

COMPANY REGISTRATION NUMBER 3383881

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

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UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

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UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

RM Constant
BJ Muir
SL Carmel
P Jassal

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

364-366 Kensington High Street
London
W14 8NS

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report for the company for the year ended 31 December 2016.

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 2016 are set out in the statement of comprehensive income, statement of changes in equity and statement of financial position on pages 4, 5 and 6 respectively. The result and position of the company were in line with directors' expectations.

RESULTS AND DIVIDENDS

The company's profit for the financial year was £889,280,000, (2015 - loss £10,541,000). The retained profit for the year has been transferred to reserves.

The directors do not recommend for the year ended 31 December 2016 (2015 - £Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to interest rate risk. The company's income and expenses are derived from interest receivable and payable on amounts due from and to group undertakings. The interest receivable and payable 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.

FUTURE DEVELOPMENTS

Notwithstanding the risks and uncertainties outlined above, the directors do not anticipate any significant change in the activities and results of the company in the foreseeable future.

By Order of the board


P Jassal
Director

25 JUL 2017

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2016

The directors present their report, the strategic report and the financial statements of the company for the year ended 31 December 2016.

DIRECTORS

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

A Brown
RM Constant
BJ Muir
PJA Negre
SL Carmel
P Jassal

PJA Negre resigned as a director on 19 February 2016.

A Brown resigned as a director on 31 March 2016.

SL Carmel was appointed a director on 31 March 2017.

P Jassal was appointed a director on 18 May 2017.

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.

DONATIONS

The company made no charitable or political donations in either year.

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2016

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report, the strategic 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting 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;

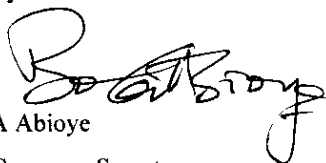
prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board



A Abioye

Company Secretary

Company Registration Number: 3383881

25 JUL 2017

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	Total 2016 £'000	Total 2015 £'000
Dividends received		900,000	-
Interest receivable and similar income	5	3,139	3,349
Interest payable and similar charges	6	(16,539)	(16,566)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		886,600	(13,217)
Tax on profit/(loss) on ordinary activities	7	2,680	2,676
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		889,280	(10,541)
TOTAL COMPREHENSIVE INCOME/(EXPENSE) FOR THE FINANCIAL YEAR		889,280	(10,541)

All of the activities of the company are classed as continuing operations.

The notes on pages 7 to 13 form part of these financial statements

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2016

	Note	2016 £'000	2015 £'000
FIXED ASSETS			
Financial assets	8	870,258	870,258
		<u>870,258</u>	<u>870,258</u>
CURRENT ASSETS			
Debtors: Amounts falling due within one year	9	653,099	225,973
		<u>653,099</u>	<u>225,973</u>
CREDITORS: Amounts falling due within one year	10	(305,165)	(767,319)
NET CURRENT ASSETS/(LIABILITIES)		<u>347,934</u>	<u>(541,346)</u>
NET ASSETS		<u>1,218,192</u>	<u>328,912</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	240,051	240,051
Profit and loss account		<u>978,141</u>	<u>88,861</u>
EQUITY SHAREHOLDERS' FUNDS		<u>1,218,192</u>	<u>328,912</u>

For the year ended 31 December 2016 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; and
- 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 25 JUL 2017

On behalf of the Board of Directors


P Jassal

Company Registration Number: 3383881

The notes on pages 8 to 14 form part of these financial statements

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2016

	Share capital £'000	Profit & Loss Account £'000	Total share-holders ' funds £'000
Balance brought forward at 1 January 2015	240,051	99,402	339,453
Total comprehensive expense for the period			
Loss for the year	-	(10,541)	(10,541)
Balance brought forward at 1 January 2016	240,051	88,861	328,912
Total comprehensive income for the period			
Profit for the year	-	889,280	889,280
Balance carried forward at 31 December 2016	240,051	978,141	1,218,192

The notes on pages 8 to 14 form part of these financial statements

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

1. STATUTORY INFORMATION

Universal Music (UK) Holdings Limited is a company limited by shares and incorporated and domiciled in the UK. The registered office is 364-366 Kensington High Street, London, W14 8NS.

2. STATEMENT OF COMPLIANCE

The company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis, under the historical cost convention. The financial statements are prepared in sterling, which is the functional currency of the company, and have been rounded to the nearest £000. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

FRS 102 - Qualifying exemptions

The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- from preparing a statement of cash flows and related notes;
- from preparing a reconciliation of the number of shares outstanding from the beginning to the end of the financial year;
- from disclosing related party disclosures;
- from disclosing key management personnel compensation;
- from certain financial instrument disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments*; and

This information is included in the consolidated financial statements of the company's ultimate parent undertaking, Vivendi SA, copies of which can be obtained from 42 Avenue de Friedland, 75380 Paris, Cedex 08, France.

Other qualifying exemptions

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.

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. ACCOUNTING POLICIES (continued)

Basic financial instruments

Interest-bearing loans classified as basic financial instruments

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.

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Impairment

Financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Expenses

Interest receivable and Interest payable

Interest receivable and payable relate to amounts due from and to group undertakings and are recognised in profit or loss as they accrue.

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

3. ACCOUNTING POLICIES (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised through profit or loss in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associated and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

4. PARTICULARS OF EMPLOYEES

The company had no employees during the year ended 31 December 2016 (2015 - Nil)

Emoluments for the directors of the Company are paid for by a fellow group company. The fellow group company has not recharged any amount to the Company (2015: nil) on the basis that they are unable to make a reasonable apportionment of the portion of these total emoluments that relate to qualifying services provided by directors of the Company.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £'000	2015 £'000
Interest receivable from group undertakings	<u>3,139</u>	<u>3,349</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £'000	2015 £'000
Interest payable to group undertakings	<u>16,539</u>	<u>16,566</u>

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

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

(a) Analysis of tax credit in the year

	2016	2015
	£'000	£'000
Current tax:		
UK Taxation		
In respect of the year		
Group relief payable for losses surrendered from other group undertakings	(2,680)	(2,676)
Tax on profit/(loss) on ordinary activities	(2,680)	(2,676)

(b) Factors affecting current tax credit

The tax assessed on the profit/(loss) on ordinary activities for the year is less than (2015: the same as) the standard rate of corporation tax in the UK of 20.0% (2015 - 20.25%).

Under the Finance (No. 2) Act 2015, the main rate of corporation tax was reduced from 20% to 19% effective from 1 April 2017. A further reduction to 17% from 1 April 2020 will apply by virtue of the Finance Act 2016 s46 which was enacted on 15 September 2016. Deferred tax assets and liabilities are measured at the rate expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates.

	2016	2015
	£'000	£'000
Profit/(Loss) on ordinary activities before taxation	886,600	(13,217)
Profit/(Loss) on ordinary activities at the standard rate of UK Corporation tax of 20.0% (2015: 20.25%)	177,320	(2,676)
Expenses not deductible for tax purposes	(180,000)	-
Current tax credit for the financial year	(2,680)	(2,676)

(c) Factors that may affect future tax charges

The company has a total unutilised tax losses carried forward estimated at £14,779,213 (2015 - £14,779,213), which may reduce future tax charges. No deferred tax asset has been recognised in respect of these losses due to uncertainty as to their future recoverability.

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2016

8. FINANCIAL ASSETS (INVESTMENTS)

	Shares In Subs/Grp £'000
COST	
At 31 December 2015 and 31 December 2016	886,158
PROVISION FOR IMPAIRMENT	
At 31 December 2015 and 31 December 2016	15,900
NET BOOK VALUE	
At 31 December 2015 and 31 December 2016	870,258

The directors have considered the carrying value of investments as at 31 December 2016 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 the amount at which they are stated in the accounts.

Subsidiary Undertakings

The principal subsidiaries of Universal Music (UK) Holdings Limited, all incorporated in England and Wales as at 31 December 2016 were as follows:

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

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

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

9. DEBTORS: Amounts due within one year

	2016 £'000	2015 £'000
Amounts owed by group undertakings	<u>653,099</u>	<u>225,973</u>

Included within amounts owed by group undertakings are the following interest-bearing amounts:

- £200,000,000 (2015 - £200,000,000) in respect of an intercompany balance with Universal Music Holdings Limited. Interest accrues on the loan at the 1 month LIBOR plus 1%.

All other amounts owed by UK group undertakings are unsecured and repayable on demand. Interest accrues on these amounts at 1 month LIBOR plus 0.1%.

10. CREDITORS: Amounts falling due within one year

	2016 £'000	2015 £'000
Amounts owed to group undertakings	<u>305,165</u>	<u>767,319</u>

Included within amounts owed to group undertakings are the following interest-bearing amounts:

£300,000,000 (2015 - £300,000,000) in respect of an intercompany balance with UMI Finance S.A.S. Interest accrues on the loan at 3.0%.

All other amounts owed to group undertakings are due to UK group undertakings, are unsecured and repayable on demand. Interest accrues on these amounts at 1 month LIBOR plus 0.1%.

11. POST BALANCE SHEET EVENTS

No post balance sheet events have been identified by management.

12. CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2016 or 31 December 2015.

UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2016

13. SHARE CAPITAL

Allotted, called up and fully paid:

	2016 No	£'000	2015 No	£'000
Ordinary shares of £1 each	<u>240,050,945</u>	<u>240,051</u>	<u>240,050,945</u>	<u>240,051</u>

14. 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 are consolidated is that headed by Vivendi SA. Copies of its annual report in English may be obtained from:

Vivendi SA
42 Avenue de Friedland
75380 Paris
Cedex 08
France

On 25 April 2017 Bolloré Group became the ultimate parent undertaking and controlling party.