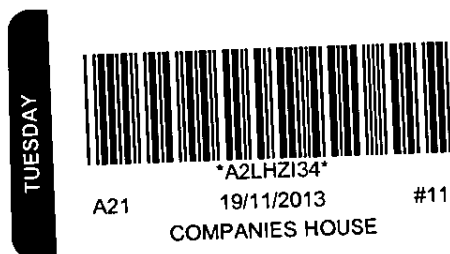


**EMI Group Finance Limited**

**Directors' report and financial  
statements**

**Registered number 806281**

**31 March 2013**



## **DIRECTORS' REPORT**

The Directors present the Directors' Report and financial statements for the year ended 31 March 2013.

### **Principal Activities and Review of the Business**

The principal activity of the Company is that of a finance company. There has not been any change to the principal activity of the Company during the year ended 31 March 2013 or subsequently. The Directors do not anticipate any change to the principal activity of the Company during the next year.

On 11 November 2011, EMI Group Global Limited signed a definitive agreement to sell the EMI Recorded Music business (of which this entity forms a part) to Universal Music Group. The transactions were subject to certain closing conditions, including the approval by relevant regulatory authorities. Regulatory approvals were obtained with the requirement for certain divestments and the sale completed on 28 September 2012. The Company was not subject to these divestment requirements and continues to form a part of the Universal Music Group.

The Company's key financial and other performance indicators during the period were as follows:

	2013	2012	Change
	£000	£000	%
Loss before tax	(6,831)	(20,335)	66.40
Loss after tax	(6,842)	(20,335)	66.35
Shareholders' funds	18,367	25,209	(27.14)

As stated in the profit and loss account on page 7 the Company made a loss before tax of £6,831,000 in the year to 31 March 2013 compared with the previous year's loss before tax of £20,335,000. This represents a reduction in loss and is mainly due to an increase in net interest income as a result of changes to the interest rates applied to intercompany loans, offset by a larger provision against intercompany receivables and an exchange loss on foreign currency balances.

In the balance sheet shown on page 8, the net assets of the Company have decreased by 27 per cent mainly due to the increase in net intercompany receivables offset by a decrease in cash at bank and in hand. Shareholders' funds have decreased by 27 per cent as a result of retained loss for the year.

## **DIRECTORS' REPORT (continued)**

### **Going concern**

The strong balance sheet of the Company has meant that the Company has been able to meet its ongoing working capital needs. They expect this position to continue and as a result have drawn up the financial statements on a going concern basis.

### **Principal Risks and Uncertainties**

The Company operates as part of the Group and all of its transactions are with fellow Group undertakings. As such its activities are dependent on the activities of the Group as a whole. The risks and uncertainties facing the Company are linked to those of the Group. A detailed discussion of the Group risks and uncertainties is contained in the Vivendi SA annual report.

### **Dividends**

The Directors do not recommend payment of a dividend (2012: £nil).

### **Directors' Qualifying Third Party Indemnity Provisions**

A qualifying third party indemnity provision is 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 line with their employment.

### **Donations**

Grants and charitable donations made during the year amounted to £nil (2012: £nil). There were no political contributions made during the year (2012: £nil).

The Directors throughout the year and subsequently were as follows:

R M Constant (appointed 1 November 2012)  
A Brown (appointed 28 September 2012)  
B J Muir (appointed 28 September 2012)  
R C Faxon (resigned 28 September 2012)  
R C Prior (resigned 28 September 2012)  
S P Naughton (resigned 28 September 2012)

### **Company Secretary**

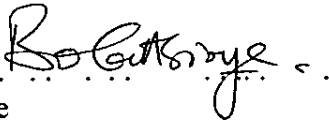
A Abioye (appointed 26 November 2012)  
TMF Corporate Administration Services Limited (resigned 26 November 2012)

**DIRECTORS' REPORT (continued)**

**Disclosure of information to the auditor**

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and the Directors have taken all steps that they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

By order of the board

.. ..  .. ..

A Abioye  
Company Secretary

15<sup>th</sup> November 2013

Registered Office  
364-366 Kensington High Street  
London  
W14 8NS

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS**

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 UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 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.

## **Independent Auditor's report to the members of EMI Group Finance Limited**

We have audited the financial statements of EMI Group Finance Limited for the year ended 31 March 2013 set out on pages 7-14. 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 4, 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](http://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 March 2013 and of its profit for the year 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 Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements

**Independent Auditor's report  
to the members of EMI Group Finance Limited (cont.)**

**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

*15 November* 2013

**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013**

	Notes	2013 £000	2012 £000
Administrative expenses		(231)	(234)
Amounts written off intercompany receivables		(95,421)	(25,321)
Other operating income	2	-	4,230
Other operating expenses	3	(5,032)	-
		<hr/>	<hr/>
<b>OPERATING LOSS</b>		<b>(100,684)</b>	<b>(21,325)</b>
		<hr/>	<hr/>
Interest receivable	4	451,165	335,331
Interest payable	5	(357,312)	(334,341)
		<hr/>	<hr/>
		93,853	990
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(6,831)</b>	<b>(20,335)</b>
		<hr/>	<hr/>
Taxation	6	(11)	-
		<hr/>	<hr/>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(6,842)</b>	<b>(20,335)</b>
		<hr/>	<hr/>

All operating losses are from continuing operations

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR  
ENDED 31 MARCH 2013**

There are no recognised gains or losses attributable to the shareholders of the Company other than the loss of £6,842,000 (2012 loss of £20,335,000)

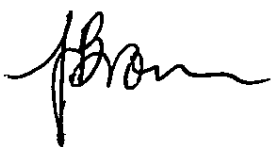


**BALANCE SHEET AS AT 31 MARCH 2013**

	Notes	2013 £000	2012 £000
<b>CURRENT ASSETS</b>			
<b>DEBTORS:</b>			
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Amounts falling due within one year	8	7,413,358	5,621,087
Cash at bank and in hand and cash deposits		2,051	81,768
		<hr/>	<hr/>
		7,415,409	5,702,855
		<hr/>	<hr/>
<b>CREDITORS</b>			
<b>AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Creditors and accruals	9	(7,325,572)	(5,607,611)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		<b>89,837</b>	<b>95,244</b>
		<hr/>	<hr/>
<b>CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>			
Amounts owed to fellow subsidiary undertakings	9	(71,470)	(70,035)
		<hr/>	<hr/>
<b>NET ASSETS</b>		<b>18,367</b>	<b>25,209</b>
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10,11	83,936	83,936
Profit and loss account	11	(65,569)	(58,727)
		<hr/>	<hr/>
<b>SHAREHOLDER'S FUNDS</b>	11	<b>18,367</b>	<b>25,209</b>
		<hr/>	<hr/>

These financial statements were approved for issue by the Board of Directors on 15<sup>th</sup> November 2013 and were signed on its behalf by:

A Brown  
Director



The notes on page 9 to 14 form an integral part of these financial statements

## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

#### **Basis of Preparation**

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

The Company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare Group financial statements. These financial statements present information about the Company as an individual undertaking and not about its Group.

#### **Going Concern**

The strong balance sheet of the Company has meant that the Company has been able to meet its ongoing working capital needs. They expect this position to continue and as a result have drawn up the financial statements on a going concern basis.

#### **Foreign Currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### **Cash Flow Statement**

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

#### **Related Parties**

The Company has taken advantage of the exemption under Financial Reporting Standard 8, "Related Party Disclosures" (FRS 8), not to disclose related party transactions between wholly owned group undertakings.

#### **Taxation**

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**2. OTHER OPERATING INCOME**

	2013 £000	2012 £000
Exchange gain on foreign currency balances	-	4,230
	<hr/>	<hr/>

**3. OTHER OPERATING EXPENSES**

	2013 £000	2012 £000
Exchange loss on foreign currency balances	5,032	-
	<hr/>	<hr/>

**4. INTEREST RECEIVABLE**

	2013 £000	2012 £000
Interest receivable on		
Bank deposits	27	46
Loans to fellow Group undertakings	451,138	335,285
	<hr/>	<hr/>
	<b>451,165</b>	<b>335,331</b>
	<hr/>	<hr/>

**5. INTEREST PAYABLE**

	2013 £000	2012 £000
Interest payable on		
Bank overdrafts	2	-
Loans from fellow Group undertakings	357,310	334,341
	<hr/>	<hr/>
	<b>357,312</b>	<b>334,341</b>
	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. TAX

Tax on (loss)/profit on ordinary activities	2013 £000	2012 £000
<b>UK corporation tax</b>		
UK corporation tax on (losses)/profits of the year	-	-
Payments in respect of group relief - Current year	-	-
Payments in respect of group relief - Prior year	-	-
Double Taxation Relief	-	-
<b>Foreign tax</b>		
Current year	-	-
Adjustments in respect of previous year	11	-
<b>Total current tax charge</b>	11	-
<b>Deferred tax</b>		
Originating and reversal of timing differences	-	-
Effect of changes in tax rate on opening liability	-	-
Changes in recoverable amounts of deferred tax assets	-	-
<b>Tax on (loss)/profit on ordinary activities</b>	11	-
<b>Factors affecting current tax charge</b>		
Profit/(Loss) on ordinary activities before tax	(6,831)	(20,335)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)	(1,639)	(5,287)
<i>Effect of</i>		
Group relief surrendered/(received) for nil payment – Current year	(17,195)	7,982
Permanent difference	18,845	(2,695)
<b>Total current tax charge</b>	11	-

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 6. TAX (continued)

#### Factors affecting future tax charge

As part of the Universal Music Group, the company may receive or surrender losses by way of group relief. Equivalent receipts or surrenders have been made in the past without charge.

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantially enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% reduction, although this will further reduce the company's future current tax charge.

#### Deferred tax

At the balance sheet date the company had no unused tax losses available for offset against future profits (2012 £nil).

### 7. DIRECTORS' EMOLUMENTS AND STAFF COSTS

No Director received any remuneration during the year in respect of his services to the Company (2012 £nil). The Company had no employees during either the current or prior year.

### 8. DEBTORS

	2013 £000	2012 £000
Amounts falling due within one year.		
Amounts due from fellow Group undertakings	7,682,159	5,818,809
Interest receivable from fellow Group undertakings	70,036	45,694
Provision against amounts due from fellow Group undertakings	(338,837)	(243,416)
	<hr/> 7,413,358	<hr/> 5,621,087

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 9. CREDITORS AND ACCRUALS

	2013 £000	2012 £000
Amounts falling due within one year		
Amounts due to fellow Group undertakings	7,302,944	5,561,685
Interest payable to fellow Group undertakings	22,628	45,848
Other creditors and accruals	-	78
	<hr/>	<hr/>
	<b>7,325,572</b>	<b>5,607,611</b>
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Amounts due to fellow Group undertakings	71,062	70,000
Interest payable to fellow Group undertakings	408	35
	<hr/>	<hr/>
	<b>71,470</b>	<b>70,035</b>
	<hr/>	<hr/>
<b>Total creditors</b>	<b>7,397,042</b>	<b>5,677,646</b>
	<hr/>	<hr/>

### 10. SHARE CAPITAL

	2013 £	2012 £
Authorised share capital of £1 each	85,000,000	85,000,000
Allotted, called up and fully paid 83,936,000 ordinary shares of £1 each	83,936,000	83,936,000

### 11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £000	Profit & Loss Account £000	Total £000
At 1 April 2012	83,936	(58,727)	25,209
Loss for the year	-	(6,842)	(6,842)
	<hr/>	<hr/>	<hr/>
<b>At 31 March 2013</b>	<b>83,936</b>	<b>(65,569)</b>	<b>18,367</b>
	<hr/>	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### 12. AUDITORS' REMUNERATION

The auditor's remuneration is borne by the immediate parent undertaking EMI Group Limited and is as follows

	2013	2012
	£	£
Audit of these financial statements	4,000	4,000

### 13. TERMS OF INTERCOMPANY BALANCES

Loans to and from fellow Group undertakings and the parent undertaking 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

### 14. PARENT UNDERTAKING

The immediate parent undertakings of the Company are EMI Group Limited holding 83,935,900 shares and EMI Group Nominees Limited holding 100 shares. The ultimate parent undertaking and controlling party is Vivendi SA, a company registered in France.

The ultimate parent undertaking and controlling party at 31 March 2013 is Vivendi SA a company registered in Paris, France. The parent undertaking of the largest and smallest group in which the Company's financial information has been consolidated as at 31 December 2012 was Vivendi SA. Copies of the consolidated financial statements of Vivendi SA can be obtained from the Company's registered address, 42 Avenue de Friedland, 75380 Paris