

COMPANY REGISTRATION NUMBER 2050403

**UNIVERSAL MUSIC PUBLISHING
INTERNATIONAL LIMITED**

**DIRECTORS' REPORT AND FINANCIAL
STATEMENTS**

FOR THE YEAR ENDED 31 DECEMBER 2011

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UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

JG Alway
ARC Jenkins
MJ Donegan

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

20 Fulham Broadway
London
SW6 1AH

AUDITORS

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

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

The directors present their report and the financial statements of the company for the year ended 31 December 2011

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year is the exploitation of third party music publishing rights and the international exploitation of music publishing rights owned by or licensed to UMP

The company also provides management services to Universal Music Publishing companies within the UK and overseas

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 profit on ordinary activities after taxation for the year was £1,026,000 (2010 - £430,000) and the retained profit for the year has been transferred to reserves

The directors do not recommend the payment of a dividend (2010 - £nil)

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative and financial instrument risk

- **Competitive Risks** - These are driven by a changing market environment and the competition from other major and independent publishing companies, competition from alternative entertainment products, the threat of a devalued product due to piracy and the illegal use of music, and uncertainty as to whether the growth of the digital market can replace the decline in the physical market
- **Legislative Risks** - There currently appear to be no significant legislative risks for the company
- **Financial Instrument Risk** - The company holds a number of intercompany balances, which are subject to interest charges. Interest rates may be subject to 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

JG Alway
ARC Jenkins
MJ Donegan

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

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

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.

By order of the board


A Abioye
Company Secretary

27 MAR 2012

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED

YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of Universal Music Publishing International Limited for the year ended 31 December 2011 which comprise Profit and Loss Account, the Balance Sheet and the related notes 1 to 17. 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2011 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.

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED

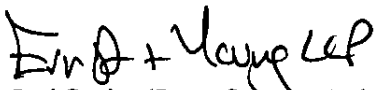
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2011

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



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

27 March 2012

Company Registration Number 2050403

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
TURNOVER	2	203,412	196,031
Cost of sales		(189,036)	(182,869)
GROSS PROFIT		14,376	13,162
Administrative expenses		(9,073)	(8,701)
OPERATING PROFIT	3	5,303	4,461
Interest receivable and similar income	6	424	23
Interest payable and similar charges	7	(415)	(18)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,312	4,466
Tax on profit on ordinary activities	8	(4,286)	(4,036)
PROFIT FOR THE FINANCIAL YEAR		1,026	430

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 8 to 19 form part of these financial statements

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED

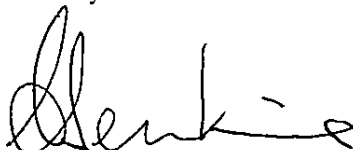
BALANCE SHEET

AS AT 31 DECEMBER 2011

	Note	2011 £'000	2010 £'000
FIXED ASSETS			
Tangible assets	9	1,929	1,435
CURRENT ASSETS			
Debtors	10	116,264	62,940
Cash at bank		1	1
		116,265	62,941
CREDITORS: Amounts falling due within one year	12	(115,868)	(62,880)
NET CURRENT ASSETS		397	61
TOTAL ASSETS LESS CURRENT LIABILITIES		2,326	1,496
PROVISIONS FOR LIABILITIES			
Provisions for liabilities and charges	13	–	(196)
		2,326	1,300
CAPITAL AND RESERVES			
Share capital	14	–	–
Profit and loss account	15	2,326	1,300
EQUITY SHAREHOLDERS' FUNDS	15	2,326	1,300

These financial statements were approved by the board of directors and authorised for issue on **27 MAR 2012**
and are signed on their behalf by

ARC Jenkins



Company Registration Number 2050403

The notes on pages 8 to 19 form part of these financial statements.

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

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 as the company has received confirmation from Universal Music Group Inc, the company's shareholder of its intention to continue to provide financial and other support to the extent necessary to enable the company to continue to pay its liabilities as and when they become due for a period not less than one year from the date of 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 deficit on net current liabilities at 31 December 2011

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 Financial Reporting Standard ("FRS") 1 from preparing a cash flow statement

The company has also taken advantage of the exemption in FRS 8 from disclosing transactions with other wholly owned subsidiaries within the Vivendi S A group

Revenue recognition

Turnover represents royalty income and management charges receivable from fellow affiliated undertakings worldwide, exclusive of value added tax. UK royalty income is credited to the profit and loss account in the period to which it relates, or if it can not be reliably estimated, on a receipts basis

Overseas 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

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 is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value over their estimated useful lives as follows

Leasehold improvements	10%
Fixtures and fittings	20%
Plant and equipment	20% - 33%

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

Leasehold Property	-	10% per annum
Plant & Equipment	-	20% per annum
Fixtures & Fittings	-	20% per annum

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

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1 ACCOUNTING POLICIES *(continued)*

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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.

Taxation

The charge for taxation is based on the result 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.

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.

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

1. ACCOUNTING POLICIES *(continued)*

Advances

Advances to unproven artists are expensed. Advances to other artists are written down to the estimated amount that will be recoverable from future royalty payments to the artist. Net advances to artists are classified as falling due within one year, although elements may not be recovered until more than one year. Long term advances to artists, where the effect of the time value of money is material, are discounted.

Pension and other post retirement benefits

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 Publishing International Limited 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 2011.

Universal Music Operations Limited charges a monthly service fee to certain other fellow subsidiaries included in which is an element in respect of defined benefit operating and finance costs.

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.

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

2 TURNOVER

Turnover is derived from one continuing activity, music publishing. An analysis of turnover by geographical market is given below

	2011 £'000	2010 £'000
United Kingdom	21,544	20,519
Europe	100,789	93,953
United States of America	42,858	45,397
Rest of World	38,221	36,162
	<u>203,412</u>	<u>196,031</u>

3 OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2011 £'000	2010 £'000
Depreciation of owned fixed assets	936	669
Auditor's remuneration - audit of the financial statements	19	18
Net loss/(profit) on foreign currency translation	<u>164</u>	<u>(24)</u>

No amount was payable to the company's auditors in respect of non-audit services in either year

4 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2011 No	2010 No
Number of administrative staff	<u>—</u>	<u>22</u>

The aggregate payroll costs of the above were

	2011 £'000	2010 £'000
Wages and salaries	—	1,216
Social security costs	—	140
Other pension costs	—	115
	<u>—</u>	<u>1,471</u>

The amounts above include the number and costs of directors serving during the year

On 1st July 2010, the company ceased to be an employer and the employees were transferred to Universal Music Holdings Limited, a UK group undertaking, in accordance with the Transfer of Undertakings (Protection of Employment) Regulations 2006

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

5 DIRECTORS' REMUNERATION

The directors' aggregate remuneration in respect of qualifying services were

	2011	2010
	£'000	£'000
Aggregate remuneration	599	588
Value of company pension contributions to money purchase schemes	51	52
	<u>650</u>	<u>640</u>

The directors' emoluments above were paid and ultimately borne by the principal

Retirement benefits are accruing to three directors (2010 two) under the Universal defined contribution section of the Universal Music Group Pension Scheme (UMGPS) and the Group Personal Pension (GPP) arrangement

The emoluments of two directors (2010 two) were paid and borne by other fellow group undertakings and they received no remuneration in respect of their services to the company

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director

Remuneration of highest paid director:

	2011	2010
	£'000	£'000
Total remuneration (excluding pension contributions)	423	414
Value of company pension contributions to money purchase schemes	35	35
	<u>458</u>	<u>449</u>

The highest paid director received share options under the group's long term incentive grant scheme (2010 one)
The amounts receivable to the directors under long term incentive schemes were £nil (2010 £nil)

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2011	2010
	£'000	£'000
Interest receivable from group undertakings	<u>424</u>	<u>23</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2011	2010
	£'000	£'000
Finance charges payable under finance leases	—	1
Interest on other loans	1	—
Group interest payable	<u>414</u>	<u>17</u>
	<u>415</u>	<u>18</u>

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

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

	2011	2010
	£'000	£'000
Current tax		
UK Taxation		
In respect of the year		
UK Corporation tax based on the results for the year at 26.50% (2010 - 28%)	1,675	1,229
Group relief payable for losses surrendered from other group undertakings	2	1
	<u>1,677</u>	<u>1,230</u>
Double taxation relief	<u>(1,675)</u>	<u>(1,229)</u>
	2	1
Foreign tax		
Current tax on income for the year	<u>4,497</u>	<u>3,970</u>
Total current tax	4,499	3,971
Deferred tax		
Origination and reversal of timing differences (note 11)		
Capital allowances	<u>(213)</u>	<u>65</u>
Tax on profit on ordinary activities	<u>4,286</u>	<u>4,036</u>

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

8 TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 26.50% (2010 - 28%)

The UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 22%, with the first 2% reduction taking effect from 1 April 2011. A further 1% reduction was enacted on 5 July 2011, reducing the rate to 25% from 1 April 2012. 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 or substantively enacted at the balance sheet date. Therefore, at 31 December 2011 deferred tax assets and liabilities have been calculated based on the rates that have been substantively enacted by the balance sheet date.

	2011	2010
	£'000	£'000
Profit on ordinary activities before taxation	5,312	4,466
Profit on ordinary activities at the standard rate of UK Corporation tax of 26.50% (2010 - 28%)	1,408	1,250
Expenses not deductible for tax purposes	13	5
Foreign taxes suffered in the year	4,497	3,970
Double tax relief	(1,675)	(1,229)
Movement in timing differences	256	(37)
Impact of change in tax rate	-	12
Current tax charge for the financial year	4,499	3,971

(c) Factors that may affect future tax charges

The future reductions to 22% have not been enacted at the balance sheet date so the effect of these has not been reflected in these financial statements. However, it is expected that the effect of these changes would be to reduce the company's deferred tax asset by £83,018.

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

9 TANGIBLE FIXED ASSETS

	Leasehold Property £'000	Plant & Equipment £'000	Fixtures & Fittings £'000	Total £'000
COST				
At 1 January 2011	193	5,721	134	6,048
Additions	–	1,430	–	1,430
At 31 December 2011	193	7,151	134	7,478
DEPRECIATION				
At 1 January 2011	166	4,319	128	4,613
Charge for the year	5	927	4	936
At 31 December 2011	171	5,246	132	5,549
NET BOOK VALUE				
At 31 December 2011	22	1,905	2	1,929
At 31 December 2010	27	1,402	6	1,435

10 DEBTORS

	2011 £'000	2010 £'000
Amounts owed by group undertakings	110,854	56,540
Other debtors	4,764	5,967
Deferred taxation (note 11)	646	433
	116,264	62,940

Included within other debtors are advances to artists of £4,764,000 (2010 - £5,965,000)

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

The amounts owed by group undertakings consists of UK £109,981,000 (2010 - £56,540,000) and overseas £873,000 (2010 - £Nil).

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

11. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2011 £'000	2010 £'000
Included in debtors (note 10)	646	433

The movement in the deferred taxation account during the year was

	2011 £'000	2010 £'000
Balance brought forward	433	498
Profit and loss account movement arising during the year	213	(65)
Balance carried forward	646	433

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

	2011 £'000	2010 £'000
Excess of depreciation over taxation allowances	646	433
	646	433

12 CREDITORS: Amounts falling due within one year

	2011 £'000	2010 £'000
Trade creditors	247	76
Amounts owed to group undertakings	108,992	55,771
Other taxation and social security	9	13
Accruals and deferred income	6,620	7,020
	115,868	62,880

All amounts owed to 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%.

The amounts owed to group undertakings consists of UK £108,525,000 (2010 - £55,234,000) and overseas £467,000 (2010 - £537,000).

13 PROVISIONS FOR LIABILITIES AND CHARGES

	2011 £'000
Other provisions:	
Balance brought forward	196
Movement for year	(196)
	-

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

14 SHARE CAPITAL

Authorised share capital:

	2011 £'000	2010 £'000
100 Ordinary shares of £1 each	-	-

Allotted, called up and fully paid.

	2011 No	£'000	2010 No	£'000
Ordinary shares of £1 each	100	-	100	-

15 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Profit and loss account £'000
Balance brought forward at 1 January 2010	870
Profit for the year	430
Balance brought forward at 1 January 2011	1,300
Profit for the year	1,026
Balance carried forward at 31 December 2011	2,326

UNIVERSAL MUSIC PUBLISHING INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

16. PENSION COSTS

Vivendi S A operates the UMGPS, formerly known as the Vivendi Universal Pension Scheme, in the United Kingdom. It is designed to provide retirement benefits for certain employees within the Universal Music Group. This is the most significant scheme operated by Vivendi S A in the UK and the principal company of the Scheme is Universal Music Operations Limited. The Scheme is independent of the group and is trustee administered. The Scheme has been approved by HM Revenue & Customs for taxation purposes.

The Scheme is a mixed defined benefit and defined contribution scheme.

Prior to 13 November 2008, each defined benefit member of the Scheme was subject to one of two different benefit structures. Members with a Universal benefit structure consisted of current and former Universal Music employees and former Vivendi Universal Entertainment ("VUE") employees. Members with a Seagram Wines and Spirits Group ("SWSG") benefit structure consisted of former SWSG employees. The underlying assets and liabilities of the Scheme allocated to the Universal Music members were accounted for within Universal Music Operations Limited and the underlying assets and liabilities of the Scheme allocated to the SWSG and VUE members were accounted for within Centenary Holdings Limited ("CHL"). Both companies are fellow group undertakings.

On 13 November 2008 the pensioner members of the Scheme transferred to the Vivendi 2008 Pensioners' Scheme ("VPS"), which is accounted for in its entirety within CHL. The underlying liabilities allocated to these members and related assets were transferred at the same point in time and the transfer was accounted for as a settlement within UMGPS. Consequently, from 13 November 2008 Universal Music Publishing International Limited no longer holds any liability in respect of the transferring pensioner members.

Following the transfer of pensioner members the underlying assets and liabilities of the Scheme allocated to the Universal Music members at 13 November 2008 remain accounted for within Universal Music Operations Limited.

FRS 17 requires that a pension 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 Publishing International Limited 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 2011.

Formal actuarial valuations are carried out on an at least a triennial basis and updated at each reporting year end. A full formal actuarial valuation was carried out as at 5 April 2009 by Mercer Limited as independent, professionally qualified actuaries to the Scheme. A revised schedule of contributions was subsequently agreed with effect from 8 April 2011. As such, the total contributions to the defined benefit section of the UMGPS over 2011 were £7,320,931. The next full formal actuarial valuation will be carried out as at 5 April 2012.

The results of the 5 April 2009 valuation have been updated to 31 December 2011 for FRS 17 purposes. Over the reporting year 2011, the valuation update showed that the deficit increased from £10.3 million to £15.5 million. The updated valuation at 31 December 2011 showed the market value of the assets in the defined benefit section was £60.6 million and that the liabilities were £76.1 million. Consequently, the market value of the assets at 31 December 2011 were sufficient to cover 80% of the benefits that had accrued to defined benefit members, after allowing for expected future increases in earnings where appropriate and future revaluations during deferment.

The Company's contributions to the defined contribution section of the UMGPS from 1 January 2011 to 31 March 2011 were £163,331.

The Company's contributions to the GPP from 1 April 2011 to 31 December 2011 were £108,000.

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The Company's total contributions amounted to £271,331 for the year ended 31 December 2011 (2010 £147,701)

17. 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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