

Company Registration No. 11263718

**KMR II INVESTMENT HOLDINGS
LIMITED**

Annual Report and Financial Statements

For the Period 20 March 2018 to 30 June 2019



KMR II INVESTMENT HOLDINGS LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

For the period ended 30 June 2019

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KMR II INVESTMENT HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

For the period ended 30 June 2019

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

C Winchester
J Ahlström

REGISTERED OFFICE

The River Building
1 Cousin Lane
London
EC4R 3TE
United Kingdom

BANKERS

JP Morgan Chase Bank
25 Bank Street
London
E14 5JP
United Kingdom

AUDITOR

Deloitte LLP
Statutory Auditor
Reading
RG1 3BD
United Kingdom

KMR II INVESTMENT HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the period ended 30 June 2019.

GENERAL INFORMATION

KMR II Investment Holdings Limited (the Company) is a Company incorporated in the United Kingdom under the Companies Act 2006.

The Company is a private company limited by shares and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

These financial statements are presented in US Dollars because that is the currency of the primary economic environment in which the Company operates.

These financial statements are separate financial statements. The Company is exempt from the preparation and delivery of consolidated financial statements because it is included in the group accounts of KMR Music Royalties II SCSp. The group accounts of KMR Music Royalties II SCSp are available to the public. The registered office address of the parent company preparing consolidated accounts is 19, rue de Bitburg L-1293 Luxembourg.

The Company has applied Financial Reporting Standard 101 'Reduced Disclosure Framework' (FRS 101) issued by the Financial Reporting Council (FRC) incorporating the Amendments to FRS 101 issued by the FRC in July 2015 and the amendments to company law made by The Companies, Partnerships and Groups (Accounts and Reports) Regulations 2015 prior to their mandatory effective date of accounting periods beginning on or after 1 January 2016.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies. The directors have taken advantage of section 414B whereby the Company is exempt from preparing a strategic report.

DIRECTORS

The directors who served throughout the period and to the date of this report were as follows:

John Ahlström (appointed 20 March 2018)

Christiaan Winchester (appointed 19 March 2018)

James Fitzherbert-Brockholes (appointed on 20 March 2018 and resigned 18 March 2019)

PRINCIPAL BUSINESS ACTIVITIES AND BUSINESS REVIEW

KMR II Investment Holdings Limited's principal activity is as a holding company.

The Company was incorporated on the 20 March 2018 and this is its first period of reporting. At the date of this report, there are no major changes planned for the Company's activities in the next year.

As shown in the Company's Income Statement on page 8, the loss after tax for the period is \$2,149,873.

The board monitors the company's performance in a number of ways including key performance indicators. The key financial performance indicators are as follows:

	2019
	\$
Operating loss	2,149,873

The Company is financed by working capital, loans from the parent company and equity.

The Company does not have any employees.

Brexit: The impact of Brexit is not expected to be significant on the operations of the Company and it is continuously reviewing any potential Brexit changes and their related impact.

GOING CONCERN

The parent company (KMR II Investment Sarl) has agreed to support the Company in meeting its financial obligations for at least the next 18 months from the date of this report (20 December 2019), should this become necessary.

The directors are satisfied that the entity has access to sufficient resources in order to meet obligations as they fall due and have therefore concluded that the Company will continue in operational existence for the foreseeable future and consider it appropriate to prepare the financial statements on a going concern basis.

KMR II INVESTMENT HOLDINGS LIMITED

DIRECTORS' REPORT

DIRECTORS' INDEMNITIES

The Company has made qualifying third party indemnity provisions for the benefit of its directors, and those of its associated companies, which were made during the period and remain in force at the date of this report.

AUDITOR

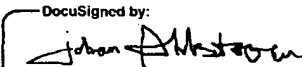
Each of the persons who is a director at the date of approval of this annual report confirms that:

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Deloitte LLP were appointed as auditor during the period and will be proposed for the reappointment in accordance with section 485 of the Companies Act 2006.

Approved by the Board of Directors
and signed on behalf of the Board

DocuSigned by:

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J Ahlström

Director

20th December 2019

KMR II INVESTMENT HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITIES STATEMENT

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". 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 accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

KMR II INVESTMENT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KMR II INVESTMENTS HOLDINGS LIMITED

For the period ended 30 June 2019

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of KMR II Investment Holdings Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 30 June 2019 and of its loss for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the income statement;
- the statement of comprehensive income;
- the balance sheet;
- the statement of changes in equity; and
- the related notes 1 to 16.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

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

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

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

We have nothing to report in respect of these matters.

KMR II INVESTMENT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KMR II INVESTMENTS HOLDINGS LIMITED (Continued)

For the period ended 30 June 2019

Other information

The directors are responsible for the other information. The other information comprises the information included in the business review, other than the financial statements and our auditor's 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify 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 respect of these matters.

Responsibilities of directors

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the 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.

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

KMR II INVESTMENT HOLDINGS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF KMR II INVESTMENTS HOLDINGS LIMITED (Continued)

For the period ended 30 June 2019

Matters on which we are required to report by exception

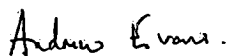
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

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

We have nothing to report in respect of these matters.

Use of our report

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



Andrew Evans, FCA (Senior statutory auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Reading, United Kingdom

20th December 2019

KMR II INVESTMENT HOLDINGS LIMITED**INCOME STATEMENT****For the period 20 March 2018 to 30 June 2019**

	Note	20 March 2018 to 30 June 2019 \$
Administrative expenses	3	(320,409)
OPERATING LOSS	4	(320,409)
Interest receivable	5	16,289
Interest payable	6	(1,845,753)
LOSS BEFORE TAXATION		(2,149,873)
Tax on loss	7	-
LOSS FOR THE FINANCIAL PERIOD	12	(2,149,873)

All activities derive from continuing operations.

KMR II INVESTMENT HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
For the period 20 March 2018 to 30 June 2019

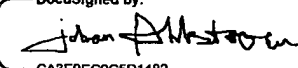
	20 March 2018 to 30 June 2019
	\$
LOSS FOR THE FINANCIAL PERIOD	(2,149,873)
Other comprehensive income for the period	-
TOTAL COMPREHENSIVE LOSS FOR THE FINANCIAL PERIOD	(2,149,873)

KMR II INVESTMENT HOLDINGS LIMITED**BALANCE SHEET****As at 30 June 2019**

	Note	2019 \$
Non-current assets		
Investments in subsidiaries	8	64,464,843
		<u>64,464,843</u>
Current assets		
Trade and other receivables	9	262,913
Total assets		<u>64,727,756</u>
Current liabilities		
Trade and other payables	10	(50,848,824)
Net current liabilities		<u>(50,585,911)</u>
Total assets less current liabilities		<u>13,878,932</u>
Net assets		<u>13,878,932</u>
Equity		
Share capital	11	16,028,805
Accumulated losses	12	(2,149,873)
Equity attributable to owners of the Company		<u>13,878,932</u>

The financial statements of KMR II Investment Holdings Limited, registered number 11263718, were approved by the Board of Directors and authorised for issue on 20th December 2019.

Signed on behalf of the Board of Directors

DocuSigned by:

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 J Ahlström
 Director

KMR II INVESTMENT HOLDINGS LIMITED**STATEMENT OF CHANGES IN EQUITY**
For the period 20 March 2018 to 30 June 2019

	Note	Share capital \$	Accumulated losses \$	Total \$
Balance on incorporation		-	-	-
Share capital issued	10	16,028,805	-	16,028,805
Total comprehensive loss for the period		-	(2,149,873)	(2,149,873)
Balance at 30 June 2019		<u>16,028,805</u>	<u>(2,149,873)</u>	<u>13,878,932</u>

KMR II INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20 March 2018 to 30 June 2019

1. ACCOUNTING POLICIES

The principal accounting policies are summarised below.

Basis of accounting

KMR II Investment Holdings Limited (the Company) is a private company limited by shares incorporated in the United Kingdom under the Companies Act 2006 and is registered in England and Wales. The address of the Company's registered office is shown on page 1.

These financial statements are presented in US dollars, which is also the functional currency, because that is the currency of the primary economic environment in which the Company operates.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council (FRC). Accordingly, these financial statements were prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

As permitted by FRS101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to certain disclosures regarding the Company's capital, capital management, financial instruments, certain disclosures in respect of revenue from contracts with customers, presentation of comparative information in respect of certain assets, presentation of a cash flow statement, certain related party transactions and the effect of future accounting standards not yet adopted.

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for the goods and services.

Going concern

The Company has net current liabilities \$50,585,911 however, the parent company (KMR II Investments Sarl) has agreed to the continued support of KMR II Investment Holdings Limited's working capital requirements should this become necessary.

The company is financed by a loan from the parent company. Directors of the parent company have provided a letter of support and have indicated that they will not demand repayment of the loan for at least 18 months from the date of the letter of support (9 December 2019).

The directors are satisfied that the entity has access to sufficient resources in order to meet obligations as they fall due. The directors have therefore concluded that the company will continue in operational existence for the foreseeable future and consider it appropriate to prepare the financial statements on a going concern basis.

Interest income

Interest income is recognised on an accruals basis when the company's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of revenue can be measured reliably).

Foreign currency translation

Assets and liabilities in foreign currencies are translated into dollars (USD) at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies, other than purchases of dollars, are translated into dollars at average monthly rates. Purchases of dollars are translated at the rate ruling on the date of the transaction. Exchange differences (including closing balances) are taken into account in arriving at the profit on ordinary activities before taxation. Exchange differences on opening net assets are taken directly to reserves.

Taxation

The tax expense comprises current tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the Income Statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

KMR II INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS 20 March 2018 to 30 June 2019 (continued)

ACCOUNTING POLICIES (continued)

Taxation (continued)

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are

generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost less, where appropriate, provisions for impairment.

Financial instruments

Financial assets and liabilities, such as cash, trade receivables and trade payables, arise directly from the Company's operating activities. Trade receivables are short-term and recognised at the undiscounted amount owed to the Company. Trade payables are short-term and recognised at the undiscounted amount due from the Company.

Impact of initial application of IFRS 15 'Revenue from Contracts with Customers'

The Company has applied IFRS 15 'Revenue from Contracts with Customers' which is effective for annual periods beginning on or after 1 January 2018. As such, the Company has applied it from its date of incorporation. IFRS 15 introduced a five-step approach to revenue recognition. Following assessment of the contracts held by the Company, it was determined that the impact of aligning the Company's revenue recognition with performance obligations to the customer does not have a material impact on revenue.

Impact of initial application of IFRS 9 'Financial Instruments'

The Company has applied IFRS 9 'Financial Instruments' and the related consequential amendments to other adopted IFRSs that are effective for periods beginning on or after 1 January 2018. As such, the Company has applied it from its date of incorporation.

KMR II INVESTMENT HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
20 March 2018 to 30 June 2019 (continued)****ACCOUNTING POLICIES (continued)****Impact of initial application of IFRS 9 'Financial Instruments'(continued)**

IFRS 9 introduced new requirements for:

- 1) the classification and measurement of financial assets and financial liabilities;
- 2) impairment of financial assets; and
- 3) general hedge accounting.

The date of initial application (the date on which the Company has assessed its existing financial assets and financial liabilities in terms of the requirements of IFRS 9) is 1 July 2018. All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost, fair value through profit and loss or fair value through other comprehensive income, on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

As a result, the Company's primary categories of Financial Assets are measured as follows under IFRS 9; Investments in Equity Instruments are measured at fair value through profit and loss, Trade and Other Receivables are measured at transaction price as it is assumed they do not contain significant financing components.

The application of IFRS 9 has had no impact on the classification and measurement of the Company's financial liabilities, they are measured at amortised cost.

2) Impairment of financial assets

In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model which requires the Company to account for expected credit losses to reflect changes in credit risk of those financial assets since initial recognition. Specifically, the Company is required to recognise a loss allowance for expected credit losses on its Trade Receivables. Given the Company's historical low level of bad debt losses, this has had a minimal impact on the Company.

3) General hedge accounting

The new general hedge accounting requirements retain the three types of hedge accounting and introduces greater flexibility to the types of transactions eligible for hedge accounting. Hedge accounting has not previously been applicable to the Company and IFRS 9 has not impacted this assessment.

4) Disclosure requirements for initial application of IFRS 9

There were no financial assets or financial liabilities which the Company has had to reclassify or redesignate as a result of the transition to IFRS 9. IFRS 9 has not impacted the measurement of the Company's financial assets and liabilities.

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION
UNCERTAINTY**

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

The directors consider that there were no critical judgements in applying the Company's accounting policies.

KMR II INVESTMENT HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
20 March 2018 to 30 June 2019 (continued)**CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)****Key sources of estimation uncertainty**

The following are the key sources of estimation uncertainty, that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Impairment and write-back of investments in subsidiaries

Determining whether the Company's investments in subsidiaries have been impaired requires estimations of the investments' values in use. The value in use calculations require the entity to estimate the future cash flows expected to arise from the investments and suitable discount rates in order to calculate present values. The carrying amount of investments in subsidiaries at the balance sheet date was \$64.5m and no impairment has been recognised.

3. ADMINISTRATIVE EXPENSES**20 March 2018
to 30 June 2019**

	\$
Management fees	306,044
Legal fees	23,769
Exchange rate (gain)/loss	(9,404)
	<hr/> 320,409 <hr/>

4. OPERATING LOSS

The auditor's remuneration for the period was \$65,151 for the audit of the financial statements. These costs were borne by KMR Music Royalties II SCS.

The Company did not pay any directors' remuneration. The directors of this company were remunerated by Kobalt Music Group. The Company does not have any employees.

5. INTEREST RECEIVABLE**20 March 2018
to 30 June 2019**

	\$
Interest receivable from group undertakings	16,289
	<hr/> 16,289 <hr/>

KMR II INVESTMENT HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
20 March 2018 to 30 June 2019 (continued)**6. INTEREST PAYABLE**

	20 March 2018 to 30 June 2019
	\$
Interest payable to group undertakings	1,845,753
	<u>1,845,753</u>

7. TAX ON LOSS

	20 March 2018 to 30 June 2019
	\$
Current tax	
United Kingdom corporation tax based on the result for the period at 19%	-

The standard rate of tax for the period, based on the United Kingdom standard rate of corporation tax is 19%. The actual tax charge for the period differs from the standard tax rate for the reasons set out in the following reconciliation:

	20 March 2018 to 30 June 2019
	\$
Loss before tax	(2,149,873)
Tax on loss at standard rate	(408,476)
Factors affecting charge for the period:	
Expenses not deductible for tax	4,516
Losses surrendered for group relief	194,151
Losses carried forward	209,809
	<u>-</u>
Total actual amount of current tax	-

At the balance sheet date, the Company has unused tax losses of \$1.1m available for offset against future profits. The deferred tax asset in relation to these carried forward losses would be \$192k but has not been recognised in the current period.

A change to the UK corporation tax was accounted in the Chancellor's Budget on 16 March 2016. The change was to reduce the main rate to 17% from 1 April 2020. The change to 17% from 1 April 2020 had been substantively enacted at the balance sheet date so its effects are included in these financial statements and the Company's deferred tax balances have been calculated to reflect their expected unwind at 17%.

KMR II INVESTMENT HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
20 March 2018 to 30 June 2019 (continued)****8. INVESTMENTS IN SUBSIDIARIES**

	\$
Cost	
At 20 March 2018	-
Additions	64,464,843
	<u>64,464,843</u>
At 30 June 2019	<u>64,464,843</u>
Provisions for impairment	
At 20 March 2018	-
Impairment during the period	-
	<u>-</u>
At 30 June 2019	<u>-</u>
Carrying amount	
At 20 March 2018	-
	<u>-</u>
At 30 June 2019	<u>64,464,843</u>

Company and Registered Address	Class of shares	Proportion of voting rights and shares held	Country of registration or incorporation (if not England or Wales)
KMR II GT Publishing Ltd The River Building, 1 Cousin Lane, London EC4R 3TE	Ordinary	100%*	England
What A Publishing Ltd The River Building, 1 Cousin Lane, London EC4R 3TE	Ordinary	100%*	England
Clearscore Music Ltd The River Building, 1 Cousin Lane, London EC4R 3TE	Ordinary	100%*	England
5AM Music Ltd The River Building, 1 Cousin Lane, London EC4R 3TE	Ordinary	100%	England
4AM Music Ltd The River Building, 1 Cousin Lane, London EC4R 3TE	Ordinary	100%	England
3AM Music Ltd The River Building, 1 Cousin Lane, London EC4R 3TE	Ordinary	100%	England
KMR II Investment Holdings Inc 2 Gansevoort St, 6 th Floor, New York NY10014	Ordinary	100%*	United States of America

KMR II INVESTMENT HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS
20 March 2018 to 30 June 2019 (continued)**** Directly held***9. TRADE AND OTHER RECEIVABLES**

	2019 \$
Amounts owed by group undertakings	262,913
	<u>262,913</u>

Interest on amount owed by group undertaking is calculated at 6% per annum over the average of the net opening and net closing balance. Amounts owed by group undertakings are repayable on demand and are unsecured.

10. TRADE AND OTHER PAYABLES

	2019 \$
Amounts owed to group undertakings	50,848,824
	<u>50,848,824</u>

Interest on amount owed to group undertaking is calculated at 6% per annum over the average of the net opening and net closing balance. Amounts owed to group undertakings are repayable on demand and are unsecured.

11. SHARE CAPITAL

	2019 \$
Called up, allotted and fully paid	
16,028,805 ordinary shares of \$1 each	<u>16,028,805</u>

12. ACCUMULATED LOSSES

	\$
Balance at 20 March 2018	-
Loss for the period	(2,149,873)
Balance at 30 June 2019	<u>(2,149,873)</u>

KMR II INVESTMENT HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

20 March 2018 to 30 June 2019 (continued)

13. RELATED PARTY TRANSACTIONS

Under the exemptions of FRS 101, related party disclosures are not required for transactions with other group companies by virtue of KMR II Investment Holdings Limited being a 100% subsidiary of KMR II Music Royalties SCSp, for which group accounts are prepared.

14. DIRECTORS' REMUNERATION

All of the directors who served during the period were employed by other group entities who bore the costs of the directors' remuneration.

15. ULTIMATE CONTROLLING PARTY

The ultimate controlling party is KMR Music Royalties II SCSp, a company registered in Luxembourg. The Company's immediate controlling party is KMR II Investmenst Sarl, also a company registered in Luxembourg.

The Company's results are included in the consolidated accounts of KMR Music Royalties II SCSp, which is the largest and smallest group into which the results are consolidated, and can be obtained from the company's registered office at 19 rue de Bitbourg, L-1273 Luxembourg.

16. EVENTS AFTER THE BALANCE SHEET DATE

There were no material post balance sheet events.