

COMPANY REGISTRATION NUMBER 859087

**UNIVERSAL MUSIC ARTS & ENTERTAINMENT
LIMITED**

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2012

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UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

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UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

BJ Muir
A Brown

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

364-366 Kensington High Street
London
W14 8NS

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2012

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the management of classical artists and to produce classical live events

The result and position of the company as at and for the year ended 31 December 2012 are set out in the profit and loss account and balance sheet

FUTURE DEVELOPMENTS

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

RESULTS AND DIVIDENDS

The company's loss on ordinary activities before taxation for the year was £(1,473,906) (2011 - £(107,572))

The directors do not recommend the payment of a dividend (2011 - £nil)

PRINCIPAL RISKS AND UNCERTAINTIES

The company is faced with similar risks and uncertainties as other companies operating in the artist management and live production business, broadly

- competition from other major and independent management companies and production companies,
- competition from alternative entertainment products and events,
- the threat of a reduction in management fees resulting from lower music sales due to piracy and the illegal use of music

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

DIRECTORS

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

M Seipt
BJ Muir
A Brown

M Seipt resigned as a director on 22 November 2012

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 (2011 - £nil) and incurred no political expenditure (2011 - £nil) during the year

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

By order of the board

A handwritten signature in black ink, appearing to read 'A Abioye', is written over the printed name.

A Abioye
Company Secretary

Company Registration Number 859087

21 AUG 2013

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

	Note	2012 £	2011 £
TURNOVER	2	3,069,562	6,867,630
Cost of sales		(2,399,588)	(4,617,696)
GROSS PROFIT		669,974	2,249,934
Administrative expenses		(1,802,501)	(1,935,398)
OPERATING (LOSS)/PROFIT	3	(1,132,527)	314,536
Provision for cost of restructuring the company		(224,957)	(276,966)
		(1,357,484)	37,570
Interest receivable and similar income	6	21,714	12,286
Interest payable and similar charges	7	(138,136)	(157,428)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(1,473,906)	(107,572)
Tax on loss on ordinary activities	8	360,627	(163)
LOSS FOR THE FINANCIAL YEAR		(1,113,279)	(107,735)

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 year as set out above

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

The notes on pages 6 to 13 form part of these financial statements

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

	Note	2012 £	2011 £
FIXED ASSETS			
Tangible assets	9	—	—
CURRENT ASSETS			
Debtors	10	6,023,726	2,418,059
CREDITORS: Amounts falling due within one year	12	(9,683,044)	(4,964,098)
NET CURRENT LIABILITIES		(3,659,318)	(2,546,039)
TOTAL ASSETS LESS CURRENT LIABILITIES		(3,659,318)	(2,546,039)
CAPITAL AND RESERVES			
Called-up equity share capital	14	100	100
Share premium account	15	44,701	44,701
Profit and loss account	15	(3,704,119)	(2,590,840)
DEFICIT	15	(3,659,318)	(2,546,039)

In preparing these financial statements


For the year ended 31 December 2012 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
- 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 AUG 2013**

On behalf of the Board of Directors



A Brown
Director

Company registration number 859087

The notes on pages 6 to 13 form part of these financial statements.

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES

Basis of preparation

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

As the ultimate parent undertaking prepares publicly available consolidated accounts and is incorporated within the European Union the company has taken advantage of the exemption under s 400 of the Companies Act 2006 from preparing consolidated accounts. As such, these financial statements give information about the company as an individual undertaking and not about its group.

The financial statements have been prepared on a going concern basis as the company has received confirmation from Societe d'investissements et de Gestion 104, the company's intermediate parent undertaking of its intention to continue to provide financial and other support to the extent necessary to enable the company to pay its liabilities when they become due for a period not less than twelve months from the date of the approval of these financial statements. Having regard to this intention, the directors believe it is appropriate to prepare these financial statements on a going concern basis, notwithstanding the net liabilities at 31 December 2012.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Vivendi S.A. who control 90% or more of the voting rights and is included in the consolidated financial statements of the group, which are publicly available. Consequently, the company has taken advantage of the exemption in FRS 1 from preparing a cash flow statement and the exemption of FRS 8 from disclosing transactions with entities that are part of the Vivendi S.A. group of investees of that group.

Revenue recognition

Turnover represents income and amounts derived from artist management and production services provided during the year excluding VAT.

Artist management commission income is recognised when a right to consideration has been established, the commissions can be reliably quantified and receipt of such commissions is considered certain. In normal circumstances, this results in revenue being recognised in the period in which the managed artist realises income from their contractual arrangements with third parties, thus triggering the manager's right to commission. Revenue is accrued at the year end in respect of amounts due to be received post year end which are known to relate to current year services rendered. Revenue in respect of event management is recognised once the event takes place. Where an event straddles the year end date, income is recognised only in respect of those concerts played before the year end. Where final accountings for events played in the period are not available, the amount of commissionaire income to be recognised is assessed based on the contractual terms and the best information available as to concert attendances and takings. In the absence of better information, this estimate is based on the minimum level of income guaranteed to the company by the promoter.

Fixed assets

All fixed assets are initially recorded at cost.

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment.

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:

Plant & Machinery - 33% straight line

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES *(continued)*

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable

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 participates in a pension scheme in the UK, ultimately operated by Vivendi S A , the Universal Music Group Pension Scheme ("UMGPS" or "the Scheme") The Scheme is a mixed defined benefit and defined contribution Scheme and operates on a pre-funded basis

In respect of Directors' of the Company, Company contributions to the defined contribution section are charged to the profit and loss account as they become payable in accordance with the rules of the Scheme The defined contribution section of the Scheme closed to future accrual from 31 March 2011

With effect from 1 April 2011 defined contribution accrual is under a contract based Group Personal Pension ("GPP") arrangement operated by Standard Life In respect of employees of the Company, Company contributions to the GPP are charged to the profit and loss account as they become payable

FRS 17 requires that the Scheme's underlying assets and liabilities can be allocated to the entities sponsoring the Scheme This allocation could not be done on a consistent and reasonable basis for Universal Music Arts and Entertainment alone As a result, the defined benefit membership of the Scheme has been accounted for on a defined contribution basis in these financial statements

Full disclosures relating to the underlying assets and liabilities of the UMGPS can be found in the financial statements of Universal Music Operations Limited for the year ended 31 December 2012

The company's contributions amounted to £14,000 for the year ended 31 December 2012 (2011 £17,000)

Taxation

The credit for taxation is based on the loss 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

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES *(continued)*

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.

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.

2. TURNOVER

Turnover by destination is as follows

	2012 £	2011 £
United Kingdom	138,797	1,893,704
Rest of Europe	2,930,765	4,160,712
United States of America	-	190,976
Other	-	622,238
	<u>3,069,562</u>	<u>6,867,630</u>

All turnover is derived from the single class of business described in the Directors' report.

Turnover by source is exclusively derived in the United Kingdom.

3. OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2012 £	2011 £
Depreciation of owned fixed assets	-	1,000
Accountants' remuneration - audit of the financial statements	-	9,000
Operating lease costs		
- Land and buildings	101,177	203,690
Net loss on foreign currency translation	<u>8,883</u>	<u>19,443</u>

4. PARTICULARS OF EMPLOYEES

The directors were also directors of fellow group undertakings and did not receive any remuneration for their services to this company. The company had no employees during the year other than the directors (2011 - nil).

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

5. DIRECTORS' REMUNERATION

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

	2012 £	2011 £
Remuneration receivable	148,000	201,000
Value of company pension contributions to money purchase schemes	14,000	17,000
Compensation for loss of directorship	169,000	–
	<u>331,000</u>	<u>218,000</u>

Remuneration of highest paid director:

	2012 £	2011 £
Total remuneration (excluding pension contributions)	<u>148,000</u>	<u>201,000</u>

The emoluments of three directors (2011 Three) were paid and borne by other fellow group undertakings and they received no remuneration in respect of their services to the company

Retirement benefits are accruing to two directors (2011 two) under the Group Personal Pension (GPP) arrangement

Three directors were not members of any retirement benefit schemes (2011 three)

Two of the directors received share options under the group's long term incentive grant scheme (2011 Two)
The amounts receivable to the directors under long term incentive schemes were £nil (2011 £nil)

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Interest receivable from group undertakings	<u>21,714</u>	<u>12,286</u>

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £	2011 £
Interest payable to group undertakings	<u>138,136</u>	<u>157,428</u>

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

8. TAX ON LOSS ON ORDINARY ACTIVITIES

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

	2012 £	2011 £
Current tax		
UK Corporation tax on profit/loss for the year	-	-
Group relief payable for losses surrendered from other group undertakings	(360,726)	-
Total current tax	(360,726)	-
Deferred tax		
Origination and reversal of timing differences (note 11)		
Capital allowances	99	163
Tax on loss on ordinary activities	(360,627)	163

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24.50% (2011 - 26.50%)

The Finance Act 2012, which includes a reduction in the UK corporate tax rate to 24% from April 2012 and 23% from April 2013 has been enacted. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted at the balance sheet date. Therefore, at 31 December 2012, deferred tax assets and liabilities have been calculated based on the rates that have been enacted by the balance sheet date.

	2012 £	2011 £
Loss on ordinary activities before taxation	(1,473,906)	(107,572)
Loss on ordinary activities at the standard rate of UK Corporation tax of 24.50% (2011 - 26.50%)	(361,107)	(28,508)
Expenses not deductible for tax purposes	381	1,670
Unrelieved tax losses	-	26,900
Movement in timing differences	(99)	(163)
Impact of change in tax rate	99	101
Current tax credit for the financial year	(360,726)	-

(c) Factors that may affect future tax charges

The company has total unutilised tax losses carried forward estimated at £2,903,692 (2011 £2,903,692) which may reduce future tax charges. The UK Government intends to reduce the UK corporate income tax further, to 20% from 1 April 2015. The future reductions have not been enacted at the balance sheet date so the effect of these has not been reflected in the financial statements, however it is not expected that these changes would have a significant effect on the value of the company's deferred tax balances at the balance sheet date.

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2012

9. TANGIBLE FIXED ASSETS

	Plant & Equipment £
COST	
At 1 January 2012 and 31 December 2012	<u>6,000</u>
DEPRECIATION	
At 1 January 2012 and 31 December 2012	<u>6,000</u>
NET BOOK VALUE	
At 31 December 2012	<u>-</u>
At 31 December 2011	<u>-</u>

10 DEBTORS

	2012 £	2011 £
Trade debtors	27,703	166,375
Amounts owed by group undertakings	5,101,196	1,489,111
Other debtors	113,980	1,000
Prepayments and accrued income	779,700	760,327
Deferred taxation (note 11)	1,147	1,246
	<u>6,023,726</u>	<u>2,418,059</u>

All amounts owed by UK group undertakings are unsecured and repayable on demand. Interest accrues on these amounts at 1 month LIBOR and 1 month plus 0.1%.

11. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2012 £	2011 £
Included in debtors (note 10)	<u>1,147</u>	<u>1,246</u>

The movement in the deferred taxation account during the year was

	2012 £	2011 £
Balance brought forward	1,246	1,409
Profit and loss account movement arising during the year	(99)	(163)
Balance carried forward	<u>1,147</u>	<u>1,246</u>

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

11. DEFERRED TAXATION *(continued)*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2012 £	2011 £
Excess of depreciation over taxation allowances	1,147	1,246
	<u>1,147</u>	<u>1,246</u>

12 CREDITORS: Amounts falling due within one year

	2012 £	2011 £
Trade creditors	459	1,222
Amounts owed to group undertakings	9,132,734	3,873,514
Other creditors	–	6,497
Accruals and deferred income	549,851	1,082,865
	<u>9,683,044</u>	<u>4,964,098</u>

All amounts owed to UK group undertakings are unsecured and repayable on demand. Interest accrues on these amounts at 1 month LIBOR and 1 month plus 0.1%.

13. CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2012 or 31 December 2011.

14. SHARE CAPITAL

Authorised share capital:

	2012 £	2011 £
98 Ordinary A shares of £0.50 each	49	49
102 Ordinary B shares of £0.50 each	51	51
	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2012 No	£	2011 No	£
Ordinary A shares of £0.50 each	98	49	98	49
Ordinary B shares of £0.50 each	102	51	102	51
	<u>200</u>	<u>100</u>	<u>200</u>	<u>100</u>

The Ordinary A and Ordinary B shares rank *pari passu*.

UNIVERSAL MUSIC ARTS & ENTERTAINMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Share premium account £	Profit and loss account £	Total share- holders' funds £
Balance brought forward at 1 January 2011	100	44,701	(2,483,105)	(2,438,304)
Loss for the year	—	—	(107,735)	(107,735)
Balance brought forward at 1 January 2012	100	44,701	(2,590,840)	(2,546,039)
Loss for the year	—	—	(1,113,279)	(1,113,279)
Balance carried forward at 31 December 2012	100	44,701	(3,704,119)	(3,659,318)

16. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Universal Music Leisure Limited. 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

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