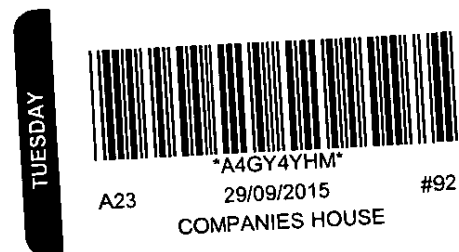


COMPANY REGISTRATION NUMBER 3383881

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

**FOR THE YEAR ENDED 31 DECEMBER 2014**



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

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2014**

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

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **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**

## **STRATEGIC REPORT**

**YEAR ENDED 31 DECEMBER 2014**

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The directors present their strategic report for the company for the period ended 31 December 2014

### **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 2014 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.

### **RESULTS AND DIVIDENDS**

The company's loss for the financial year was £10,305,000 (2013 - £12,826,000). The retained loss for the year has been transferred to reserves. The directors do not recommend the payment of a dividend for the year (2012 - £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 below, 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

A Brown



16 SEP 2015

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

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2014**

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The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2014

### **DIRECTORS**

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

PJA Negre  
RM Constant  
BJ Muir  
A Brown

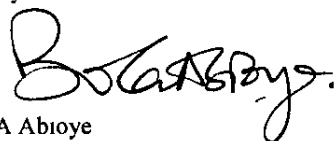
### **DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS**

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

By order of the board



A Abioye  
Company Secretary

Company Registration Number 3383881

**16 SEP 2015**

**UNIVERSAL MUSIC (UK) HOLDINGS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2014**

	<b>Note</b>	<b>2014 £'000</b>	<b>2013 £'000</b>
<b>TURNOVER</b>		—	—
<b>OPERATING PROFIT</b>		—	—
Interest receivable and similar income	<b>3</b>	3,303	3,278
Interest payable and similar charges	<b>4</b>	(16,729)	(15,917)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(13,426)	(12,639)
Tax on loss on ordinary activities	<b>5</b>	3,121	(187)
<b>LOSS FOR THE FINANCIAL YEAR</b>		<u>(10,305)</u>	<u>(12,826)</u>

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 2014

	Note	2014 £'000	2013 £'000
<b>FIXED ASSETS</b>			
Investments	6	<u>870,258</u>	<u>870,258</u>
<b>CURRENT ASSETS</b>			
Debtors	7	222,623	219,320
<b>CREDITORS: Amounts falling due within one year</b>	8	(753,428)	(739,820)
<b>NET CURRENT LIABILITIES</b>		<u>(530,805)</u>	<u>(520,500)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>339,453</u>	<u>349,758</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	9	240,051	240,051
Profit and loss account	10	<u>99,402</u>	<u>109,707</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10	<u>339,453</u>	<u>349,758</u>

For the year ended 31 December 2014 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 16 SEP 2015

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 2014**

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### **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/credit for taxation is based on the profit/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 2014

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### 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 2014.

### 2. PARTICULARS OF EMPLOYEES

The directors received no remuneration during the year in respect of their services to the company (2013 - £nil)

The company had no employees during the year (2013 - nil)

### 3. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £'000	2013 £'000
Interest receivable from group undertakings	<u>3,303</u>	<u>3,278</u>

### 4. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest payable to group undertakings	<u>16,729</u>	<u>15,917</u>

### 5. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

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

	2014 £'000	2013 £'000
Current tax		
UK Corporation tax on profit/loss for the year	-	-
Adjustments in respect of previous years	(234)	3,125
Group relief payable for losses surrendered from other group undertakings	<u>(2,887)</u>	<u>(2,938)</u>
Total current tax	<u>(3,121)</u>	<u>187</u>

# UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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### 5. 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 lower than the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%)

The Finance Act 2013 enacted reductions in the UK corporate tax rate to 21% from April 2014 and 20% from April 2015. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates

	2014 £'000	2013 £'000
Loss on ordinary activities before taxation	(13,426)	(12,639)
Loss on ordinary activities at the standard rate of UK Corporation tax of 21.50% (2013 - 23.25%)	(2,887)	(2,938)
Adjustments in respect of previous periods	(234)	3,125
Current tax (credit)/charge for the financial year	(3,121)	187

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

The company has total unutilized tax losses carried forward estimated at £14,779,213 (2013 - £14,779,213) which may reduce future tax charges. No deferred tax asset has been provided in respect of these losses due to uncertainty as to their future recoverability.

### 6. INVESTMENTS

	Total £'000
<b>COST</b>	
At 1 January 2014 and 31 December 2014	886,158
<b>PROVISION FOR IMPAIRMENT</b>	
At 1 January 2014 and 31 December 2014	15,900
<b>NET BOOK VALUE</b>	
At 31 December 2014 and 31 December 2013	870,258

# UNIVERSAL MUSIC (UK) HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

### 6 INVESTMENTS *(continued)*

The directors have considered the carrying value of investments as at 31 December 2014 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%	Dormant
Decca Music Group Limited	100%	Marketing and distribution of recorded music
Go! Discs Limited	100%	
Mercury Records Limited	100%	Dormant
Polydor Limited	100%	Dormant
Universal-Island Records Limited	100%	Dormant
Universal-MCA Music(UK)Limited	100%	Dormant
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%	

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

### 7 DEBTORS

	2014 £'000	2013 £'000
Amounts owed by group undertakings	222,623	219,320

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 (2013 - £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 2014

### 8 CREDITORS: Amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed to group undertakings	<u>753,428</u>	<u>739,820</u>

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 (2013 - £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 (2013 - £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%

### 9. SHARE CAPITAL

#### Authorised share capital:

	2014 £'000	2013 £'000
250,000,000 Ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>

#### Allotted, called up and fully paid:

	2014 No	£'000	2013 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>

### 10. 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 2013	240,051	122,533	362,584
Loss for the year	—	(12,826)	(12,826)
Balance brought forward at 1 January 2014	240,051	109,707	349,758
Loss for the year	—	(10,305)	(10,305)
Balance carried forward at 31 December 2014	<u>240,051</u>	<u>99,402</u>	<u>339,453</u>

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

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2014**

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### **11. 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

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