireland".

The financial statements have been presented in Pound (£) which is also the functional currency of the Company.

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

2. Accounting policies**2.1 Basis of preparation of financial statements**

The financial statements have been prepared on the going concern basis and under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland, and the Companies Act 2014.

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

The following principal accounting policies have been applied:

2.2 Group accounts

The Company has not prepared group consolidated financial statements for the year ended 31 December 2023 as the Company is exempt from the obligation to prepare and deliver group financial statements under Section 299 of the Companies Act 2014 whereby the Company and all of its subsidiary undertakings are included in the consolidated financial statements of a larger group drawn up by its ultimate parent undertaking, Merlin Network (Global Independent Digital) CLG. Copies of Merlin Network (Global Independent Digital) CLG's consolidated financial statements are available from the Companies Registration Office.

Consequently, the Company's financial statements for the year ended 31 December 2023 deal with the results of the Company as a single entity and not of its group. Details of the Company's subsidiary undertakings are included in note 15 to the financial statements.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2. Accounting policies (continued)****2.3 Foreign currency translation****Functional and presentation currency**

The Company's functional and presentational currency is GBP £.

Transactions and balances

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

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

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the Profit and Loss Account within 'finance income or costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income'.

2.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Rendering of services

In addition, royalties income is only recognised in the period in which the relevant content has been used by the customer and when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably; and
- it is probable that the Company will receive the consideration due under the contract.

2.5 Operating leases: the Company as lessee

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

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

2.6 Interest income

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

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2. Accounting policies (continued)****2.7 Pensions****Defined contribution pension plan**

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

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

2.8 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

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

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

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

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

2.9 Intangible assets

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

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

Amortisation is provided on the following bases:

Website development costs	-	20 % straight line
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2.10 Tangible fixed assets

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

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

2. Accounting policies (continued)

2.10 Tangible fixed assets (continued)

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

Fixtures and fittings	-	25%	reducing balance
Office equipment	-	25%	straight line
Computer equipment	-	25%	straight line

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

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

2.11 Valuation of investments

Investments in subsidiaries are measured at cost less impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Profit and Loss Account for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.12 Debtors

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

2.13 Cash and cash equivalents

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

2.14 Creditors

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

2.15 Dividends

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

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****2. Accounting policies (continued)****2.16 Financial instrument**

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

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

Investments in non-derivative instruments that are equity to the issuer are measured:

- at fair value with changes recognised in the Profit and Loss Account if the shares are publicly traded or their fair value can otherwise be measured reliably;
- at cost less impairment for all other investments.

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

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

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

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****3. Judgements in applying accounting policies and key sources of estimation uncertainty**

The preparation of these financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Establishing useful lives for depreciation purposes of tangible fixed assets

The annual depreciation charge depends primarily on the estimated lives of each type of asset and estimates of residual values. The Directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives considering prospective economic utilisation and physical condition of the assets concerned. Details of estimated useful lives are included in the accounting policies. The net book value of tangible fixed assets subject to depreciation at the financial year end date was £150,060 (2022: £172,107).

Impairment of financial assets

Financial assets are assessed for impairment at each reporting date by evaluating whether indicators of impairment exist in relation to the continued use of the asset by the Company. If an indicator of impairment exists the recoverable amount of the asset is determined, and any impairment loss recognised in the profit or loss. The net book value of financial assets at the financial year end date was £3,103,514 (2022: £3,574,178).

Impairment of debtors

The Company trades with customers on credit terms. Some debts due may not be paid due to the default of customers. The company uses estimates based on historical experience and current information in determining the level of debts (if any) for which an impairment charge is required. The level of impairment (if any) is reviewed on an ongoing basis. The carrying value of trade debtors at the financial year end date was £70,811,771 (2022:£63,115,605).

Going concern

In preparing these financial statements, the directors have considered the results for the year and the financial position of the Group.

On that basis, the directors are of the opinion that there is no material uncertainty regarding the Company's ability to continue as a going concern. Accordingly, these financial statements have been prepared on a going concern basis and do not include any adjustments to the carrying amounts and classification of assets and liabilities that may arise if the Company was unable to continue as a going concern.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

4. Revenue

An analysis of revenue by class of business is as follows:

	2023	2022
	£	£
Gross royalties	1,191,959,139	998,408,521
	<u>1,191,959,139</u>	<u>998,408,521</u>
	<u><u>1,191,959,139</u></u>	<u><u>998,408,521</u></u>

Analysis of revenue by country of destination:

	2023	2022
	£	£
Republic of Ireland	3,615,700	-
Rest of Europe	590,397,807	460,049,509
Rest of the world	597,945,632	538,359,012
	<u>1,191,959,139</u>	<u>998,408,521</u>
	<u><u>1,191,959,139</u></u>	<u><u>998,408,521</u></u>

5. Other operating income

	2023	2022
	£	£
Sundry operating income	-	79,983
	<u>-</u>	<u>79,983</u>
	<u><u>-</u></u>	<u><u>79,983</u></u>

6. Profit on ordinary activities before taxation

The operating profit is stated after charging:

	2023	2022
	£	£
Depreciation of tangible fixed assets	38,312	41,157
Exchange differences	27,167	137,220
Rent	84,542	-
Pension costs	87,104	64,837
	<u>87,104</u>	<u>64,837</u>
	<u><u>87,104</u></u>	<u><u>64,837</u></u>

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

7. Auditors' remuneration

	2023	2022
	£	£
Audit of financial statements	74,500	66,250
Other non-audit services	6,500	6,000
	<u>74,500</u>	<u>66,250</u>

8. Employees

Staff costs, including directors' remuneration paid directly by the company, were as follows:

	2023	2022
	£	£
Wages and salaries	2,657,264	2,353,353
National insurance	284,301	295,386
Pension costs	87,104	64,837
Other staff costs	165,782	162,642
	<u>3,194,451</u>	<u>2,876,218</u>

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

	2023	2022
	No.	No.
Administrative staff	30	28
	<u>30</u>	<u>28</u>

9. Directors' remuneration

	2023	2022
	£	£
Directors' emoluments in respect of qualifying services	1,650,248	1,321,302
Directors' national insurance	128,897	114,443
Employer contributions to defined contribution pension schemes	10,452	7,367
	<u>1,789,597</u>	<u>1,443,112</u>

The above includes an amount of £905,343 (2022: £802,133) paid directly by the Company in respect of the Directors. The balance was paid by subsidiary companies.

As at 31 December 2023, there is 1 Director to whom retirement benefits are accruing under a defined contribution scheme (2022: 2).

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

10. Interest receivable

	2023	2022
	£	£
Interest receivable	1,805,637	110
	1,805,637	110
	1,805,637	110

11. Taxation

	2023	2022
	£	£
Corporation tax		
Current tax on profits for the year	1,405,742	773,402
Total current tax	1,405,742	773,402
Deferred tax		
Total deferred tax	-	-
Taxation on profit on ordinary activities	1,405,742	773,402

Factors affecting tax charge for the year

The company is tax resident in the UK. The standard rates of corporation tax in the UK for the year is 19% and 25% (2022: 19%). The differences are explained below:

	2023	2022
	£	£
Profit on ordinary activities before tax	5,393,105	2,280,471
Profit on ordinary activities multiplied by standard rate of corporation tax in UK of 19% and 25% (2022: 19%)	1,267,380	433,290
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	7,524	55,723
Value adjustments in respect of financial assets	129,610	284,943
Other differences leading to an increase/(decrease) in the tax charge	1,228	(554)
Total tax charge for the year	1,405,742	773,402
	1,405,742	773,402

Factors that may affect future tax charges

There are no factors that may affect future tax charges.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

12. Dividends

	2023	2022
	£	£
Dividends paid	543,000	-
	<u>543,000</u>	<u>-</u>
	<u><u>543,000</u></u>	<u><u>-</u></u>

13. Intangible assets

	Website development costs	Total
	£	£
Cost		
At 1 January 2023	53,886	53,886
	<u>53,886</u>	<u>53,886</u>
At 31 December 2023	53,886	53,886
	<u>53,886</u>	<u>53,886</u>
Amortisation		
At 1 January 2023	53,885	53,885
	<u>53,885</u>	<u>53,885</u>
At 31 December 2023	53,885	53,885
	<u>53,885</u>	<u>53,885</u>
Net book value		
At 31 December 2023	1	1
	<u>1</u>	<u>1</u>
At 31 December 2022	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

14. Tangible fixed assets

	Fixtures and fittings £	Office equipment £	Computer equipment £	Total £
Cost or valuation				
At 1 January 2023	14,149	2,577	295,991	312,717
Additions	-	-	36,055	36,055
Disposals	(14,149)	(2,577)	(8,907)	(25,633)
At 31 December 2023	-	-	323,139	323,139
Depreciation				
At 1 January 2023	3,388	617	136,605	140,610
Charge for the year on owned assets	869	158	37,285	38,312
Disposals	(4,257)	(775)	(811)	(5,843)
At 31 December 2023	-	-	173,079	173,079
Net book value				
At 31 December 2023	-	-	150,060	150,060
At 31 December 2022	10,761	1,960	159,386	172,107

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

15. Financial assets

	Investments in subsidiary companies £	Other fixed asset investments £	Total £
Cost or valuation			
At 1 January 2023	1,030,171	4,043,705	5,073,876
Additions	-	80,867	80,867
At 31 December 2023	<u>1,030,171</u>	<u>4,124,572</u>	<u>5,154,743</u>
Impairment			
At 1 January 2023	-	1,499,698	1,499,698
Charge for the year	-	551,531	551,531
At 31 December 2023	<u>-</u>	<u>2,051,229</u>	<u>2,051,229</u>
Net book value			
At 31 December 2023	<u><u>1,030,171</u></u>	<u><u>2,073,343</u></u>	<u><u>3,103,514</u></u>
At 31 December 2022	<u><u>1,030,171</u></u>	<u><u>2,544,007</u></u>	<u><u>3,574,178</u></u>

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****15. Financial assets (continued)**

The following are subsidiary undertakings of the Company:

Company subsidiary undertaking	Registered office	Nature of business	Shares held	Proportion of shares held
Merlin (UK Services) Limited	66 Prescot St, London, England, E1 8NN	Provides services to Music and Entertainment Rights Licensing Independent Network Limited	Ordinary	100%
Music and Entertainment Rights Licensing Independent Network INC	4B Inverness Court East Suite 100 Englewood, CO 80112, United States	Provides services to Music and Entertainment Rights Licensing Independent Network Limited	Ordinary	100%
Merlin Japan KK	DECKS Tokyo Beach, 1 Chrome-6-1 Daiba, Minato City, Tokyo, Japan	Provides services to Music and Entertainment Rights Licensing Independent Network Limited	Ordinary	100%

The Company has availed of the exemption under section 315(b) of the Companies Act 2014 from the requirement to disclose information on the net assets and results of its subsidiaries in its individual company financial statements.

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023****16. Debtors**

	2023	2022
	£	£
Trade debtors	70,811,771	63,115,605
Prepayments and accrued income	104,929,710	96,563,191
Amounts owed by group undertakings	-	7,309
Other debtors	5,875,977	2,328,936
VAT receivable	5,920,645	5,533,048
	<u>187,538,103</u>	<u>167,548,089</u>

All debtors are due within 1 year. All trade debtors are due within the company's normal terms. Trade debtors are shown net of impairment in respect of doubtful debts. Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

17. Cash and cash equivalents

	2023	2022
	£	£
Cash at bank and in hand	112,849,755	85,821,428
	<u>112,849,755</u>	<u>85,821,428</u>

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

18. Creditors: Amounts falling due within one year

	2023	2022
	£	£
Trade creditors	8,772,378	1,185,094
Other creditors	9,307	7,611
Deferred income	50,146,094	36,857,357
Accruals	231,832,213	209,578,087
Amounts owed to group undertakings	617,354	865,424
Taxation and social insurance	99,951	68,650
Corporation tax	1,145,186	467,732
	<u>292,622,483</u>	<u>249,029,955</u>
	<u><u>292,622,483</u></u>	<u><u>249,029,955</u></u>

Member creditors included in trade creditors are paid as soon as possible after the month end in accordance with the membership agreement. Other trade creditors are paid in accordance with their terms.

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

Terms of the accruals and deferred revenue are based on the underlying contracts.

Taxes are subject to the terms of the relevant legislation. Interest accrues on late payment. No interest was due at the financial year end.

	2023	2022
	£	£
Other taxation and social insurance		
PAYE/national insurance	99,951	68,650
	<u>99,951</u>	<u>68,650</u>
	<u><u>99,951</u></u>	<u><u>68,650</u></u>

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

	2023	2022
	£	£
Loans repayable to members	1,551,360	2,062,621
	<u>1,551,360</u>	<u>2,062,621</u>
	<u><u>1,551,360</u></u>	<u><u>2,062,621</u></u>

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

20. Loans

Analysis of the maturity of loans is given below:

	2023	2022
	£	£
Amounts falling due after 5 years		
Member loans repayable other than by instalments	1,551,360	2,062,621
Total member loans	1,551,360	2,062,621

Loans outstanding at year end relate to various amounts advanced to the Company by its Members to enable the Company to purchase certain listed investments.

All member loans are repayable on 30 September 2036 subject to the Company earning sufficient funds from the subsequent sale of the underlying listed investments.

The Company may elect to repay all or any part of the member loans prior to the repayment date, but may not reborrow any amounts so repaid at any time.

The rate of interest applying to member loans is 0.05% per annum.

During the year ended 31 December 2023 the carrying value of these loans were reduced by £551,531 (2022: £1,499,698) to reflect the corresponding fall in the carrying value of the underlying listed investments.

21. Financial instruments

	2023	2022
	£	£
Financial assets		
Financial assets measured at fair value through profit or loss	1,626,472	2,157,056

Financial assets measured at fair value through profit or loss comprise investments in listed shares.

22. Share capital

	2023	2022
	£	£
Allotted, called up and fully paid		
1 (2022: 1) Ordinary share of €1.00	1	1

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2023**

23. Reserves

Profit and loss account

The profit and loss account represents cumulative gains and losses recognised in the profit and loss account, net of transfers to/from other reserves and dividends paid.

Merger reserve

The merger reserve represents the issued share capital transferred to the Company on absorption of Music and Entertainment Rights Licensing Independent Network B.V. on 1 January 2020.

24. Analysis of net debt

	At 1 January 2023 £	Cash flows £	Other non- cash changes £	At 31 December 2023 £
Cash at bank and in hand	85,821,428	27,028,327	-	112,849,755
Member loans due after 5 years	(2,062,621)	-	511,261	(1,551,360)
Debt due within 1 year	(7,611)	(1,696)	-	(9,307)
	<u>83,751,196</u>	<u>27,026,631</u>	<u>511,261</u>	<u>111,289,088</u>

25. Pension commitments

The Company operates a defined contribution scheme for all qualifying employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The costs charged to the profit and loss in respect of defined contribution plans for the year was £87,104 (2022: £64,837).

26. Related party transactions

Key management personnel compensation

Total compensation (inclusive of employer taxes) charged to the income and expenditure account in respect of key management personnel amounted to £905,343 (2022: £802,133) during the year ended 31 December 2023. A further £884,254 was paid to key management personnel by subsidiary companies during the year ended 31 December 2023 (2022: £640,978).

Transactions with wholly owned group undertakings

The company has availed of the exemptions in FRS 102 Section 33, Paragraph 3.1A which allows non disclosure of transactions between two or more members of a group, provided that the subsidiary which is a party to the transaction is wholly owned by such a member.

Other related party transactions

During the year ended 31 December 2023 there were no other related party transactions (2022: £Nil).

MUSIC AND ENTERTAINMENT RIGHTS LICENSING INDEPENDENT NETWORK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2023

27. Parent company and ultimate controlling party

The Company's parent undertaking and the parent undertaking of the smallest and largest groups in which the Company is consolidated is Merlin Network (Global Independent Digital) CLG, a company incorporated and registered in the Republic of Ireland, with its registered office at 3 Dublin Landings, North Wall Quay, Dublin 1. Copies of Merlin Network (Global Independent Digital) CLG's consolidated financial statements are available from the Companies Registration Office.

Merlin Network (Global Independent Digital) CLG, is a company limited by guarantee and it does not have a share capital. Merlin Network (Global Independent Digital) CLG therefore has no shareholders. Instead, the members of the Advisory Committee to the Board of Merlin Network (Global Independent Digital) CLG are the members of such company limited by guarantee, and hold these membership interests on trust and as nominees for the rightsowner members of Merlin. As no single member controls (directly or indirectly) 25% or more of voting rights in the company the directors are deemed to be beneficial owners under Irish beneficial ownership legislation.

The following changes in membership numbers occurred during year ended 31 December 2023 and year ended 31 December 2022:

	2023	2022
	£	£
Opening members	16	2
New members in the year	-	16
Member cessations in the year	-	(2)
Closing members	16	16

28. Post balance sheet events

There have been no significant events affecting the Company since the year end.

29. Comparatives

Comparatives have been reclassified to conform with current year presentation.

30. Approval of financial statements

The board of directors approved these financial statements for issue on 17-10-2024