

EMI Group International Holdings Limited

Director's report and financial statements

Registered number 1407770

31 March 2013



RM

29/11/2013
COMPANIES HOUSE

#188

COMPANIES HOUSE

DIRECTORS' REPORT

The Directors present their 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 an investment holding 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 operates as part of the Universal Music 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. Therefore, the Company's key financial and other performance indicators during the year were as follows:

	2013	2012	Change
	£000	£000	%
Loss before tax	(78,152)	(69,524)	12.4
Loss after tax	(78,142)	(69,524)	12.4
Shareholders' deficit	(669,496)	(591,354)	13.2

As stated in the profit and loss account on page 4, the Company made a loss before tax of £78,152,000 in the year to 31 March 2013 compared with the previous year's loss before tax of £69,524,000. This is mainly due to an impairment against the Company's investments and ongoing interest expense.

In the balance sheet shown on page 5, the net liabilities of the Company have increased by 13.2 per cent as net intercompany liabilities have increased and the Company's investments were impaired. Shareholders' deficit has increased by 13.2 per cent as a result of the retained loss for the year.

Going concern

As set out in more detail in note 1, the Directors have assessed the current and expected future funding position of the Company. After appropriate consideration, they have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

DIRECTORS' REPORT (continued)

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

Certain Directors benefited from qualifying third party indemnity provisions during the financial year.

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).

Directors

The Directors and Company Secretary throughout the year and subsequently were as follows:

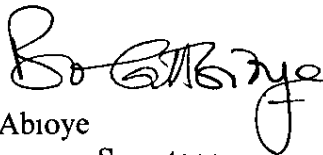
Directors

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)
S P Naughton (resigned 28 September 2012)
R C Prior (resigned 28 September 2012)

Company Secretary

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

By order of the board



A Abioye
Company Secretary

15 NOV 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). The directors have not required the company to obtain an audit of its accounts in accordance with section 476 of the Companies Act 2006.

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.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2013

	Notes	2013 £000	2012 £000
Provisions against intercompany receivables		-	(14,707)
Release of provisions against intercompany Receivables	4	6,638	-
Amounts written off investments	5	(25,472)	-
OPERATING LOSS		(18,834)	(14,707)
Interest receivable	2	1,908	1,868
Interest payable	3	(61,226)	(56,685)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(78,152)	(69,524)
Taxation	6	10	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(78,142)	(69,524)

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 and losses attributable to the shareholders of the Company other than the loss of £78,142,000 (2012 £69,524,000)

The notes on pages 6 to 14 form an integral part of these financial statements

BALANCE SHEET AS AT MARCH 2013


	Notes	2013 £000	2012 £000
FIXED ASSETS			
Investments	5	1,198,812	1,224,284
CURRENT ASSETS DEBTORS			
Amounts falling due within one year	4	397,829	420,872
CURRENT LIABILITIES CREDITORS			
AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amount due to fellow subsidiary undertaking		(930,137)	(900,500)
Other creditors and accruals		-	(10)
NET CURRENT LIABILITIES		(532,308)	(479,638)
TOTAL ASSETS LESS CURRENT LIABILITIES		666,504	744,646
CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			
Redeemable shares	9	(1,336,000)	(1,336,000)
NET LIABILITIES		(669,496)	(591,354)
CAPITAL AND RESERVES			
Called up share capital	8	172,136	172,136
Profit and loss account	7	(841,632)	(763,490)
SHAREHOLDERS' DEFICIT	7	(669,496)	(591,354)

For the year ending 31 March 2013 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 of the Companies Act 2006
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts

These financial statements were approved for issue by the Board of Directors on **15 NOV 2013** and were signed on its behalf by



A Brown
Director

The notes on pages 6 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

These financial statements show that at 31 March 2013 the Company had net current liabilities of £532,308,000 and net liabilities of £669,496,000. The Company's intermediate holding company, Societe d'Investissements et de Gestion 104 SAS, has indicated that it intends to provide the company with sufficient funding to enable it to meet its liabilities as they fall due over a period of at least the next 12 months and as a result the directors have adopted the going concern basis in preparing these financial statements at 31 March 2013.

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.

Investments

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Impairment of fixed assets

The carrying amounts of the Group's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted back to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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)

1. ACCOUNTING POLICIES (continued)

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds, are dealt with as appropriations in the reconciliation of movements in shareholders' funds

NOTES TO THE FINANCIAL STATEMENTS (continued)

2. INTEREST RECEIVABLE

	2013 £000	2012 £000
Interest receivable on		
Loans to fellow Group undertakings	1,908	1,868
	<hr/>	<hr/>

3. INTEREST PAYABLE

	2013 £000	2012 £000
Interest payable on		
Loans from fellow Group undertakings	61,226	56,685
	<hr/>	<hr/>

4. DEBTORS

	2013 £000	2012 £000
Amounts falling due within one year		
Amounts due from fellow Group undertakings	407,589	437,270
Provisions against amounts due from fellow Group undertakings	(9,760)	(16,398)
	<hr/>	<hr/>
	397,829	420,872
	<hr/>	<hr/>

5. INVESTMENTS

a) SHARES IN GROUP UNDERTAKINGS

	Cost £000	Provisions £000	Net Book Value £000
At 1 April 2012	1,697,126	(472,842)	1,224,284
Impairments	-	(25,472)	(25,472)
	<hr/>	<hr/>	<hr/>
At 31 March 2013	1,697,126	(498,314)	1,198,812
	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS (continued)

5. INVESTMENTS (continued)

In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill', the carrying values of the investments have been compared to their recoverable amounts, represented by their net realisable value, and impaired where appropriate. 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.

As a result of the impairment review, an impairment of £25,472,000 was booked. In the opinion of the Directors, subsequent to the impairment booked, the value of the investments is at least equal to their carrying value.

b) PRINCIPAL SUBSIDIARY UNDERTAKINGS

The following were the principal subsidiary undertakings of EMI Group International Holdings Limited at 31 March 2013

Subsidiary undertakings	Country of Incorporation	Proportion held	Nature of business
Virgin Music Japan Ltd	Japan	100%	Music Publishing
EMI Overseas Holdings Ltd	UK	100%	Holding Company
EMI Group Holdings BV	Netherlands	100%	Holding Company
EMI Music Colombia SA	Colombia	100%	Records
EMI Music France SAS^	France	100%	Records
EMI Group (Australia) Holdings Pty Ltd	Australia	100%	Holding Company
EMI Holding Spain SL^	Spain	100%	Holding Company
PLG Holdco Ltd^	UK	100%	Holding Company
EMI Records Limited^	UK	100%	Records

The Company directly owns EMI Group Holdings BV and EMI Overseas Holdings Ltd and a portion of EMI Music Colombia SA (the remainder of which is owned indirectly). The other subsidiary undertakings are held indirectly.

^ Disposed on 1 July 2013. Mandatory regulatory requirement in approving the sale of the EMI Recorded Music business to Universal Music Group.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAX

Tax on loss on ordinary activities	2013 £000	2012 £000
UK corporation tax		
Payments in respect of group relief - Current year	-	-
Payments in respect of group relief - Prior year	-	-
Prior year adjustment	10	-
	<u>10</u>	<u>-</u>
Foreign tax		
Current year	-	-
Adjustments in respect of previous periods	-	-
	<u>-</u>	<u>-</u>
Total current tax charge	<u>-</u>	<u>-</u>
Deferred tax		
Originating and reversal of timing differences	-	-
Effect of changes in tax rate on opening liability	-	-
Changes in recoverable amounts of deferred tax assets	-	-
	<u>-</u>	<u>-</u>
Tax on loss on ordinary activities	<u>10</u>	<u>-</u>

Factors affecting current tax charge

The current tax charge for the year is lower (2012 higher) than the standard rate of corporations tax in the UK. The differences are explained below

Loss on ordinary activities before tax	(78,152)	(69,524)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)	(18,756)	(18,076)
<i>Effect of</i>		
Group relief surrendered/(received) for nil payment – current year	14,032	4,780
Permanent differences	4,724	13,296
Prior year adjustments	10	-
Total current tax credit	<u>10</u>	<u>-</u>

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 unused tax losses of £nil (2012 £nil) available for offset against future profits. No deferred tax asset has been recognised on the grounds that there is currently insufficient evidence for this asset to be realised (2012 £nil).

7. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share Capital £000	Profit & Loss Reserve £000	Total £000
At 31 March 2012	172,136	(763,490)	(591,354)
Loss for the year	-	(78,142)	(78,142)
At 31 March 2013	172,136	(841,632)	(669,496)

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. SHARE CAPITAL

	2013 £	2012 £
Authorised share capital of £1 each	172,136,100	172,136,100
Allotted, called up and fully paid 172,136,100 ordinary shares of £1 each	172,136,100	172,136,100

9. REDEEMABLE SHARES

	2013 £	2012 £
Authorised redeemable ordinary preference of £1 each	1,335,999,900	1,335,999,900
1,335,999,900 issued redeemable ordinary shares of £1 each	1,335,999,900	1,335,999,900

Each of the redeemable ordinary shares ranks *pari passu* in all respects with the ordinary shares except in respect of redemption rights

Both the Company and the holder of the redeemable ordinary shares have the right at any time to redeem all or any of the redeemable ordinary shares. No premium is payable on redemption. The Directors of the company which owns 100% of the redeemable ordinary shares, EMI Group Worldwide, have formally waived the right to redeem the shares until 31 March 2014

The redeemable ordinary shares have been treated as debt rather than equity under FRS 25 and have therefore been included in Creditors due after more than one year

10. DIRECTORS' EMOLUMENTS AND STAFF COSTS

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

11. AUDITOR'S REMUNERATION

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

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

For the year ending 31 March 2013 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies Vivendi SA, the ultimate parent undertaking, has provided guarantees to the company in order to claim this exemption

12. 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 loans are at market rates Interest rates on intercompany loans have been agreed between parties on a loan by loan basis

13. SUBSEQUENT EVENTS

No subsequent events have been identified

14. PARENT UNDERTAKING

At 31 March 2013 the immediate parents of the Company were EMI Group Worldwide holding 172,136,099 shares and EMI Nominees Limited holding 1 share 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, Paris 75380