

COMPANY REGISTRATION NUMBER 947866

**D.J.M. RECORDS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

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**D.J.M. RECORDS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

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# **D.J.M. RECORDS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **THE BOARD OF DIRECTORS**

EJ Sutcliffe  
Universal Music UK Limited

### **COMPANY SECRETARY**

A Abioye

### **REGISTERED OFFICE**

364-366 Kensington High Street  
London  
W14 8NS

### **AUDITORS**

Ernst & Young LLP  
Statutory Auditor  
1 More London Place  
London  
SE1 2AF

# **D.J.M. RECORDS LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2010**

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The directors present their report and the financial statements of the company for the year ended 31 December 2010

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was the receipt of royalty income

The profit and position of the company as at, and for the year ended 31 December 2010 are set out in the profit and loss account and balance sheet on pages 7 and 8 respectively. The profit and position of the company were in line with directors' expectations

Turnover and operating profit increased by 102% during the year due to royalty income receipts for associated artists

#### **FUTURE DEVELOPMENTS**

As part of a UK group restructure in January 2011, the company entered into a licence agreement, granting licence to all of its revenue earning rights under artist recording contracts in favour of Universal Music Operations Limited, a fellow subsidiary of Universal Music Holdings Limited. This agreement is effective from 1st January 2011 and the company is not expected to reflect any economic benefit in respect of such rights in the foreseeable future

#### **RESULTS AND DIVIDENDS**

The company's profit for the financial year was £52,215 (2009 - £26,346). The retained profit for the year has been transferred to reserves

The directors do not recommend the payment of a dividend on the ordinary shares in issue (2009 - £nil)

#### **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

#### **DIRECTORS**

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

EJ Sutcliffe  
Universal Music UK Limited

# **D.J.M. RECORDS LIMITED**

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

**YEAR ENDED 31 DECEMBER 2010**

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### **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

### **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

### **DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the directors' 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) 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 those 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 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

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
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information

# D.J.M. RECORDS LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2010

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By order of the board



A Abioye  
Company Secretary

25<sup>th</sup> MARCH 2011

Company Registration Number 947866

# **D.J.M. RECORDS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF D.J.M. RECORDS LIMITED**

**YEAR ENDED 31 DECEMBER 2010**

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We have audited the financial statements of D J M Records Limited for the year ended 31 December 2010 which comprise Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom 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 AUDITORS**

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**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

### **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 2010 and of its profit for the year then ended, and
- have been properly prepared in accordance with United Kingdom 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 year for which the financial statements are prepared is consistent with the financial statements.

## **D.J.M. RECORDS LIMITED**

### **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF D.J.M. RECORDS LIMITED** *(continued)*

**YEAR ENDED 31 DECEMBER 2010**

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#### **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

*Ernst & Young LLP*

Paul Gordon (Senior Statutory Auditor)  
For and on behalf of Ernst & Young LLP,  
London

*28 March 2011*

Company Registration Number 947866



**D.J.M. RECORDS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2010**

	<b>Note</b>	<b>2010 £</b>	<b>2009 £</b>
<b>TURNOVER</b>	<b>2</b>	69,652	34,391
<b>OPERATING PROFIT</b>		<u>69,652</u>	<u>34,391</u>
Interest receivable and similar income	<b>5</b>	3,083	5,437
Interest payable and similar charges	<b>6</b>	(214)	(3,236)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>72,521</u>	<u>36,592</u>
Tax on profit on ordinary activities	<b>7</b>	(20,306)	(10,246)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u><u>52,215</u></u>	<u><u>26,346</u></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 year 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 12 form part of these financial statements.**

# D.J.M. RECORDS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2010

	Note	2010 £	2009 £
<b>CURRENT ASSETS</b>			
Debtors	8	349,287	276,727
<b>CREDITORS: Amounts falling due within one year</b>	9	(32,858)	(12,513)
<b>NET CURRENT ASSETS</b>		<u>316,429</u>	<u>264,214</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>316,429</u>	<u>264,214</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	10	100	100
Profit and loss account	11	<u>316,329</u>	<u>264,114</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11	<u>316,429</u>	<u>264,214</u>

These financial statements were approved by the board of directors and authorised for issue on 25<sup>th</sup> MARCH 2011 and are signed on their behalf by

*E. Sutcliffe*

EJ Sutcliffe

The notes on pages 9 to 12 form part of these financial statements.

# D.J.M. RECORDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

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### 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 financial statements have been prepared on a going concern basis

#### 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 the invoiced value of services and royalty income, excluding VAT. Turnover is attributable to one activity, the marketing and distribution of recorded music

United Kingdom royalty income is credited to the profit and loss account in the period to which it relates, or if it cannot be reliably estimated, on a receipts basis. Overseas digital and royalty income, which is all collected on behalf of the company by other group undertakings, is credited to the profit and loss account in the period overseas sales are reported to the company. Royalties payable are charged against the relevant income of the same period

#### 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

### 2. TURNOVER

Turnover by destination is as follows

	2010 £'000	2009 £'000
United Kingdom	69,652	34,391

Turnover is derived from one continuing activity, royalty income and excludes VAT. Turnover by source is exclusively derived in the United Kingdom

### 3. OPERATING PROFIT

Auditors' remuneration of £4,000 (2009 - £4,000) and certain administrative costs are borne by other United Kingdom group undertakings. No amounts were paid to the auditors in respect of non-audit services (2009 - £nil)

### 4. PARTICULARS OF EMPLOYEES

The directors received no remuneration in respect of their services to the company (2009 - £nil)

The company has no employees (2009 - nil)

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**D.J.M. RECORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

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**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2010 £	2009 £
Interest receivable from group undertakings	<u>3,083</u>	<u>5,437</u>

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	2010 £	2009 £
Interest payable to group undertakings	<u>214</u>	<u>3,236</u>

**7 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES**

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

	2010 £	2009 £
Current tax		
UK Corporation tax on profit/loss for the year	-	-
Group relief payable for losses surrendered from other group undertakings	<u>20,306</u>	<u>10,246</u>
Total current tax	<u>20,306</u>	<u>10,246</u>

**(b) Factors affecting current tax charge**

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010 £	2009 £
Profit on ordinary activities before taxation	<u>72,521</u>	<u>36,592</u>
Profit on ordinary activities at the standard rate of UK Corporation tax of 28% (2009 28%)	<u>20,306</u>	<u>10,246</u>
Current tax charge for the financial year	<u>20,306</u>	<u>10,246</u>

**(c) Factors that may affect future tax charges**

None

**D.J.M. RECORDS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2010**

**8. DEBTORS**

	2010 £	2009 £
Trade debtors	–	1
Amounts owed by group undertakings	349,287	276,726
	<u>349,287</u>	<u>276,727</u>

All amounts due from United Kingdom group undertakings are unsecured and repayable on demand. Interest accrues on these amounts excluding group relief at rates between 1 month LIBOR and 1 month plus 0.1%.

**9 CREDITORS: Amounts falling due within one year**

	2010 £	2009 £
Amounts owed to group undertakings	32,858	12,513

All amounts owed to United Kingdom group undertakings are unsecured and repayable on demand. Interest accrues on these amounts excluding group relief at rates between 1 month LIBOR and 1 month plus 0.1%.

**10. SHARE CAPITAL**

**Authorised share capital:**

	2010 £	2009 £
100 Ordinary shares of £1 each	100	100

**Allotted, called up and fully paid.**

	2010 No	£	2009 No	£
Ordinary shares of £1 each	100	100	100	100

**11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	Share capital £	Profit and loss account £	Total share- holders' funds £
Balance brought forward at 1 January 2009	100	237,768	237,868
Profit for the year	–	26,346	26,346
Balance brought forward at 1 January 2010	100	264,114	264,214
Profit for the year	–	52,215	52,215
Balance carried forward at 31 December 2010	100	316,329	316,429

# **D.J.M. RECORDS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2010**

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### **12 POST BALANCE SHEET EVENTS**

With effect from 1st January 2011 the company entered into a licence agreement, granting licence to all of its revenue earning rights under artist recording contracts in favour of Universal Music Operations Limited, a fellow subsidiary of Universal Music Holdings Limited

### **13. ULTIMATE PARENT COMPANY**

The immediate parent undertaking is This Record Co 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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