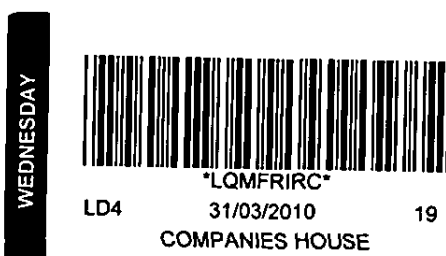


COMPANY REGISTRATION NUMBER 3383881

**UNIVERSAL MUSIC (UK) HOLDINGS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**



LD4      31/03/2010      19  
COMPANIES HOUSE

# **UNIVERSAL MUSIC (UK) HOLDINGS LIMITED**

## **FINANCIAL STATEMENTS**

---

<b>CONTENTS</b>	<b>PAGES</b>
Officers and professional advisers	1
Directors' report	2 to 3
Independent auditor's report to the members	4 to 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 to 13

---

# **UNIVERSAL MUSIC (UK) HOLDINGS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

---

### **THE BOARD OF DIRECTORS**

PJA Negre  
RM Constant  
BJ Muir

### **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

# **UNIVERSAL MUSIC (UK) HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2009**

---

**COMPANY REGISTRATION NUMBER 3383881**

The directors present their report and the financial statements of the company for the year ended 31 December 2009

### **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 2009 are set out in the profit and loss account and balance sheet on pages 7 and 8 respectively. The result and position of the company were in line with directors' expectations.

Loss on ordinary activities before taxation decreased by £33,161,000 compared to the prior year primarily due to lower net interest paid and an impairment of investments in 2008.

### **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 £8,076,000 (2008 - 33,630,000). 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 primary expense is interest payable on loans with group undertakings. Interest receivable is an agreed percentage above the London Interbank Offered Rate 'LIBOR'.

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

### **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.

# UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2009

---

### 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). The financial statements are required by law to 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,
- 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 proper accounting records that 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.

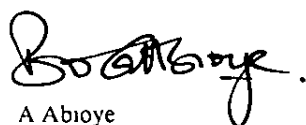
In so far as each of the directors at the date of approving this report are aware

- 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.

### DONATIONS

The company made no political donations in either year.

By order of the board



A Abioye  
Company Secretary

29<sup>th</sup> March 2010

# **UNIVERSAL MUSIC (UK) HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC (UK) HOLDINGS LIMITED**

**YEAR ENDED 31 DECEMBER 2009**

---

**COMPANY REGISTRATION NUMBER 3383881**

We have audited the financial statements of Universal Music (UK) Holdings Limited for the year ended 31 December 2009 which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 12. 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 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 (APB'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 2009 and of its loss for the year then ended,
- 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.

### **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


# UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC (UK) HOLDINGS LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2009

---

- 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

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

30 March 2010

**UNIVERSAL MUSIC (UK) HOLDINGS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2009**

	<b>Note</b>	<b>2009 £'000</b>	<b>2008 £'000</b>
<b>TURNOVER</b>		–	–
<b>OPERATING PROFIT</b>		–	–
Interest receivable and similar income	<b>4</b>	1,827	25,131
Amounts written off investments		–	(15,900)
Interest payable and similar charges	<b>5</b>	(13,044)	(53,609)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(11,217)	(44,378)
Tax on loss on ordinary activities	<b>6</b>	3,141	10,748
<b>LOSS FOR THE FINANCIAL YEAR</b>		(8,076)	(33,630)

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 8 to 13 form part of these financial statements.

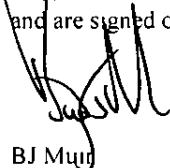
# UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2009

	Note	2009 £'000	2008 £'000
<b>FIXED ASSETS</b>			
Investments	7	870,258	870,258
<b>CURRENT ASSETS</b>			
Debtors	8	211,201	207,615
<b>CREDITORS</b> Amounts falling due within one year	9	(683,678)	(672,016)
<b>NET CURRENT LIABILITIES</b>		(472,477)	(464,401)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		397,781	405,857
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	10	240,051	240,051
Profit and loss account	11	157,730	165,806
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11	397,781	405,857

These financial statements were approved by the board of directors and authorised for issue on 29<sup>th</sup> March 2010 and are signed on their behalf by



BJ Muir

The notes on pages 8 to 13 form part of these financial statements

# UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

---

### 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

In the current year, the directors decided to reclassify certain items within the profit and loss and balance sheet. They believe this presentation is more appropriate and provides the reader of the accounts more useful information, and consistency between UK companies within the ultimate parent company's group. Comparatives for the prior year have been reclassified accordingly

#### **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

#### **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 (UK) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

---

### 1 ACCOUNTING POLICIES *(continued)*

#### 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.

#### Continued support from intermediate parent undertaking

The financial statements have been prepared on the going concern basis as the company has received confirmation from Universal Music Group, Inc., 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 2009.

### 2 OPERATING PROFIT

Auditor's remuneration of £4,000 (2008 - £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.

Operating loss is stated after charging an investment impairment of £nil (2008 - 15,900,000).

### 3 PARTICULARS OF EMPLOYEES

The directors received no remuneration during the year in respect of their services to the company (2008 - £nil).

The company had no employees during the year ended 31 December 2009 (2008 - nil).

### 4 INTEREST RECEIVABLE AND SIMILAR INCOME

	2009 £'000	2008 £'000
Interest receivable from group undertakings	1,827	25,131

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2009 £'000	2008 £'000
Interest payable to group undertakings	13,044	53,609

**UNIVERSAL MUSIC (UK) HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2009**

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

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

	2009 £'000	2008 £'000
Current tax		
UK Corporation tax on profit/loss for the year	-	-
Adjustments in respect of previous years	-	(2,632)
Group relief payable for losses surrendered from other group undertakings	(3,141)	(8,116)
Total current tax	<u>(3,141)</u>	<u>(10,748)</u>

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

The tax assessed on the loss on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 28% (2008 - 28%)

	2009 £'000	2008 £'000
Loss on ordinary activities before taxation	<u>(11,217)</u>	<u>(44,378)</u>
Loss on ordinary activities at the standard rate of UK Corporation tax of 28% (2008 - 28%)	(3,141)	(12,426)
Expenses not deductible for tax purposes	-	4,452
Adjustments in respect of previous periods	-	(2,632)
Impact of statutory effective rate difference of 0.5%	-	(142)
Current tax credit for the financial year	<u>(3,141)</u>	<u>(10,748)</u>

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

As a result of the share buyback transaction in 2002, the directors anticipate that capital losses of approximately £29,590,000 have arisen. In accordance with FRS 19, the potential deferred tax asset for these capital losses has not been recognised as uncertainty exists as to its ultimate recoverability.

**7 INVESTMENTS**

	Total £'000
<b>COST</b>	
At 1 January 2009 and 31 December 2009	<u>886,158</u>
<b>PROVISION FOR IMPAIRMENT</b>	
At 1 January 2009 and 31 December 2009	<u>15,900</u>
<b>NET BOOK VALUE</b>	
At 31 December 2009	<u>870,258</u>
At 31 December 2008	<u>870,258</u>

# UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 7. INVESTMENTS *(continued)*

The directors have considered the remaining carrying value of investments as at 31 December 2009 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

	2009 £'000	2008 £'000
Amounts owed by group undertakings	211,201	207,615

All amounts are owed by UK 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 LIBOR plus 1%

# UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

### 9 CREDITORS. Amounts falling due within one year

	2009 £'000	2008 £'000
Amounts owed to group undertakings	683,678	672,016

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 (2008 - £207,673,000) Interest accrues on the loan at the rate 1 month LIBOR plus 1% 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 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 excluding group relief at rates between 1 month LIBOR and 1 month LIBOR plus 1%

### 10. SHARE CAPITAL

Authorised share capital:

	2009 £'000	2008 £'000
250,000 000 Ordinary shares of £1 each	250,000	250,000

Allotted, called up and fully paid:

	2009 No	£'000	2008 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 2008	240,051	199,436	439,487
Loss for the year	—	(33,630)	(33,630)
Balance brought forward at 1 January 2009	240,051	165,806	405,857
Loss for the year	—	(8,076)	(8,076)
Balance carried forward at 31 December 2009	240,051	157,730	397,781

# UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2009

---

### 12 ULTIMATE PARENT COMPANY

The immediate parent undertaking is Centenary 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

Vivendi S A  
42 Avenue de Friedland  
75380 Paris  
Cedex 08  
France