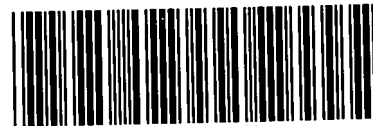


COMPANY REGISTRATION NUMBER 00229231

EMI GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

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EMI GROUP LIMITED

FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

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EMI GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

RM Constant
A Brown
BJ Muir

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

364-366 Kensington High Street
London
W14 8NS

AUDITOR

KPMG LLP
Chartered Accountants
Statutory Auditor
15 Canada Square
London
E14 5GL

EMI GROUP LIMITED

STRATEGIC REPORT

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

The directors present their strategic report for the company for the period ended 31 December 2013. During the period the company changed its accounting reference date from 31 March to 31 December.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the period continued to be that of a holding company for investments and the provision of services to members of the group. This activity is unlikely to change in the foreseeable future.

The result and position of the company as at and for the year ended 31 December 2013 are set out in the profit and loss account and balance sheet on pages 7 and 8 respectively. The result and position of the company were in line with directors' expectations.

RESULTS AND DIVIDENDS

During the period to 31 December 2013, the company made a loss before tax of £413,339,179 (to March 2013 - profit of £43,767,000).

The directors do not recommend the payment of a dividend (to March 2013 - £50,700,000).

PRINCIPAL RISKS AND UNCERTAINTIES

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

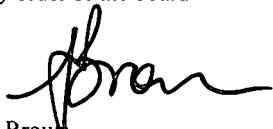
- competition from other major and independent record companies that market and distribute recorded music and video;
- competition from alternative entertainment products;
- price pressure from the increased presence of supermarkets in the music market and their threat to survival of independent music retailers;
- the threat of a devalued product due to piracy and the illegal use of music;
- uncertainty as to whether the growth of the digital market can replace the decline in the physical market; and
- interest rate fluctuations.

All risks and uncertainties are regularly monitored by the Board of Directors of the company.

FUTURE DEVELOPMENTS

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

By order of the board



A Brown
Director

23 JUL 2014

EMI GROUP LIMITED

DIRECTORS' REPORT

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

The directors present their report and the financial statements of the company for the period from 1 April 2013 to 31 December 2013.

DIRECTORS

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

RM Constant
A Brown
BJ Muir

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision remains in force as at the date of approving the directors' report, subject to the provisions of s236 CA 2006. Vivendi SA, the ultimate parent undertaking, maintains a Directors & Officers Liability Programme which indemnifies directors' personal liabilities resulting from alleged wrongful acts committed in the line of their employment.

DONATIONS

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

DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial period. 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). 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

EMI GROUP LIMITED

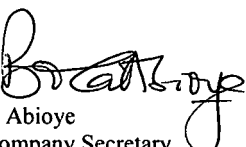
DIRECTORS' REPORT *(continued)*

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

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

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

By order of the board



A Abioye
Company Secretary

23 JUL 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMI GROUP LIMITED

We have audited the financial statements of EMI Group Limited for the 9 month period ended 31 December 2013 set out on pages 7 to 18. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its loss for the 9 month period then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Hugh Green (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

28 July 2014

EMI GROUP LIMITED

PROFIT AND LOSS ACCOUNT

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

	Note	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
TURNOVER	2	1,300	–
Administrative expenses		(37,565)	(54,655)
Other operating income	3	<u>2,175</u>	<u>36,195</u>
OPERATING LOSS	4	(34,090)	(18,460)
Cost of restructuring the company	7	(6,260)	(108,340)
		<u>(40,350)</u>	<u>(126,800)</u>
Interest receivable and similar income	8	58,595	203,055
Amounts written off investments	9	(400,000)	–
Interest payable and similar charges	10	<u>(31,584)</u>	<u>(32,340)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(413,339)	43,915
Tax on (loss)/profit on ordinary activities	11	–	(148)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		<u>(413,339)</u>	<u>43,767</u>

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

The company has no recognised gains or losses other than the results for the period as set out above.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 9 to 20 form part of these financial statements.

EMI GROUP LIMITED
BALANCE SHEET
AS AT 31 DECEMBER 2013

	Note	31 December 13		31 March 13	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Intangible assets	13		3,100		–
Tangible assets	14		11,409		25,477
Investments	15		200,079		388,814
			<u>214,588</u>		<u>414,291</u>
CURRENT ASSETS					
Debtors	16	3,854,441		3,983,006	
Cash at bank		325		183	
		<u>3,854,766</u>		<u>3,983,189</u>	
CREDITORS: Amounts falling due within one year	17	<u>2,533,871</u>		<u>2,450,578</u>	
NET CURRENT ASSETS			<u>1,320,895</u>		<u>1,532,611</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,535,483</u>		<u>1,946,902</u>
PROVISIONS FOR LIABILITIES					
Other provisions	18		14,892		12,972
			<u>1,520,591</u>		<u>1,933,930</u>
CAPITAL AND RESERVES					
Called-up equity share capital	19		128,851		128,851
Share premium account	20		355,786		355,786
Other reserves	20		904,520		904,520
Profit and loss account	20		131,434		544,773
EQUITY SHAREHOLDERS' FUNDS	20		<u>1,520,591</u>		<u>1,933,930</u>

These accounts were approved by the board of directors and authorised for issue on and are signed on their behalf by:

23 JUL 2014



A Brown

Company Registration Number: 00229231

The notes on pages 9 to 20 form part of these financial statements.

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The company is exempt by virtue of s.400 of Companies Act 2006, from the requirement to prepare group accounts if it is itself a wholly owned subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Vivendi SA, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group.

The comparative figures have been re-presented in a format equivalent to the current period financial information.

Cash flow statement

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the company in its own published consolidated financial statements.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenues can be reliably measured.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Licensing Agreement	- over the life of the agreement
---------------------	----------------------------------

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	- over the life of the lease
Leasehold Property	- over the life of the lease
Plant & Machinery	- 3 years straight line
Computer Software	- 5 years straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

1. ACCOUNTING POLICIES *(continued)*

Taxation

The credit for taxation is based on the profit for the period and takes into account taxation deferred because of the timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future or a right to pay less tax in future. Timing differences are differences between the company's taxable profit and loss and its results as stated in the financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are recorded in the profit and loss account.

Intangible fixed assets

Intangible fixed assets purchased separately from a business are capitalised at their cost and amortised over the period during which they are expected to be used. Intangible fixed assets purchased as part of an acquisition are capitalised at their fair value where this can be measured reliably.

Investments

Investments in subsidiary and associated undertakings are stated at cost less provision to reflect any impairment.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. Interest bearing debt is increased by the finance cost in respect of the reporting period and reduced by any settlement made. Interest is charged and earned on a fixed element of the debt at an arms length rate.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

Management charges receivable

Management charges receivable represent the value of management services and associated costs excluding VAT.

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

2. TURNOVER

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
United Kingdom	<u>1,300</u>	<u>-</u>

3. OTHER OPERATING INCOME

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
Management charges receivable	<u>2,175</u>	<u>36,195</u>

4. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
Amortisation of intangible assets	1,300	-
Depreciation of owned fixed assets	12,812	1,700
Auditor's remuneration - audit of the financial statements	300	81
Operating lease costs:		
- Land and buildings	347	-
Net (profit)/loss on foreign currency translation	<u>(1,392)</u>	<u>4,635</u>

Included in the auditor's remuneration above is £91,000 relating to the audit of EMI Group Ltd's financial statements.

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

5. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial period amounted to:

	Period from 1 April 13 to 31 December 13 No	Year to 31 March 13 No
Number of administrative staff	<u>91</u>	<u>113</u>

The aggregate payroll costs of the above were:

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
Wages and salaries	6,180	27,700
Social security costs	597	1,297
Other pension costs	404	26,200
	<u>7,181</u>	<u>55,197</u>

The directors were also directors of fellow group undertakings and did not receive any remuneration for their services to this company.

6. DIRECTORS' REMUNERATION

The directors' aggregate remuneration and other payments in respect of qualifying services were:

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
Aggregate remuneration	—	3,200
Compensation for loss of directorship	—	8,700
	<u>—</u>	<u>11,900</u>

The total amount payable to the highest paid Director in respect of emoluments was £nil (2013 - £8,756,529).

The emoluments of the directors were paid and borne by other fellow group undertakings and they received no remuneration in respect of their services to the company for the period to December 2013.

7. COST OF REORGANISATION OR RESTRUCTURING

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
Cost of restructuring company	<u>6,260</u>	<u>108,340</u>

The restructuring costs include employee and property expenses incurred during the acquisition by Universal Music Group.

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
Bank interest receivable	8	—
Interest receivable from group undertakings	58,587	203,055
	<u>58,595</u>	<u>203,055</u>

9. AMOUNTS WRITTEN OFF INVESTMENTS

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
Amount written off investments	<u>400,000</u>	<u>—</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
Interest payable to group undertakings	<u>31,584</u>	<u>32,340</u>

11. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of (credit) / charge in the period

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
Foreign tax		
Current tax on income for the period	<u>-</u>	<u>148</u>
Total current tax	<u>-</u>	<u>148</u>

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

11. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 23% (To 31 March 13 - 24%).

The Finance Act 2013 enacted reductions in the UK corporate tax rate to 21% from April 2014 and 20% from April 2015. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates.

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
(Loss)/profit on ordinary activities before taxation	(413,339)	43,915
(Loss)/profit on ordinary activities at the standard rate of UK		
Corporation tax of 23% (2013: 24%)	(95,068)	10,526
Expenses not deductible for tax purposes	92,470	8,395
Unrelieved tax losses	2,422	-
Movement in timing differences	176	-
Impact of tax losses not utilised in the period	-	(18,773)
Current tax charge for the financial period	-	148

(c) Factors that may affect future tax charges

The company has total unutilised tax losses carried forward estimated at £164,235,066 (to March 2013 - £153,703,340), which may reduce future tax charges.

12. DIVIDENDS

Equity dividends

	Period from 1 April 13 to 31 December 13 £'000	Year to 31 March 13 £'000
Paid during the year:		
Dividends on ordinary shares	-	50,700

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

13. INTANGIBLE FIXED ASSETS

	Licensing Agreement £'000
COST	
Additions	4,400
At 31 December 2013	<u>4,400</u>
AMORTISATION	
Charge for the period	1,300
At 31 December 2013	<u>1,300</u>
NET BOOK VALUE	
At 31 December 2013	<u>3,100</u>
At 31 March 2013	<u>–</u>

The additions during the year relate to the assignment to EMI Group Limited of the Digital Distribution contract with China Music Corporation.

14. TANGIBLE FIXED ASSETS

	Freehold Property £'000	Leasehold Property £'000	Software £'000	Plant & Machinery £'000	Total £'000
COST OR VALUATION					
At 1 April 2013	5,200	22,800	12,603	5,374	45,977
Additions	–	–	2,337	–	2,337
Disposals	–	–	(6,524)	–	(6,524)
Revaluation	(4,475)	–	–	–	(4,475)
Transfers	1,450	323	48,747	(388)	50,132
At 31 December 2013	<u>2,175</u>	<u>23,123</u>	<u>57,163</u>	<u>4,986</u>	<u>87,447</u>
DEPRECIATION					
At 1 April 2013	1,600	14,200	–	4,700	20,500
Charge for the period	2,710	9,042	701	359	12,812
On disposals	–	–	2,785	–	2,785
Revaluation adjustment	(4,475)	–	–	–	(4,475)
Transfers	225	(119)	44,383	(73)	44,416
At 31 December 2013	<u>60</u>	<u>23,123</u>	<u>47,869</u>	<u>4,986</u>	<u>76,038</u>
NET BOOK VALUE					
At 31 December 2013	<u>2,115</u>	<u>–</u>	<u>9,294</u>	<u>–</u>	<u>11,409</u>
At 31 March 2013	<u>3,600</u>	<u>8,600</u>	<u>12,603</u>	<u>674</u>	<u>25,477</u>

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

15. INVESTMENTS

	Shares in group companies brought forward £'000	Loans to group companies brought forward £'000	Participating interest - Cost brought forward £'000	Fixed asset available-for- sale investments £'000	Total £'000
Cost/fair value					
Balance brought forward	2,504,366	752,834	613	5,341	3,263,154
Revaluation - group shares	—	—	—	(88)	(88)
Additions - group shares	400,000	—	—	—	400,000
Repayment of group loans	—	(203,042)	—	—	(203,042)
Balance carried forward	<u>2,904,366</u>	<u>549,792</u>	<u>613</u>	<u>5,253</u>	<u>3,460,024</u>
Amounts provided					
Balance brought forward	2,385,425	488,915	—	—	2,874,340
Written off for the period	400,000	(14,395)	—	—	385,605
Balance carried forward	<u>2,785,425</u>	<u>474,520</u>	<u>—</u>	<u>—</u>	<u>3,259,945</u>
Net book value					
Balance carried forward	<u>118,941</u>	<u>75,272</u>	<u>613</u>	<u>5,253</u>	<u>200,079</u>
Balance brought forward	<u>118,941</u>	<u>263,919</u>	<u>613</u>	<u>5,341</u>	<u>388,814</u>

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

15. INVESTMENTS *(continued)*

At 31 December 2013, the carrying values of the investments have been compared to their recoverable amounts, represented by their net realisable value. The Directors do not consider value in use to be materially different to the net realisable value of the investment, and therefore use the investment's net realisable value as its recoverable amount. The net realisable value of these investments have been derived from recent third party valuations of the Music Publishing and Recorded Music business, adjusted for the Parlophone Label Group disposal.

In the opinion of the Directors, the value of the Company's investments at 31 December 2013 is at least equal to their carrying value and no impairment has been made.

Subsidiary undertakings	Country of Incorporation	Proportion held	Nature of business
Virgin Music Group*	UK	100%	Holding Company
EMI Group Finance Limited*	UK	100%	Treasury
EMI Music Records Germany Holdco Limited*	UK	100%	Holding Company
EMI Group Finance (Jersey) Limited*	Jersey	100%	Holding Company
EMI Group Worldwide	UK	100%	Holding Company
EMI Group International Holdings Limited	UK	100%	Holding Company
EMI Group Holdings (UK) Limited	UK	100%	Holding Company
EMI Group Holdings BV	Netherlands	100%	Holding Company
Virgin Records Limited	UK	100%	Recorded Music
EMI Music Australia Pty Limited	Australia	100%	Recorded Music
EMI Group Inc*	USA	100%	Holding Company
EMI RM US, Inc	USA	100%	Recorded Music
EMI Christian Music Group, Inc	USA	100%	Recorded Music
Capitol Records, LLC	USA	100%	Recorded Music

* Held directly by the company.

During the period, the company disposed of the following companies in line with the mandatory regulatory requirement in approving the sale of the EMI Recorded Music business to Universal Music Group.

PLG Holdco Limited
Parlophone Records Limited
Parlophone Music International Services Limited
EMI Music France S.A.S

During the period, the company acquired 10,000,000 shares in China Music Corporation as part of the Digital Distribution Agreement noted in note 13. The cost of these shares was \$2,500.

On 1 December 2013 an intercompany receivable of £400m was capitalised in the investment of Virgin Music Group. In drawing up the closing balance sheet a full provision has been made against this investment.

During the year, investments in subsidiary companies of £14,395,000 were re-classified to intercompany loans.

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

16. DEBTORS

	31 December 13 £'000	31 March 13 £'000
Amounts owed by group undertakings	3,704,173	3,818,911
VAT recoverable	3	–
Other debtors	148,406	164,095
Prepayments and accrued income	1,859	–
	<u>3,854,441</u>	<u>3,983,006</u>

All amounts owed from fellow Group undertakings are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis.

Other debtors includes £147,742,709 (March 2013 - £160,580,000) for investment in preference shares. These relate to preference shares denominated in US dollars issued by EMI Group Finance (Jersey) Limited. The shares have no voting rights and do not represent equity and have been disclosed as current receivables from EMI Group Finance (Jersey) Limited. Dividends are payable at a rate of 5.25% per annum but the company has waived its rights to dividends in the year.

17. CREDITORS: Amounts falling due within one year

	31 December 13 £'000	31 March 13 £'000
Trade creditors	2	–
Amounts owed to group undertakings	2,503,163	2,435,349
Other creditors	17,153	–
Accruals and deferred income	13,553	15,229
	<u>2,533,871</u>	<u>2,450,578</u>

All amounts owed to fellow Group undertakings are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis.

The amount in other creditors is a balance due to Parlophone Label Group Limited.

18. OTHER PROVISIONS

	31 December 13 £'000
Other provisions:	
Balance brought forward	12,972
Movement for period	1,920
	<u>14,892</u>

The movement in the provision relates to further employee and contract exit costs.

The balance is made up of redundancy, contract exit, HMV property and Plumstead Road property costs.

EMI GROUP LIMITED

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PERIOD FROM 1 APRIL 2013 TO 31 DECEMBER 2013

19. SHARE CAPITAL

Authorised share capital:

	31 December 13 £'000	31 March 13 £'000
1,134,206,498 Ordinary shares of £0.14 each	158,789	158,789
419,054,387 B Shares shares of £1.145 each	479,817	479,817
	<u>638,606</u>	<u>638,606</u>

Allotted, called up and fully paid:

	31 December 13 No	31 December 13 £'000	31 March 13 No	31 March 13 £'000
Ordinary shares of £0.14 each	<u>920,361,759</u>	<u>128,851</u>	<u>920,361,759</u>	<u>128,851</u>

20. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £'000	Share premium account £'000	Capital redemption reserve £'000	Other reserves £'000	Profit and loss account £'000	Total share- holders' funds £'000
Balance brought forward at						
1 April 2012	128,851	355,786	495,856	408,664	276,706	1,665,863
Profit for the year	—	—	—	—	43,767	43,767
Equity dividends	—	—	—	—	(50,700)	(50,700)
Other movements	—	—	—	—	—	—
Capital reduction	—	—	—	—	275,000	275,000
Balance brought forward at						
1 April 2013	128,851	355,786	495,856	408,664	544,773	1,933,930
Loss for the period	—	—	—	—	(413,339)	(413,339)
Balance carried forward at						
31 December 2013	<u>128,851</u>	<u>355,786</u>	<u>495,856</u>	<u>408,664</u>	<u>131,434</u>	<u>1,520,591</u>

(i) Capital redemption reserve

The capital redemption reserve represents a historical reduction in distributable reserves for the amount paid to redeem preference B shares as part of a share capital reorganisation.

(ii) Other reserves

Other reserves of the company contain a special reserve which reflects the share premium account reduction of July 1988 and unrealised profits on disposal of investments.

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21. ULTIMATE PARENT COMPANY

The immediate parent company is EMI Group (Newco) Limited, a company incorporated and operating in England. The ultimate parent undertaking and controlling party is Vivendi SA, a company incorporated in France.

The smallest and largest group in which the results of the company will be consolidated will be that headed by Vivendi SA, incorporated in France. Copies of its annual report in English may be obtained from:

Vivendi SA
42 Avenue de Friedland
75380 Paris
Cedex 08
France