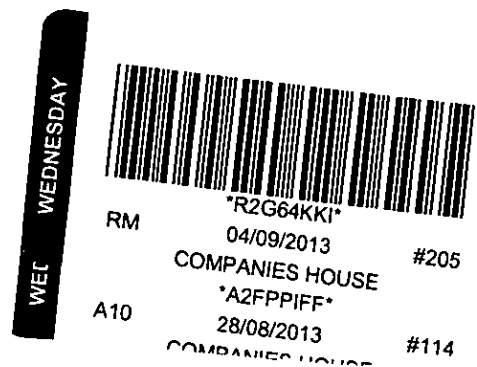


COMPANY REGISTRATION NUMBER 3384487

**UNIVERSAL MUSIC LEISURE LIMITED  
DIRECTORS' REPORT AND FINANCIAL  
STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2012**



# **UNIVERSAL MUSIC LEISURE LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

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**UNIVERSAL MUSIC LEISURE LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

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**THE BOARD OF DIRECTORS**

RM Constant  
BJ Muir  
A Brown

**COMPANY SECRETARY**

A Abioye

**REGISTERED OFFICE**

364-366 Kensington High Street  
London  
W14 8NS

# **UNIVERSAL MUSIC LEISURE LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2012**

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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 and to provide management and other services to other group companies

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 profit for the financial year was £24,545,000 (2011 - £94,566,000 profit). The retained profit for the year has been transferred to reserves

#### **PRINCIPAL RISKS AND UNCERTAINTIES**

The company is exposed to interest rate risk. Part of the company's income and expense is derived from interest receivable and payable on loans with group undertakings. The interest is an agreed percentage above London Inter-bank 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, or earlier if there are indicators of impairment

#### **DIRECTORS**

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

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 LEISURE LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

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By order of the board



A Abioye  
Company Secretary

Company Registration Number 3384487

21 AUG 2013

**UNIVERSAL MUSIC LEISURE LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	<b>Note</b>	<b>2012 £'000</b>	<b>2011 £'000</b>
<b>TURNOVER</b>	<b>2</b>	27,419	20,355
Cost of sales		(27,420)	(20,355)
<b>GROSS LOSS</b>		(1)	–
Administrative expenses		(10)	(16)
<b>OPERATING LOSS</b>		(11)	(16)
Income from fixed asset investments		–	70,689
Interest receivable and similar income	<b>5</b>	33,133	32,405
Interest payable and similar charges	<b>6</b>	(356)	(374)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		32,766	102,704
Tax on profit on ordinary activities	<b>7</b>	(8,221)	(8,138)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		24,545	94,566

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 6 to 12 form part of these financial statements.

# UNIVERSAL MUSIC LEISURE LIMITED

## BALANCE SHEET

AS AT 31 DECEMBER 2012

	Note	2012 £'000	2011 £'000
<b>FIXED ASSETS</b>			
Investments	8	123,228	123,228
<b>CURRENT ASSETS</b>			
Debtors	9	768,230	742,831
<b>CREDITORS: Amounts falling due within one year</b>	11	(63,552)	(62,698)
<b>NET CURRENT ASSETS</b>		704,678	680,133
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		827,906	803,361
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	12	886,158	886,158
Profit and loss account	13	(58,252)	(82,797)
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	827,906	803,361

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 12 form part of these financial statements

# **UNIVERSAL MUSIC LEISURE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

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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

The financial statements have been prepared on a going concern basis

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

#### **Revenue recognition**

Turnover represents the invoiced value of services and royalty income, excluding VAT

#### **Investments**

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

#### **Taxation**

The charge for taxation is based on the profit 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 LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

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### 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.

### 2 TURNOVER

Turnover is derived from one continuing activity, the provision of services to other group undertakings. All turnover is exclusively derived in the United Kingdom.

### 3. OPERATING PROFIT

Auditors remuneration of £nil (2011 - £9,000) and certain other administrative costs were borne by the United Kingdom fellow group undertakings in both years. No costs were incurred in respect of non-audit services in either year.

### 4. DIRECTORS EMOLUMENTS AND EMPLOYEE INFORMATION

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

### 5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £'000	2011 £'000
Interest receivable from group undertakings	33,133	32,405

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2012 £'000	2011 £'000
Interest payable to group undertakings	356	374

# UNIVERSAL MUSIC LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 7. 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	(836)	(606)
Group relief payable for losses surrendered from other group undertakings	8,061	8,511
Total current tax	7,225	7,905
Deferred tax		
Origination and reversal of timing differences (note 10)		
Losses	996	233
Tax on profit on ordinary activities	8,221	8,138

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

The tax assessed on the profit on ordinary activities for the year is lower 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
Profit on ordinary activities before taxation	32,766	102,704
Profit on ordinary activities at the standard rate of UK Corporation tax of 24.50% (2011 - 26.50%)	8,028	27,217
Non-taxable items	33	(18,706)
Adjustments in respect of previous periods	(836)	(606)
Movement in timing differences	(242)	(301)
Impact of statutory effective rate change	242	301
Current tax charge for the financial year	7,225	7,905

#### (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 2013. 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 expected that the effect of these changes would be to reduce the company's deferred tax asset by £392,712. The company has total unutilised tax losses carried forward estimated at £12,083,451 (2011 £15,069,706) which may reduce future tax charges.

# UNIVERSAL MUSIC LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 8 INVESTMENTS

	Total £'000
<b>COST</b>	
At 1 January 2012 and 31 December 2012	<u>195,113</u>
<b>PROVISION FOR IMPAIRMENT</b>	
At 1 January 2012 and 31 December 2012	<u>71,885</u>
<b>NET BOOK VALUE</b>	
At 31 December 2012 and 31 December 2011	<u>123,228</u>

The directors have considered the carrying value of the investments 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 at 31 December 2012

The group has the following principal investments in subsidiary undertakings

Name	Ordinary share holdings	Nature of business
A&M Records Limited* (note a)	100%	Marketing and distribution of recorded music
Decca Music Group Limited* (note b)	100%	Marketing and distribution of recorded music
GoDiscs Limited*	100%	Marketing and distribution of recorded music
Universal Music Group International Limited	100%	Holding company
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 Limited	100%	Music publishing
Universal/Dick James Music Limited*	100%	Music publishing
Universal/Island Music Limited	100%	Music publishing
Universal Music Operations Limited*	100%	Marketing and distribution of recorded music
Universal Music Publishing Limited*	100%	Music publishing

The investment in the above companies is in 100% of the ordinary share capital except where indicated in notes (a) and (b) below. Those marked with an asterisk are directly owned, all other companies are held through subsidiary undertakings.

#### Notes

(a) Shareholder consists of 100% of the 100,000 ordinary shares of £1 each and 100% of the 33,000 preference shares of £1 each

(b) Shareholder consists of 100% of the 1,000 ordinary shares of £1 each and 100% of the 100 5% non-cumulative preference shares of £1 each

# UNIVERSAL MUSIC LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 9 DEBTORS

	2012 £'000	2011 £'000
Amounts owed by group undertakings	765,421	739,026
Deferred taxation (note 10)	2,809	3,805
	<u>768,230</u>	<u>742,831</u>

Included within amounts owed by group undertakings is £525,000,000 in respect of an intercompany loan with Universal Music Operations Limited. Interest accrues on the loan at 6%.

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

### 10. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2012 £'000	2011 £'000
Included in debtors (note 9)	<u>2,809</u>	<u>3,805</u>

The movement in the deferred taxation account during the year was

	2012 £'000	2011 £'000
Balance brought forward	3,805	4,038
Profit and loss account movement arising during the year	(996)	(233)
Balance carried forward	<u>2,809</u>	<u>3,805</u>

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

	2012 £'000	2011 £'000
Tax losses available	<u>2,809</u>	<u>3,805</u>
	<u>2,809</u>	<u>3,805</u>

# UNIVERSAL MUSIC LEISURE LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2012

### 11. CREDITORS: Amounts falling due within one year

	2012 £'000	2011 £'000
Amounts owed to group undertakings	57,655	57,299
Other creditors	5,399	5,399
Accruals and deferred income	498	–
	<u>63,552</u>	<u>62,698</u>

All 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%.

### 12. SHARE CAPITAL

#### Authorised share capital:

	2012 £'000	2011 £'000
900,000,000 Ordinary shares of £1 each	<u>900,000</u>	<u>900,000</u>

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

	2012 No	£'000	2011 No	£'000
Ordinary shares of £1 each	<u>886,158,002</u>	<u>886,158</u>	<u>886,158,002</u>	<u>886,158</u>

### 13. 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	886,158	(177,363)	708,795
Profit for the year	–	94,566	94,566
Balance brought forward at 1 January 2012	886,158	(82,797)	803,361
Profit for the year	–	24,545	24,545
Balance carried forward at 31 December 2012	<u>886,158</u>	<u>(58,252)</u>	<u>827,906</u>

# **UNIVERSAL MUSIC LEISURE LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2012**

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### **14. ULTIMATE PARENT COMPANY**

The immediate parent undertaking is Universal Music (UK) 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