

COMPANY REGISTRATION NUMBER 00335444

VIRGIN RECORDS OVERSEAS LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



VIRGIN RECORDS OVERSEAS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2020

CONTENTS	PAGES
Officers and professional advisers	1
Strategic report	2 to 3
Directors' report	4 to 5
Statement of comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Notes to the financial statements	9 to 15

VIRGIN RECORDS OVERSEAS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

BJ Muir
SL Carmel
P Jassal

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

4 Pancras Square
London
N1C 4AG

VIRGIN RECORDS OVERSEAS LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for the Virgin Records Overseas Limited (the 'company') for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a finance company.

The result and position of the company as at and for the year ended 31 December 2020 are set out in the statement of comprehensive income, statement of financial position and statement of changes in equity on pages 6, 7 and 8 respectively. The result and position of the company were in line with directors' expectations.

RESULTS AND DIVIDENDS

The company's profit for the financial year was £1,567,000 (2019 - profit £3,737,000). The retained profit for the year has been transferred to reserves.

KEY PERFORMANCE INDICATORS

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of the development, performance or position of the business.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses a variety of financial instruments including cash, equity instruments and various instruments such as artist advances, trade receivables and trade payables that arise directly from its operations.

The directors are of the view that the main risks arising from the company's financial instruments are exchange rate risk, interest rate risk, liquidity risk and credit risk, as summarised below:

Exchange rate risk

Exchange rate fluctuation presents a risk because some sales are priced in overseas currencies, and certain balances are denominated in currencies other than Sterling. The directors do not consider that the potential downside is significant enough to require hedging but continue to monitor the potential risk.

Interest rate risk

The company does not have any significant external borrowings and as such the directors consider the interest rate risk to be minimal at this stage.

Liquidity risk

The company manages its financial risk by ensuring liquidity is sufficient to meet future needs, and that sufficient funding is in place before any new commitments are entered into. The cash position and cash flow forecasts are monitored by management on a regular basis.

Credit risk

The principal credit risk arises from trade debtors. Management approve credit terms for all new customers, and regularly review the credit position of existing accounts.

VIRGIN RECORDS OVERSEAS LIMITED

STRATEGIC REPORT (continued)

YEAR ENDED 31 DECEMBER 2020

PRINCIPAL RISKS AND UNCERTAINTIES

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

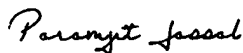
- competition from alternative entertainment products;
- price pressure from the increased presence of supermarkets in the music market and their threat to survival of independent music retailers;
- the threat of a devalued product due to piracy and the illegal use of music;
- uncertainty as to whether the growth in the subscription services market can replace the decline in the uncertainty physical and download market; and
- interest rate fluctuations.

The directors of the company have considered, and continue to consider, the impact of the United Kingdom's exit from the European Union. The directors remain alert and responsive to changes in the legal and regulatory environment as a result of this and are confident that the company can continue to operate effectively and efficiently.

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

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



P Jassal
Director

Date: 21 May 2020

VIRGIN RECORDS OVERSEAS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2020

The directors present their report, the strategic report and the unaudited financial statements of the company for the year ended 31 December 2020.

They have included the following matters within the strategic report, otherwise required to be disclosed in the directors' report, as they are considered to be of strategic importance to the company.

- Results and dividends;
- Financial risk management objectives and policies;
- Principal risks and uncertainties; and
- Future developments.

DIRECTORS

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

BJ Muir
SL Carmel
P Jassal

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 section 236 of the Companies Act 2006. Vivendi SE, headed by Bolloré Group, 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.

POLICY ON THE PAYMENT OF CREDITORS

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

DONATIONS

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

VIRGIN RECORDS OVERSEAS LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2020

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual report and 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 Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. 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; 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.

By order of the board

Bola Abioye

A Abioye

Company Secretary

Date: 21 May 2021

Company Registration Number: 00335444

VIRGIN RECORDS OVERSEAS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Interest receivable and similar income	5	1,935	4,614
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,935	4,614
Tax on profit on ordinary activities	6	(368)	(877)
PROFIT FOR THE FINANCIAL YEAR		1,567	3,737

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

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 15 form part of these financial statements

VIRGIN RECORDS OVERSEAS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
CURRENT ASSETS			
Debtors: Amounts falling due within one year	7	566,701	564,766
		<u>566,701</u>	<u>564,766</u>
CREDITORS: Amounts falling due within one year	8	(256,499)	(256,131)
NET CURRENT ASSETS		<u>310,202</u>	<u>308,635</u>
CAPITAL AND RESERVES			
Called-up equity share capital	9	128,947	128,947
Profit and loss account		<u>181,255</u>	<u>179,688</u>
EQUITY SHAREHOLDERS' FUNDS		<u>310,202</u>	<u>308,635</u>

For the year ended 31 December 2020 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

Approved by the Board for issue on 21 May 2021

On behalf of the Board of Directors

Parsant Jassal

P Jassal

Company Registration Number: 00335444

The notes on pages 9 to 15 form part of these financial statements

VIRGIN RECORDS OVERSEAS LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2020

	Share Capital £'000	Profit & Loss Account £'000	Total Shareholders' Funds £'000
Balance brought forward at 1 January 2019	128,947	175,951	304,898
Total comprehensive income for the period			
Profit for the year	-	3,737	3,737
Balance at 1 January 2020	128,947	179,688	308,635
Total comprehensive income for the period			
Profit for the year	-	1,567	1,567
Balance carried forward at 31 December 2020	128,947	181,255	310,202

The notes on pages 9 to 15 form part of these financial statements

VIRGIN RECORDS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

Virgin Records Overseas Limited is a private company limited by shares and incorporated in the UK under the Companies Act 2006 and registered in England and Wales. The registered office is 4 Pancras Square, London, N1C 4AG.

The principal activities of the company and the nature of its operations are set out in the strategic report on pages 2 to 3.

2. STATEMENT OF COMPLIANCE

The company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis, under the historical cost convention.

The financial statements are prepared in sterling, which is the functional currency of the company, and have been rounded to the nearest £'000.

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

FRS 102 - Qualifying exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- from preparing a statement of cash flows and related notes;
- from preparing a reconciliation of the number of shares outstanding from the beginning to the end of the financial year;
- from disclosing related party transactions;
- from disclosing key management personnel compensation;
- from certain financial instrument disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments*.

This information is included in the consolidated financial statements of the company's parent undertaking, Vivendi SE, copies of which can be obtained from 42 Avenue de Friedland, 75380 Paris, Cedex 08, France.

Going concern

The Company's business activities, together with the factors likely to affect future developments, its financial exposures and its risk exposures are described above.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources available to it to continue in operational existence for the foreseeable future. Accordingly, they continue to adapt the going concern basis in preparing the financial statements.

VIRGIN RECORDS OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party.

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

VIRGIN RECORDS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES (continued)

Equity instruments

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

Fair value measurement

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

Other debtors / creditors

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

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges, unwinding of the discount on provisions, and net foreign exchange losses that are recognised through profit or loss in the statement of comprehensive income.

Interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest receivable and interest payable are recognised in profit or loss as they accrue. Foreign currency gains and losses are reported on a net basis

VIRGIN RECORDS OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised through profit or loss in the statement of comprehensive income 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 statement of financial position 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. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associated and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. 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 statement of financial position date. Deferred tax balances are not discounted.

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

4. PARTICULARS OF EMPLOYEES

The company had no employees during the year ended 31 December 2020 (2019 - none)

Emoluments for the directors of the Company are paid for by a fellow group company. The fellow group company has not recharged any amount to the Company (2019: nil) on the basis that they are unable to make a reasonable apportionment of the portion of these total emoluments that relate to qualifying services provided by directors of the Company.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Interest receivable from group undertakings	1,935	4,614
	<u>1,935</u>	<u>4,614</u>

VIRGIN RECORDS OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2020

6. TAX ON PROFIT

(a) Analysis of tax charge in the year

	2020 £'000	2019 £'000
Current tax:		
Group relief payable for losses claimed from other group undertakings	368	877
	<u>368</u>	<u>877</u>
Tax on profit	<u><u>368</u></u>	<u><u>877</u></u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as than the standard rate of corporation tax in the UK of 19.0% (2019 - 19.0%).

Under the Finance Act 2016, the main rate of corporation tax was reduced from 19% to 17% effective from 1 April 2020. However, a change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS and UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred tax assets and liabilities are measured at the rate that is enacted and expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates. An increase to the main rate of corporation tax to 25% for large businesses was announced in the Spring Budget but has not yet been substantively enacted.

Deferred tax assets and liabilities are measured at the rate that is enacted and expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates.

	2020 £'000	2019 £'000
Profit before taxation	1,935	4,614
	<u>368</u>	<u>877</u>
Profit at the standard rate of UK Corporation tax of 19.0% (2019 - 19.0%)	<u>368</u>	<u>877</u>
Current tax charge for the financial year	<u><u>368</u></u>	<u><u>877</u></u>

7. DEBTORS: Amounts due within one year

	2020 £'000	2019 £'000
Amounts owed by group undertakings	566,701	564,766
	<u>566,701</u>	<u>564,766</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.

VIRGIN RECORDS OVERSEAS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2020

8. CREDITORS: Amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	256,499	256,131
	<u>256,499</u>	<u>256,131</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.

9. CALLED-UP SHARE CAPITAL

Authorised:

	2020 No	£'000	2019 No	£'000
Ordinary shares of £1 each	134,998,000	134,998	134,998,000	134,998
Ordinary A shares of £1 each	2,000	2	2,000	2
	<u>135,000,000</u>	<u>135,000</u>	<u>135,000,000</u>	<u>135,000</u>

Allotted, called up and fully paid:

	2020 No	£'000	2019 No	£'000
Ordinary shares of £1 each	128,945,478	128,945	128,945,478	128,945
Ordinary A shares of £1 each	2,000	2	2,000	2
	<u>128,947,478</u>	<u>128,947</u>	<u>128,947,478</u>	<u>128,947</u>

VIRGIN RECORDS OVERSEAS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2020

10. ULTIMATE PARENT COMPANY

The immediate parent undertaking is EMI Group Worldwide. The ultimate parent undertaking and controlling party as at 31 December 2020 was Bolloré Group.

The smallest group in which the results of the company are consolidated is that headed by Vivendi SE, a company incorporated in France. Copies of its annual report in English may be obtained from:

42 avenue de Friedland
75380 Paris
Cedex 08
France

The largest group in which the results of the company are consolidated is that headed by Bolloré Group, a company incorporated in France. Copies of its annual report in English may be obtained from:

Tour Bolloré
31-32 quai de Dion Bouton
92 811 Puteaux
France