

COMPANY REGISTRATION NUMBER 3383881

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2012

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UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

PJA Negre
RM Constant
BJ Muir
A Brown

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

364-366 Kensington High Street
London
W14 8NS

UNIVERSAL MUSIC (UK) HOLDINGS 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 to act as a holding and finance company

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 on pages 4 and 5 respectively. The result and position of the company were in line with directors' expectations

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 for the financial year was £16,132,000 (2011 - £10,863,000). The retained loss for the year has been transferred to reserves

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to interest rate risk. The company's only expense is interest payable on loans with group undertakings. Interest receivable is an agreed percentage above the London Interbank Offered Rate 'LIBOR'. The company is exposed to a risk in relation to the carrying value of its subsidiary undertakings and undertakes a review of these on an annual basis if there are indicators of impairment

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

PJA Negre
RM Constant
BJ Muir
A Brown

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 in either year

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

By order of the board



A Abioye
Company Secretary

Company Registration Number 3383881

21 AUG 2013

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2012

| | Note | 2012 £'000 | 2011 £'000 |
|--|------|---------------|---------------|
| TURNOVER | | — | — |
| OPERATING PROFIT | | — | — |
| Interest receivable and similar income | 4 | 3,549 | 3,568 |
| Interest payable and similar charges | 5 | (18,960) | (18,347) |
| LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION | | (15,411) | (14,779) |
| Tax on loss on ordinary activities | 6 | (721) | 3,916 |
| LOSS FOR THE FINANCIAL YEAR | | (16,132) | (10,863) |

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 loss 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 11 form part of these financial statements.

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2012

| | Note | 2012 £'000 | 2011 £'000 |
|---|------|---------------|---------------|
| FIXED ASSETS | | | |
| Investments | 7 | 870,258 | 870,258 |
| CURRENT ASSETS | | | |
| Debtors | 8 | 216,042 | 212,493 |
| CREDITORS: Amounts falling due within one year | 9 | (723,716) | (704,035) |
| NET CURRENT LIABILITIES | | (507,674) | (491,542) |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 362,584 | 378,716 |
| CAPITAL AND RESERVES | | | |
| Called-up equity share capital | 10 | 240,051 | 240,051 |
| Profit and loss account | 11 | 122,533 | 138,665 |
| EQUITY SHAREHOLDERS' FUNDS | 11 | 362,584 | 378,716 |

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

The notes on pages 6 to 11 form part of these financial statements.

UNIVERSAL MUSIC (UK) HOLDINGS 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 section 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

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

Investments

Investments in subsidiary and associated undertakings are stated at cost less provision for impairment

Taxation

The charge 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

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 (UK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

1. ACCOUNTING POLICIES *(continued)*

Continued support from intermediate parent undertaking

The financial statements have been prepared on the going concern basis as the company has received confirmation from Societe d'Investissements et de Gestion 104 S A S, 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 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 2012.

2. OPERATING PROFIT

Auditor's remuneration of £nil (2011 - £4,000) and certain other administrative costs were borne by other United Kingdom fellow group undertakings in both years. No costs were incurred in respect of non-audit services in either year.

3. PARTICULARS OF EMPLOYEES

The directors received no remuneration during the year in respect of their services to the company (2011 - £nil).

The company had no employees during the year (2011 - nil).

4. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 2012 £'000 | 2011 £'000 |
|---|---------------|---------------|
| Interest receivable from group undertakings | 3,549 | 3,568 |

5. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| Interest payable to group undertakings | 18,960 | 18,347 |

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

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

| | 2012 £'000 | 2011 £'000 |
|---|---------------|---------------|
| Current tax | | |
| UK Corporation tax on profit/loss for the year | - | - |
| Adjustments in respect of previous years | 3,916 | - |
| Group relief payable for losses surrendered from other group undertakings | (3,195) | (3,916) |
| Total current tax | 721 | (3,916) |

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

6. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES *(continued)*

(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 £'000 | 2011 £'000 |
|--|---------------|---------------|
| Loss on ordinary activities before taxation | (15,411) | (14,779) |
| Loss on ordinary activities at the standard rate of UK Corporation tax of 24.50% (2011 - 26.50%) | (3,776) | (3,916) |
| Unrelieved tax losses | 553 | - |
| Adjustments in respect of previous periods | 3,916 | - |
| Impact of group relief claimed/surrendered for no compensation | 28 | - |
| Current tax charge/(credit) for the financial year | 721 | (3,916) |

(c) Factors that may affect 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.

7. INVESTMENTS

| | Total £'000 |
|--|----------------|
| COST | |
| At 1 January 2012 and 31 December 2012 | 886,158 |
| PROVISION FOR IMPAIRMENT | |
| At 1 January 2012 and 31 December 2012 | 15,900 |
| NET BOOK VALUE | |
| At 31 December 2012 and 31 December 2011 | 870,258 |

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

7 INVESTMENTS *(continued)*

The directors have considered the remaining carrying value of investments as at 31 December 2012 and are of the opinion that the aggregate value of the company's investments in subsidiary undertakings, including amounts owed by subsidiary undertakings, is not less than the amount at which they are stated in the accounts

Subsidiary Undertakings

The group has the following principal investments in subsidiary undertakings

| Name | Ordinary share holdings | Nature of business |
|---|-------------------------|--|
| A&M Records Limited | 100% | Marketing and distribution of recorded music |
| Decca Music Group Limited | 100% | Marketing and distribution of recorded music |
| Go! Discs Limited | 100% | Marketing and distribution of recorded music |
| Mercury Records Limited | 100% | Marketing and distribution of recorded music |
| Polydor Limited | 100% | Marketing and distribution of recorded music |
| Universal-Island Records Limited | 100% | Marketing and distribution of recorded music |
| Universal-MCA Music(UK)Limited | 100% | Marketing and distribution of recorded music |
| Universal/Island Music Limited | 100% | Music publishing company |
| Universal Music Group International Limited | 100% | Management services company |
| Universal/MCA Music Limited | 100% | Music publishing company |
| Universal Music Leisure Limited* | 100% | Finance and holding company |
| Universal Music Operations Limited | 100% | Marketing and distribution of recorded music |
| Universal Music Publishing Limited | 100% | Music publishing company |

All subsidiary undertakings were incorporated in England & Wales

Those marked with an asterisk are 100% directly owned All other companies are held through subsidiary undertakings which are 100% owned

8. DEBTORS

| | 2012 £'000 | 2011 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed by group undertakings | 216,042 | 212,493 |

Included within amounts owed by UK group undertakings is a loan due from Universal Music Holdings Limited, a fellow group undertaking, for a principal amount of £200,000,000 The loan is unsecured and repayable on demand Interest accrues on the loan at the 1 month LIBOR rate plus 1 1%

All other amounts are owed by UK group undertakings, are unsecured and repayable on demand Interest accrues on these amounts at 1 month LIBOR plus 0 1%

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

9 CREDITORS: Amounts falling due within one year

| | 2012 £'000 | 2011 £'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 723,716 | 704,035 |

Included within amounts due to group undertakings is an amount of £207,673,000 in respect of an intercompany loan with a fellow group undertaking, Universal Music Operations Limited (2011 - £207,673,000) Interest accrues on the loan at the rate 1 month LIBOR plus 1 0% The loan is unsecured and repayable on demand

Also included in the amounts due to group undertakings is an amount of £300,000,000 in respect of a loan with a fellow group undertaking, UMI Finance S A S (2011 - £300,000,000) The interest rate on the loan is 1 year LIBOR plus 3% The loan is unsecured and repayable on demand

All other amounts are owed to UK group undertakings, are unsecured and repayable on demand Interest accrues on these amounts at 1 month LIBOR plus 0 1%

10. SHARE CAPITAL

Authorised share capital:

| | 2012 £'000 | 2011 £'000 |
|--|---------------|---------------|
| 250,000,000 Ordinary shares of £1 each | 250,000 | 250,000 |

Allotted, called up and fully paid:

| | 2012 No | £'000 | 2011 No | £'000 |
|----------------------------|-------------|---------|-------------|---------|
| Ordinary shares of £1 each | 240,050,945 | 240,051 | 240,050,945 | 240,051 |

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

| | Share capital £'000 | Profit and loss account £'000 | Total share- holders' funds £'000 |
|---|------------------------|-------------------------------------|---|
| Balance brought forward at 1 January 2011 | 240,051 | 149,528 | 389,579 |
| Loss for the year | — | (10,863) | (10,863) |
| Balance brought forward at 1 January 2012 | 240,051 | 138,665 | 378,716 |
| Loss for the year | — | (16,132) | (16,132) |
| Balance carried forward at 31 December 2012 | 240,051 | 122,533 | 362,584 |

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

12. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Universal Music Holdings 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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