Jaydone Limited

Directors' Report and Financial Statements

31 March 2013
Registered No 04631083

Registered No 04631083

Directors
A Brown (appointed 28 September 2012)
M R Constant (appointed 28 September 2012)
B J Muir (appointed 28 September 2012)
D N Kassler (resigned 28 September 2012)
S P Naughton (resigned 28 September 2012)
R C Faxon (resigned 28 September 2012)
R C Prior (resigned 28 September 2012)

Secretaries
A Abioye

Auditors
KPMG LLP
15 Canada Square
London
E14 5GL

Registered Office
364 – 366 Kensington High Street
London
W14 8NS

Directors' report

The directors present their report and financial statements for the year ended 31 March 2013

Results and dividends

The Company's profit for the year, after taxation was £107,000 (2012 – loss of £33,000)

The directors do not recommend the payment of a dividend (2012 – £nil)

Principal activities and review of the business

The future artist-signing activities of the Company were transferred to another statutory entity, Relentless 2006 Limited, in April 2006, leaving only the existing artist roster in Jaydone Limited Nevertheless, the Company is still engaged in the sale and distribution of all forms of recorded music

Financial review

Turnover has decreased by £197,000 (68%) compared to the prior year, while operating profit has increased by £140,000 (424%) and net liabilities have decreased by £107,000 (14%)

Going concern

These financial statements show that at 31 March 2013 the Company had net current liabilities of £641,000 The Company's intermediate holding company, Societe d'Investissements et de Gestion 104 S A S, has indicated that it intends to provide the company with sufficient funding to enable it to meet its liabilities as they fall due over a period of at least the next 12 months and as a result the directors have adopted the going concern basis in preparing these financial statements at 31 March 2013

Analysis of key performance indicators

The directors and management of the Company use a number of key performance indicators (KPIs) to assess the ongoing performance of the business The principal profit KPI used by the directors is EBITDA, which is considered a proxy for cash flow The directors define EBITDA as the profit from operations stated before depreciation, amortisation, exceptional items (including restructuring costs) and the share of associates' and joint ventures' results EBITDA for the year ended 31 March 2013 was £107,000 (2012 loss of £33,000)

Key risks and uncertainties

The Company's business faces a number of risks and uncertainties as is normal for a Company of its size and complexity The directors consider that the principal risks faced by the business include

- The market for recorded music product has been declining and may continue to decline,
- The current uncertainty in global economic conditions would adversely affect the prospects and results of the business,
- The downward pressure on the pricing of music products leading to pressure on the margins,
- The dependence on identifying, signing and retaining artists with long-term potential, and the effect of results of successful artists,
- The continuing exposure of the music industry to illegal music downloads and file sharing

Sale

The company has previously formed part of the Recorded Music division of EMI On 11 November 2011, EMI Group Global Limited signed a definitive agreement to sell its Recorded Music division to Universal Music Group The transactions were subject to certain closing conditions, including the approval by relevant regulatory authorities Regulatory approvals were obtained with the requirement for certain divestments and the Recorded Music business sale completed on 28 September 2012

The Company was not subject to these divestment requirements and continues to form a part of the Universal Music Group

Registered No 04631083

Directors' report

Directors and their interests

The directors who served during the year and to the date of this report are shown below

A Brown (appointed 28 September 2012)
M R Constant (appointed 28 September 2012)
B J Muir (appointed 28 September 2012)
D N Kassler (resigned 28 September 2012)
S P Naughton (resigned 28 September 2012)
R C Faxon (resigned 28 September 2012)
R C Prior (resigned 28 September 2012)

None of the directors had any interests in the shares of the Company during the year

Certain directors benefit from qualifying third party indemnity provisions at the date of this report

Political and charitable contributions

During the year, the Company made no political or charitable contributions (2012 – £nil)

Supplier payment policy

The Company negotiates payment terms with its suppliers on an individual basis, with the normal spread being payment at the end of the month of delivery plus 30 to 60 days Agreement to the applicable payment terms is secured in every case

The Company emphasises the importance of prompt payment to small-sized businesses in line with UK governmental and CBI initiatives At 31 March 2013 the Company had an average of 40 days' purchases outstanding in trade creditors (2012 – 60)

Disclosure of Information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

By order of the Board

A Abioye
Secretary

364 – 366 Kensington High Street
London
W14 8NS

06 SEP 2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the Directors' Report and the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditors' report (continued)

to the members of Jaydone Limited

We have audited the financial statements of Jaydone Limited for the year ended 31 March 2013 set out on pages 7 - 14 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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, and express an opinion on, 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 Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www frc org uk/auditscopeukprivate

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 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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

Independent auditors' report (continued)

to the members of Jaydone Limited

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
- 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

Hugh Green, Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

6 September 2013

Profit and loss account

for the year ended 31 March 2013

	Note	*2013* *£000*	*2012* *£000*
Turnover	2	92	289
Cost of sales		16	(320)
Gross profit/(loss)		108	(31)
Distribution costs		(1)	(2)
Profit/ (Loss) on ordinary activities before taxation		107	(33)
Tax on loss on ordinary activities	5	–	–
Profit/ (Loss) for the year after taxation	9	107	(33)

As stated in the Directors' report, the results above for the year ended 31 March 2013 are all derived from continuing activities

The notes on pages 10 to 14 form part of these financial statements

A note of historical cost profit and losses has not been prepared as part of the financial statements since the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis

Registered No 04631083

Statement of total recognised gains and losses

for the year ended 31 March 2013

There are no recognised gains or losses other than the profit of £107,000 in the year ended 31 March 2013 (2012 – loss of £33,000)

Registered No 04631083

Balance sheet
at 31 March 2013

	Note	*2013* *£000*	*2012* *£000*
Current assets			
Debtors	6	3	520
Creditors: amounts falling due within one year	7	(644)	(1,268)
Net current liabilities		(641)	(748)
Total assets less current liabilities		(641)	(748)
Capital and reserves			
Called up share capital	8,9	-	-
Profit and loss account	9	(641)	(748)
Equity shareholders' deficit	9	(641)	(748)

The notes on pages 10 to 14 form part of these financial statements

The financial statements were approved by the board of directors on 6th September 2013 and were signed on its behalf by

A Brown
Director

06 SEP 2013

Notes to the financial statements

at 31 March 2013

1. Accounting policies

The followıng accountıng polıcıes have been applıed consıstently ın dealıng wıth ıtems whıch are consıdered materıal ın relatıon to the financıal statements

Basıs of preparatıon

The financıal statements have been prepared under the hıstorıcal cost conventıon and ın accordance wıth applıcable accountıng standards

Goıng concern

These financıal statements show that at 31 March 2013 the Company had net current lıabılıtıes of £641,000 The Company's ıntermedıate holdıng company, Socıete d'Investıssements et de Gestıon 104 S A S, has ındıcated that ıt ıntends to provıde the company wıth suffıcıent fundıng to enable ıt to meet ıts lıabılıtıes as they fall due over a perıod of at least the next 12 months and as a result the dırectors have adopted the goıng concern basıs ın preparıng these financıal statements at 31 March 2013

Statement of cash flows

Under FRS 1 'Cash flow statements', the Company ıs exempt from the requırement to prepare a cash flow statement sınce ıt ıs a wholly owned subsıdıary undertakıng

Revenue

Revenue ıs recognısed to the extent that ıt ıs probable that the economıc benefits wıll flow to the company and the revenue can be relıably measured The followıng specıfic recognıtıon crıterıa must also be met before revenue ıs recognısed

- Sale of goods revenue ıs recognısed when the sıgnıficant rısks and rewards of ownershıp of the goods have passed to the buyer ı e on despatch and can be relıably measured Revenue ıs measured at faır value after makıng provısıon ın respect of expected future returns of goods and servıces supplıed by the company prıor to the balance sheet date,
- Copyrıght, royalty, lıcense and other ıncome revenue ıs recognısed based on the contractual arrangements entered ınto wıth thırd partıes, whıch allow them to exploıt the Group's ıntellectual property ın return for a fee Where the Group ıs entıtled to a fee whıch ıs not dependent upon future usage, revenue ıs recognısed when the Group has fulfilled ıts contractual commıtments Where the fees due to the Group are dependent upon usage, revenue ıs recognısed based upon that usage Where no relıable basıs ıs avaılable for estımatıng such usage, revenue ıs recognısed when reported to the Group by thırd partıes,

Advances

In the ordınary course of busıness the company pays advances and other expenses recoupable from future royaltıes to performıng artısts, songwrıters, producers and thırd-party repertoıre owners The amounts paıd are carrıed at cost less recoupment and less an allowance for any unrecoupable amounts The allowance ıs based on past revenue performance, current popularıty and projected revenue Advances are recoupable durıng the busıness operatıng cycle All advances are therefore reported as current assets, ıncludıng advances recoupable more than 12 months after the balance sheet date

Taxatıon

The charge for taxatıon ıs based on the profit for the year and takes ınto account taxatıon deferred because of tımıng dıfferences between the treatment of certaın ıtems for taxatıon and accountıng purposes

Notes to the financial statements (continued)

at 31 March 2013

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Provision for royalty audit claims

A provision is made for royalty audit claims when it is considered more likely than not that a successful claim will be made and the likely financial impact can be estimated with reasonable certainty

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties It is attributable to one continuing activity wholly within the UK

3. Auditors' remuneration

	2013	*2012*
	£000	*£000*
Audit of these financial statements	–	–

Auditors' remuneration for the current year and prior year was paid in full by Parlophone Records Limited

4. Directors' remuneration and staff costs

The company has no directly contracted employees (2012 – nil)

There were no staff or salary costs during 2013 (2012 – £nil)

The directors are employed and remunerated as directors or executives of, or consultants to, other group undertakings

Notes to the financial statements (continued)

at 31 March 2013

5. Tax

Analysis of charge in the period

	2013 £000	2012 £000
UK Corporation tax		
Current tax on income for the period	–	–
Adjustments in respect of prior periods	–	–
Total current tax	–	–
Deferred tax		
Origination/reversal of timing differences and utilisation of tax losses	–	–
Adjustments in respect of prior periods	–	–
Total deferred tax	–	–
Total tax on profit on ordinary activities	–	–

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 24% (2012 – 26%) The differences are reconciled below

	2013 £000	2012 £000
Profit/(loss) on ordinary activities before tax	107	(33)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 – 26%)	26	(9)
Effect of		
Group relief (claimed)/surrendered for payment at 24% (2012 – 26%)	(16)	9
Permanent differences	(10)	-
Total current tax charge	–	–

(b) Factors affecting future tax charge

As part of the Universal Music Group, the company may receive or surrender losses by way of group relief Equivalent receipts or surrenders have been made in the past without charge

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively This will reduce the company's future current tax charge

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement It has

Notes to the financial statements (continued)

at 31 March 2013

not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge

(c) Deferred tax

At the balance sheet date the company had unused tax losses of £244,603 (2012 £244,603) available for offset against future profits

6. Debtors

	2013	*2012*
	£000	*£000*
Trade debtors	1	13
Amounts owed by other group undertakings	2	2
Other debtors	–	7
Interest-free loans to parent undertaking	–	498
	3	520

Trade and other debtors are collected via a fellow Group company, Parlophone Records Limited

7. Creditors: amounts falling due within one year

	2013	*2012*
	£000	*£000*
Trade creditors	1	9
Royalties payable	–	2
Accruals and deferred income	1	13
Interest-bearing loan from group undertaking	107	–
Interest-bearing loan from parent undertaking	–	529
Interest-free loan from group undertaking and amounts owed to group undertakings	6	–
Interest-free loan from parent undertaking	529	715
	644	1,268

Trade creditors are paid via a fellow Group company, Parlophone Records Limited

8. Share capital

	2013	*2012*
Authorised	*£*	*£*
5,010 Class 'A' shares of 10p each	501	501
4,990 Class 'B' shares of 10p each	499	499
	1,000	1,000

Notes to the financial statements (continued)

at 31 March 2013

Allotted, called up and fully paid	*2013* £	*2012* £
501 Class 'A' shares of 10p each	50	50
499 Class 'B' shares of 10p each	50	50
	100	100

There are no differences in rights between Class 'A' and Class 'B' shareholders

9. Reconciliation of shareholders' funds and movement on reserves

	Share capital £000	*Profit and loss account £000*	*Total shareholders' deficit £000*
At 31 March 2012	–	(748)	(748)
Profit for the year	–	107	107
At 31 March 2013	–	(641)	(641)

10. Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8, "Related Party Disclosures" (FRS 8), not to disclose related party transactions between wholly owned group undertakings

11. Post balance sheet events

No post balance sheet events have been identified by management

12. Ultimate parent undertaking

The immediate parent company of the Company at 31 March 2013 is Virgin Records Limited The ultimate parent undertaking and controlling party is Vivendi SA, a company registered in Paris, France The parent undertaking of the largest and smallest group in which the Company's financial information has been consolidated as at 31 March 2013 was Vivendi SA Copies of the consolidated financial statements of Vivendi SA can be obtained from the Company's registered address, 42 Avenue de Friedland, Paris 75380