

COMPANY REGISTRATION NUMBER 00203742

Francis, Day & Hunter Limited
Annual Report and Financial Statements
For the Year Ended 31 March 2018

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Francis, Day & Hunter Limited

Annual Report and Financial Statements

Year ended 31 March 2018

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Francis, Day & Hunter Limited

Officers and Professional Advisers

The Board of Directors F Crimmins
 D H Johnson

Company secretary TMF Corporate Administration Services Limited

Registered office 30 Golden Square
 London
 United Kingdom
 W1F 9LD

Francis, Day & Hunter Limited

Directors' Report

Year ended 31 March 2018

The Directors present their report and the unaudited financial statements of Francis, Day & Hunter Limited ("the Company") for the year ended 31 March 2018. The comparatives are for the year ended 31 March 2017.

Going concern

The Directors of the EMI Music Publishing Group ("the Group") have prepared consolidated Group financial projections for a period of more than twelve months from the date of approval of these financial statements. After considering these financial projections, the Directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future and as a result have prepared these financial statements on a going concern basis.

Principal activities and business review

The principal activity of the Company continued to be that of music publishing. No material change in the activities of the business is contemplated.

During the financial year, the Company's turnover increased by 44% on prior year. The Company made a profit before taxation of £463,163 compared with a £374,261 profit before taxation in the prior year.

The Company has net assets of £4,862,490 (2017: £4,399,327) at the reporting date. The turnover of the Company is generated from usage of the songs written by the Company's composers and will vary in any given year alongside the market conditions and popularity of various genres of music. Direct costs attributed to the turnover are the writer's shares of the royalties earned on their compositions. The Company employs no staff and has no separate facilities or overheads, except for those recharged for services rendered by other companies in the EMI Music Publishing Group.

Results and dividends

The profit for the financial year amounted to £463,163 (2017: £374,261). The Directors have not recommended a dividend (2017: £nil).

The Company is a wholly owned subsidiary and the interests of the Group Directors are disclosed in the financial statements of the parent company.

Future developments

On May 21, 2018, the Mubadala Investment Company-led Investor Group ("Mubadala"), which is the majority owner of Nile Acquisition Holding Company Limited ("NAHCL"), and Sony Corporation ("Sony"), which is the majority owner of Nile Acquisition LLC ("NALLC"), entered into a memorandum of understanding ("the Agreement") for the sale of the Mubadala's approximately 60% equity interest in EMI's Music Publishing business to Sony Corporation of America ("SCA"), a wholly owned subsidiary of Sony (the "Transaction"). On June 29, 2018, Mubadala and Sony executed a long form agreement replacing the Agreement. In July 2018, Sony acquired from the Estate of Michael Jackson ("the Estate") the 25.1% interest in NALLC held by the Estate. As a result of the acquisition, NALLC became a wholly-owned subsidiary of Sony. In August, US regulatory approval was received, and in October 2018, European Commission regulatory approval was received for the Transaction. This Transaction is expected to close in November 2018. As a result of this Transaction, EMI MP will become a wholly-owned subsidiary of SCA.

Directors

The Directors who served the Company during the year and up to the date of signing the financial statements are listed on page 2.

Qualifying third party indemnity provisions

Certain Directors benefited from the qualifying third party indemnity provisions in place during the financial year and at the date of this report.

Francis, Day & Hunter Limited

Directors' Report (continued)

Year ended 31 March 2018

Political contributions

The Company made no political donations or incurred any political expenditure during the year.

Signed on behalf of the Directors



F Crimmins
Director

30 Golden Square
London
United Kingdom
W1F 9LD

Approved by the Directors on 30/10/18

Francis, Day & Hunter Limited

**Statement of Directors' Responsibilities in respect of the Annual Report and the Financial Statements
Year ended 31 March 2018**

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with applicable law and Section 1A of FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (UK Generally Accepted Accounting Practice applicable to Smaller Entities).

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;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

Francis, Day & Hunter Limited**Income Statement****Year ended 31 March 2018**

	<i>Note</i>	2018 £	2017 £
Turnover	2	937,553	652,961
Cost of sales		(397,821)	(217,906)
Gross profit		539,732	435,055
Administrative expenses		(76,569)	(60,794)
Profit before taxation	3	463,163	374,261
Tax on profit		-	-
Profit for the financial year		463,163	374,261

The notes on pages 8 to 11 form part of these financial statements.

All of the activities of the Company are classed as continuing for the current and prior years.

There are no other items of comprehensive income other than those in the Income Statement, and therefore no Statement of Comprehensive Income has been presented.

Francis, Day & Hunter Limited**Balance Sheet****At 31 March 2018**

	<i>Note</i>	2018 £	2017 £
Current assets			
Debtors	6	5,064,203	4,652,900
Creditors: amounts falling due within one year	7	(201,713)	(253,573)
Net current assets		4,862,490	4,399,327
Net assets		4,862,490	4,399,327
Capital and reserves			
Called up share capital	8	55,900	55,900
Profit and loss account		4,806,590	4,343,427
Shareholders' funds		4,862,490	4,399,327

The financial statements have been prepared in accordance with the provisions applicable to small companies within Part 15 of the Companies Act 2006 and in accordance with the provisions of FRS 102 Section 1A – Small Entities.

For the year ending 31 March 2018 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476.

The Directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

The notes on pages 8 to 11 form part of these financial statements.

These financial statements on pages 6 to 11 were approved by the Board of Directors on 30/10/18 and signed on their behalf by:



F Crimmins
Director

Company Registration Number: 00203742

Francis, Day & Hunter Limited

Notes to the Financial Statements

Year ended 31 March 2018

1. Accounting policies

Francis, Day & Hunter Limited (the "Company") is a private company incorporated, domiciled and registered in England and Wales in the United Kingdom. The registered number is 00203742 and the registered address is 30 Golden Square, London, W1F 9LD.

These financial statements were prepared in accordance with the provisions of FRS 102 Section 1A – Small Entities. The presentation currency of these financial statements is sterling. All amounts are rounded to the nearest £1.

As the consolidated financial statements of DH Publishing, L.P. include the equivalent disclosures, the Company has taken exemptions under FRS 102 available in respect of certain disclosures required by FRS 102.11 Basic Financial Instruments.

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

Judgements made by the Directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in note 10.

Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom.

Going concern

Francis, Day & Hunter Limited has made a profit for the financial year of £463,163 (2017: £374,261) and has net current assets of £4,862,490 (2017: £4,399,327) and net assets of £4,862,490 (2017: £4,399,327) at the reporting date.

The Directors of the EMI Music Publishing Group (the "Group") have prepared consolidated Group financial projections for a period of more than twelve months from the date of approval of these financial statements. After considering the financial projections, the Directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future and as a result have prepared these financial statements on a going concern basis.

Cash flow statement

The Company has taken advantage of the exemption available under FRS 102 Section 1A – Small Entities from preparing a statement of cash flows.

Related party transactions

The Company is exempt under the terms of FRS 102.33 Related Party Disclosures from disclosing related party transactions with entities that are part of the DH Publishing, L.P. Group or investees of the DH Publishing, L.P. Group provided that any subsidiary which is party to the transaction is wholly owned by the Group.

Turnover

The Company's turnover is wholly attributable to its principal activity and the Directors do not believe that any part of the Company's worldwide market is significantly different from any other.

Turnover is generated from usage of the songs written by the Company's composers and will vary in any given year alongside the market conditions and popularity of various genres of music. It is recorded when reported to the Company by the relevant source, or when the Company reasonably estimates that the income has been earned from a relevant source. Turnover is stated after deducting all commissions and any sales related taxes levied on turnover.

Francis, Day & Hunter Limited**Notes to the Financial Statements (continued)****Year ended 31 March 2018**

1. Accounting policies (continued)**Turnover (continued)**

All turnover arises from continuing activities. In certain countries, the Company has assigned its rights to royalty income to other undertakings of the EMI Music Publishing Group.

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity or Other Comprehensive Income, in which case it is recognised directly in equity or Other Comprehensive Income.

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

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the Balance Sheet date.

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

Foreign currency

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

Debtors - royalty advances

Royalties due to a composer are credited against the outstanding advance in the year of receipt until the amount of the advance is fully recovered. If it is thought that future earnings will not amount to the net value of an advance, a provision for the estimated shortfall will be raised. Advances are included in debtors as recoverable within one year although certain amounts may be recovered after more than one year.

Provisions

A provision is recognised where the expected future earnings of a writer do not support the net value of the advance. Advances to writers who are deemed to be unproven at the time of the advance are fully provided for at that time. A further review of the recoverability of unproven and proven writers is undertaken at the end of the period, and an additional adjustment to the provision may be made at this point. The movement in this provision credited to the Income Statement in the year was £1,350 (2017: £16 charge).

Francis, Day & Hunter Limited**Notes to the Financial Statements (continued)****Year ended 31 March 2018****2. Turnover**

The turnover is attributable to the one principal activity of the Company.

An analysis of turnover by geographical market is given below:

	2018 £	2017 £
United Kingdom	476,926	411,007
Rest of Europe	168,158	177,640
USA	248,515	21,115
Rest of the world	43,954	43,199
	<u>937,553</u>	<u>652,961</u>

3. Profit before taxation

Administration charges of £76,569 (2017: £60,794) due to EMI Music Publishing Limited are included in administrative expenses in the Income Statement.

4. Directors' remuneration

The Directors, who are also the Company key management, received no remuneration for their services to the Company during the year (2017: £nil).

The Directors were remunerated by a member of the US Group for their services to the Group as a whole.

5. Staff numbers and costs

The Company had no employees (2017: none).

6. Debtors

	2018 £	2017 £
Trade debtors	107	-
Amounts owed by group undertakings	4,936,302	4,454,103
Prepayments and accrued income	127,794	198,797
	<u>5,064,203</u>	<u>4,652,900</u>

At 31 March 2018, debtors falling due after more than one year amounted to £nil (2017: £nil).

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Francis, Day & Hunter Limited**Notes to the Financial Statements (continued)****Year ended 31 March 2018****7. Creditors: amounts falling due within one year**

	2018 £	2017 £
Accruals and deferred income	<u>201,713</u>	<u>253,573</u>

8. Capital and reserves**Share capital****Allotted, called up and fully paid:**

	2018 £	2017 £
55,900 (2017: 55,900) Ordinary shares of £1 each at 1 April and at 31 March	<u>55,900</u>	<u>55,900</u>

9. Ultimate parent company and parent company of larger group

The Company is a subsidiary undertaking of DH Publishing, L.P. The ultimate controlling party is DH Publishing, L.P., a partnership registered in the Cayman Islands.

The largest Group in which the results of the Company are consolidated is that headed by DH Publishing, L.P., 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands. The smallest Group in which they are consolidated is that headed by EMI Music Publishing Finance (UK) Limited, 30 Golden Square, London, W1F 9LD, United Kingdom. The consolidated financial statements of these Groups are available to the public and may be requested from 30 Golden Square, London, W1F 9LD, United Kingdom.

10. Accounting estimates and judgements

In preparing these financial statements, the Directors don't consider that they have made any accounting estimates or judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

11. Subsequent events

On May 21, 2018, the Mubadala, which is the majority owner of NAHCL, and Sony, which is the majority owner of NALLC, entered into a memorandum of understanding ("the Agreement") for the sale of the Mubadala's approximately 60% equity interest in EMI's Music Publishing business to SCA, a wholly owned subsidiary of Sony (the "Transaction"). On June 29, 2018, Mubadala and Sony executed a long form agreement replacing the Agreement. In July 2018, Sony acquired from the Estate of Michael Jackson ("the Estate") the 25.1% interest in NALLC held by the Estate. As a result of the acquisition, NALLC became a wholly-owned subsidiary of Sony. In August, US regulatory approval was received, and in October 2018, European Commission regulatory approval was received for the Transaction. This Transaction is expected to close in November 2018. As a result of this Transaction, EMI MP will become a wholly-owned subsidiary of SCA.