

Spotify Finance Limited

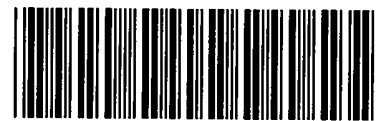
Reg. Nr. 07598438

Report and Financial Statements for the

Year 31st December 2015



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COMPANIES HOUSE

Spotify Finance Limited Registered number 07598438.

The Company is incorporated in England and Wales.

Company number: 07598438

Registered office: St James House
13 Kensington Square
London
United Kingdom
W8 5HD

Company secretary: Goodwille Limited
St James House
13 Kensington Square
London
United Kingdom
W8 5HD

Current Directors: Barry McCarthy JR (appointed on 1st January 2016)
Angela Claire Mary Watts
Daniel Ek (resigned on 1st January 2016)

Auditors: Ernst & Young LLP
1 More London Place
London
SE1 2AF

Spotify Finance Limited Registered number 07598438.

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Strategic report for the year ended 31 December 2015

Principal activities

Spotify Finance Limited is a subsidiary of Spotify Technology S.A. and is a part of the Spotify Group. The principal activity of the Group is that of a music management platform providing instant access to millions of tracks through high-quality desktop, mobile phone and other device applications.

The Spotify application, the App, is a small application users can download to access a huge database of music through a unique streaming protocol. Essentially, the App employs a hybrid model, streaming music centrally as well as incorporating peer-to-peer technology, which allows the music to be played instantly.

The Company offers cash management solutions as well as payment solutions for the Company and the Group. The system provided is merely for internal use.

Review of business and future developments


The total revenue related to commission fees for the financial year amounts to £6,100,625 (2014: £15,194,882). The result for the year before tax from continuing operations is a loss of £94 (2014 profit: £7,359). This decrease is attributable to a decrease in revenue related to commission fees.

The Company's primary focus is to continue its rapid growth and increase the number of users and subscribers in the UK. It is crucial that Spotify continues to build on the success which has seen the Company emerge as the largest and fastest growing music subscription service of its kind worldwide.

Financial risk management objectives and policies

Further information on risks and uncertainties is given in note 10 of the financial statements.

On behalf of the board


Barry McCarthy JR
Director

Date:

30-9-16

Report of the Directors for the year ended 31 December 2015

The Directors present their annual report and the audited financial statements for the year ended 31 December 2015.

Directors

The Directors who held office during the year and thereafter are given below:

Angela Claire Mary Watts
Barry Mc Carthy JR (appointed on 1st January 2016)
Daniel Ek (resigned on 1st January 2016)

Going concern

The Directors have obtained written confirmation of the intention of the ultimate parent, Spotify Technology S.A., to provide ongoing financial support to Spotify Finance Limited.

Having reviewed the Company and the Group's liquid resources and 2016 and 2017 cash flow forecasts, the Directors believe that the Group has adequate resources to continue as a going concern. For this reason, the financial statements have been prepared on that basis.

Results and dividends

The Company generated a profit for the year after taxation of £1,489 (2014 profit: £133,682). No dividends were declared or proposed for the year ended 31 December 2015.

Directors' liabilities

The Company has not granted any indemnity against liability to its Directors during the year or at the date of approving the Directors' Report.

Events after the reporting year

In March 2016 Spotify Finance Limited issued a company guarantee for the convertible debt issued by the ultimate parent company, Spotify Technology S.A.

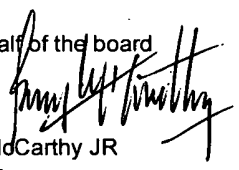
Statement of disclosure to auditors

- so far as each person who was a Director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report of which the auditor is unaware; and
- having made enquiries of the auditor and of each other, the Directors have taken all the steps that they are obliged to take as Directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

A resolution to appoint Ernst & Young LLP as auditors for the ensuring year will be proposed at the annual general meeting in accordance with the Companies Act 2006.

On behalf of the board


Barry McCarthy JR
Director

Date: 30-9-16

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, 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 the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 the profit or loss of the company for that period.

- to select suitable accounting policies in accordance with IAS 8 and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; performance;
- 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.

Independent Auditor's report to the members of Spotify Finance Limited

We have audited the financial statements of Spotify Finance Limited for the year ended 31 December 2015 which comprise Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows, and the related notes 1 to 13. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 Statement of Directors' responsibilities 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 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

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. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the 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 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; 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 Strategic Report and 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
- certain disclosures of Director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Gordon Cullen (Senior Statutory Auditor)

For and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: *30/9/16*

**Statement of comprehensive income
For the year ended 31 December 2015**

		2015	2014
	Note	£	£
Continuing operations			
Revenue	2	6 100 625	15 194 882
Cost of sales		(19 184 690)	(11 522 125)
Gross (loss)/ profit		(13 084 065)	3 672 757
Administrative expenses		(93 094)	(95 019)
Other operating income		1 203 937	1 515 444
Operating (loss)/profit	3	(11 973 222)	5 093 182
Finance income	4	11 978 474	-
Finance costs	4	(5 346)	(5 085 823)
Finance costs - net		11 973 128	(5 085 823)
(Loss)/Profit before tax from continuing operations		(94)	7 359
Income tax charge	5	1 583	126 323
Profit for the year		1 489	133 682

The accompanying notes are an integral part of this statement of comprehensive income.

The profit for the year is attributable to owners of the Company.

There are no recognised gains or losses in the year other than those items recorded in the statement of comprehensive income above.

They were signed on its behalf by:

Barry McCarthy JR

Director

Statement of financial position
For the year to 31 December 2015

		2015	2014
	Note	£	£
ASSETS			
Non-current assets			
Other non-current assets	10	-	28 635 329
		-	28 635 329
Current assets			
Trade and other receivables	7	70 027 486	55 069 878
Cash and cash equivalents	6	330 636 085	342 609 408
		400 663 571	397 679 286
Total assets		400 663 571	426 314 615
LIABILITIES			
Current liabilities			
Trade and other payables	8	(399 339 647)	(424 796 213)
Tax liabilities	5	239	(195 967)
		(399 339 408)	(424 992 180)
Net liabilities		1 324 163	1 322 435
EQUITY			
Share capital	9	1	1
Retained earnings		1 324 162	1 322 434
Total equity		1 324 163	1 322 435

The accompanying notes are an integral part of this Statement of financial position. The financial statements on pages 6 to 22 were approved by the Board of Directors and authorised for issue on 30th September 2016

They were signed on its behalf by:

Barry McCarthy JR
Director

Statement in changes in equity
For the year to 31 December 2015

Attributable to equity holders of the Company

	Share capital £	Retained earnings £	Total capital and reserves £
Balance at 31 December 2011	1	(165 508)	(165 507)
Total comprehensive profit for the year	-	290 506	290 506
Balance at 31 December 2012	1	124 998	124 999
Total comprehensive profit for the year	-	1 063 754	1 063 754
Balance at 31 December 2013	1	1 188 752	1 188 753
Total comprehensive profit for the year	-	133 682	133 682
Balance at 31 December 2014	1	1 322 434	1 322 435
Total comprehensive profit for the year	-	1 489	1 489
Foreign exchange difference		239	239
Balance at 31 December 2015	1	1 324 162	1 324 163

Statement of cash flows for the year ended 31 December 2015

	2015 £	2014 £
(Loss)/Profit before tax from continuing operations	(94)	133 682
Working capital adjustments		
(Increase)/decrease in receivables	13 677 721	(46 402 713)
(Decrease)/increase in payables	(25 454 744)	372 756 912
Tax liability	(196 206)	(126 323)
Net cash flows (into)/ from operating activities	(11 973 323)	326 361 558
Net (decrease)/increase in cash and cash equivalents	(11 973 323)	326 361 558
Cash and cash equivalents at beginning of year	342 609 408	16 247 850
Cash and cash equivalents at end of year	330 636 085	342 609 408

SPOTIFY Finance Limited
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Notes to the Financial Statements

Note 1. Accounting policies

Basis of preparation

The financial statements of Spotify Finance Ltd have been prepared in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IASB) and the Interpretations of the same by the Standing Interpretations Committee (SIC) and/or the International Financial Reporting Committee (IFRIC) adopted for use in the European Union.

The financial statements of Spotify Finance Ltd have been prepared under the historical cost convention and in accordance with the Companies Act 2006.

The principal accounting policies are set out below. These, except to the extent noted, have been applied on a consistent basis. The financial statements are presented in GBP sterling.

The principal accounting policies are set out below:

Going concern

The Directors have obtained written confirmation of the intention of the ultimate parent, Spotify Technology S.A., to provide ongoing financial support to Spotify Finance Limited.

Having reviewed the Company and the Group's liquid resources and 2016 and 2017 cash flow forecasts, the Directors believe that the Company has adequate resources to continue as a going concern. For this reason, the financial statements have been prepared on that basis.

Foreign currency translation

(a) Functional and presentation currency

The financial statements are presented in GBP Sterling which is the company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

The differences between retained profits of overseas subsidiary and associated undertakings translated to average and closing rates of exchange are taken to reserves, as are differences arising on the retranslation to GBP Sterling (using closing rates of exchange) of overseas net assets at the beginning of the year.

Revenue recognition

The Company recognises revenue when the service has been performed. Revenue consists of commission fees, 100 % of revenue relates to other companies within the Group.

Cash and cash equivalents

Cash and cash equivalents in the statements of financial position comprise cash at bank and on hand.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the company's subsidiaries operate and generate taxable income. The present corporate income tax rate in the UK is 20%.

Current and deferred income tax (continued)

Deferred income tax is recognised on temporary differences (other than temporary differences associated with unremitted earnings from foreign subsidiaries and associates to the extent that the investment is essentially permanent in duration, or temporary differences associated with the initial recognition of goodwill) arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and a valuation allowance is set up against deferred tax assets so that the net carrying amount equals the highest amount that is more likely than not to be recovered based on current or future taxable profit.

Trade and other receivables

Trade and other receivables, which generally have a 30 day term, are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade and other receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade and other payables

Trade and other payables, which generally have a 30 day term, are recognised and carried at their invoiced value inclusive of any VAT that may be applicable.

Financial instruments

The Company's financial assets include trade and other receivables and the Company's financial liabilities include trade and other payables.

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are carried at amortised cost using the effective interest rate method. Gains and losses are recognised in the consolidated statement of comprehensive income when the receivables are derecognised or impaired.

Impairment of financial assets

The Company assesses at each statement of financial position date whether there is any objective evidence that a financial asset is impaired. The financial asset is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset and that loss event has an impact on the future cash flows of the financial asset.

The criteria that the Company uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principle payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the Borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

- (i) Adverse changes in the payment status of borrowers in the portfolio; and
- (ii) National or local economic conditions that correlate with defaults on the assets in the portfolio.

The company first assesses whether objective evidence of impairment exists.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full.

Financial liabilities are derecognised when the obligation under the liability is discharged, cancelled or expires.

Note 1 Accounting policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Share capital

Ordinary shares are classified as equity.

Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Dividend distribution

Dividend distribution to the company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the company's shareholders.

Change in accounting policy and restatements

New and amended standards and interpretations adopted by the Group

None of the new or revised standards and interpretations effective for the Group on or after January 1, 2015 has any impact on the Financial Statements of the Group.

New standards and interpretations issued but not yet effective

Recently issued new or revised/amended standards and interpretations effective for the Company on or after January 1, 2016, are as follows:

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company is assessing the full impact of IFRS 9.

IFRS 15, 'Revenue from contracts with customers' deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces IAS 18 'Revenue' and IAS 11 'Construction contracts' and related interpretations. The standard is effective for annual periods beginning on or after 1 January 2017 and earlier application is permitted. The Company is assessing the full impact of IFRS 15.

In January 2016 IASB published its new leasing standard IFRS 16 which will replace the current guidance in IAS 17 and interpretations IFRIC 4, SIC-15 and SIC-27. The new standard requires lessees to recognize a lease liability reflecting future lease payments and a 'right-of-use asset' for virtually all lease contracts. For lessors, the accounting stays almost the same. The standard applies to annual periods beginning on or after January 1, 2019, with earlier application permitted. The EU has not yet endorsed the standard. The Company is assessing the impact of IFRS 16.

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Key sources of estimation uncertainty

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. Areas involving a higher degree of judgment or complexity, or areas where assumptions and estimations are significant to the financial statements, are disclosed in note 2.

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Notes to the Financial Statements

Key sources of estimation uncertainty (continued)

Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectations of the future.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. No estimates and assumptions that have been made have a material effect on the results or assets and liabilities of the Company.

SPOTIFY Finance Limited
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Notes to the Financial Statements

2. Revenue

Analysis of revenue by category	2015	2014
	£	£
Sales of services, commission fees	6 100 625	15 194 882
Total	6 100 625	15 194 882

For a split of revenue by geographical areas see note 12 a).

Note 3. Operating profit/ (loss)

Operating profit/ (loss) is stated after charging/ (crediting):

	2015	2014
	£	£
Other operating income	1 203 937	1 515 444
Auditor's remuneration – audit	7 725	7 725

The Company had nil employees in the year. (2014: nil).

Directors' remuneration

The directors of the Company are also directors of a number of subsidiaries of the ultimate parent undertaking. The directors do not believe that it is practicable to apportion the remuneration between remuneration as directors of the Company and their remuneration as directors of the fellow subsidiary companies. The director's remuneration is therefore disclosed in the accounts of the fellow subsidiaries that make the remuneration payments.

Note 4. Finance income and costs

	2015	2014
	£	£
Finance income		
Net foreign exchange gains	11 978 474	-
Total	11 978 474	-
Finance costs		
Interest expense	(5 346)	-
Net foreign exchange losses	-	(5 085 823)
Total	(5 346)	(5 085 823)
Finance income and costs	11 973 128	(5 085 823)

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Notes to the Financial Statements

Note 5. Tax

a) Factors affecting the tax charge for the year

A reconciliation between the actual tax charge and the tax charge at the standard UK rate of corporation tax is shown below:

	2015	2014
	£	£
(Loss)/Profit on ordinary activities for the year before tax	(94)	7 359
Tax on profit at standard UK tax rate of 20.25% (2014: 21.49%)	(19)	1 582
<i>Effects of:</i>		
Adjustments in respect of prior years	(1 564)	(127 905)
Total tax charge for the year	(1 583)	(126 323)

(b) Factors that may affect future tax charges

The UK rate of corporation tax reduced to 20% from 1 April 2015. Further reductions were announced in the 2015 Summer Budget Statement. The 2015 Finance Act included legislation to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017, and from 19% to 18% from 1 April 2020. These reductions in tax were substantively enacted on 26 October 2015.

On 16 March 2016, a further reduction in the UK corporation tax to 17% from 1 April 2020 was announced in the Chancellor's Budget. At the balance sheet date, this reduction had not been substantively enacted.

Note 6. Cash and cash equivalents

	2015	2014
	£	£
Cash and cash equivalents	330 636 085	342 609 408

Cash and cash equivalents earns interest at floating rates based on daily bank deposit rates.

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Notes to the Financial Statements

Note 7. Trade and other receivables

	Note	2015 £	2014 £
Amounts owed by group undertakings	11	67 465 788	47 608 757
Other receivables		2 561 698	7 461 121
Total		70 027 486	55 069 878

Trade receivables are non-interest bearing and generally on 30 days terms.

The fair value of receivables above approximate to their carrying values.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivables mentioned above. The Company does not hold any collateral as security.

Note 8. Trade and other payables

	2015 £	2014 £
Trade payables	367 058	61 489
Amounts due to group undertakings (note 11)	397 892 372	424 235 017
Accrued expenses	1 080 217	159 602
Other taxes	-	340 097
Other current liabilities	-	8
	399 339 647	424 796 213

Trade payables are non-interest bearing and settled on 30 day terms. The fair values of the payable amounts above approximate to their carrying amounts.

Note 9. Issued share capital

	2015 £	2014 £
Allotted, called up and fully paid		
1 ordinary shares of £1 each	1	1

Note 10. Financial risk management objectives and policies

The Company's financial assets and liabilities are as outlined below.

	2015	2014
	£	£
Financial assets		
Long-term Intercompany receivable	-	28 635 329
Other receivables	2 561 698	7 461 121
Short-term Intercompany receivable	67 465 788	47 608 757
Total	70 027 486	83 705 207
Financial liabilities		
Trade payables	367 058	61 489
Amounts owed to group undertakings	397 892 372	424 235 017
Accrued expenses	1 080 217	159 602
Other taxes	-	340 097
Other current liabilities	-	8
Total	399 339 647	424 796 213

Capital management

The capital management of the Company is considered as part of the capital management of the Spotify Technology S.A. Group. The Spotify Technology S.A Group aims to ensure that the capital in Spotify Finance Limited is sufficient to support its business and maximize shareholder value.

All Financial Assets are due on demand and impairment tests show that no assets need to be impaired.

Credit risk

The credit risk for the Company is limited as it only trades within the Spotify Group.

Credit risk means the risk of financial loss if a customer or contracting party of a financial instrument fails to fulfill his contractual duties. The company endeavors to ensure that services will only be rendered to customers of an appropriate credit standing. The credit risks, the way they arise as well as the targets, policies and procedures for constant monitoring of the risks and the credit risk assessment methods remained unchanged during the financial year.

All Financial assets are not yet due as of year end and impairment test shows that no assets need to be impaired.

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Notes to the Financial Statements

Maximum credit risk as at 31 December 2015 and 31 December 2014:

	2015	2014
	£	£
Long-term Intercompany receivable	-	28 635 329
Other receivables	2 561 698	7 461 121
Short-term Intercompany receivable	67 465 788	47 608 757
Total	70 027 486	83 705 207

Liquidity risk

The Company only has Group internal borrowings.

All financial liabilities of the Company are due within one year.

The tables below show the contractually agreed (undiscounted payments) regarding financial liabilities. All amounts in foreign currencies were translated at the exchange rate at the balance sheet date.

	Carrying amount	Contractual cash flow	Due in 0-12 months
	£	£	£
As of 31 December 2015			
Trade and other payables	399 339 647	399 339 647	399 339 647
As of 31 December 2014			
Trade and other payables	424 796 213	424 796 213	424 796 213

The tables below show the carrying amounts and fair values of financial instruments according to categories of financial assets and liabilities:

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Notes to the Financial Statements

	Carrying amount 2015 £	Fair value 2015 £	Carrying amount 2014 £	Fair value 2014 £
Financial assets				
Long-term Intercompany receivable	-	-	28 635 329	28 635 329
Other receivables	2 561 698	2 561 698	7 461 121	7 461 121
Short-term Intercompany receivable (note 11)	67 465 788	67 465 788	47 608 757	47 608 757
	70 027 486	70 027 486	83 705 207	83 705 207
	£	£	£	£
Financial liabilities				
Trade payables	367 058	367 058	61 489	61 489
Amounts owed to group undertakings (note 11)	397 892 372	397 892 372	424 235 017	424 235 017
Accrued expenses	1 080 217	1 080 217	159 602	159 602
Other taxes	-	-	340 097	340 097
Other current liabilities	-	-	8	8
	399 339 647	399 339 647	424 796 213	424 796 213

The carrying amounts of financial instruments with maturities in excess of one year correspond to the fair values.

Foreign currency risk

The Company operates internationally and is exposed to foreign currency exchange risk arising from various currency exposures, primarily with respect to GBP and EUR. From 2013 the Company is no longer exposed to foreign currency risk after entering a new transfer pricing agreement with Spotify AB stating the currency exchange risk to be taken by Spotify AB.

The Company is not directly exposed to interest risk as it is funded by equity from the parent undertaking.

Note 11. Related parties transactions

The Company is controlled by Spotify AB. This Company controls 100% of the Company's shares.

SPOTIFY Finance Limited
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Notes to the Financial Statements

(a) Sales

	2015	2014
	£	£
Spotify AB	6 100 625	1 100 984
Spotify Ltd	-	2 667 577
Spotify Spain SL	-	486 814
Spotify GmbH	-	872 636
Spotify France SAS	-	366 224
Spotify Norway AS	-	1 811 867
Spotify Sweden AB	-	2 802 356
Spotify Netherlands B.V	-	558 509
Spotify Finland OY	-	450 602
Spotify Denmark AS	-	563 198
Spotify Austria GmbH	-	54 125
Spotify Belgium NV	-	138 556
Spotify Switzerland AG	-	158 167
Spotify Italy Srl	-	128 375
Spotify Poland sp. z o. o.	-	54 437
Spotify USA	-	35 987
Spotify Australia	-	218 668
Spotify AB (FX settlement on trade)	-	2 725 800
Total	6 100 625	15 194 882

(b) Purchases

	2015	2014
	£	£
Spotify AB	96 689	107 510
Total	96 689	107 510

Services are bought from a fellow subsidiary company controlled by Spotify Technology S.A, on normal commercial terms.

Key management includes the Directors, all members of Company Management and the Company Secretary.

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(c) Year end balances arising from sales of goods and purchases of goods/services

Receivables from related parties	2015	2014
	£	£
Spotify Ltd	1 312 337	-
Spotify Spain SL	72 707	-
Spotify GmbH	897 943	-
Spotify France SAS	188 736	-
Spotify Norway AS	2 644 936	-
Spotify AB	58 812 166	47 608 757
Spotify Sweden AB	1 887 497	-
Spotify Finland OY	439 248	-
Spotify Denmark AS	425 954	-
Spotify Austria GmbH	30 269	-
Spotify Belgium NV	75 395	-
Spotify Switzerland AG	139 076	-
Spotify Italy	76 314	-
Spotify Poland sp. z o. o.	33 055	-
Spotify USA	35 987	-
Spotify Australia PTY LTD	394 168	-
Total	67 465 788	47 608 757

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Payables from related parties	2015	2014
	£	£
Spotify Ltd	71 817 085	49 253 942
Spotify Spain SL	11 973 701	19 824 494
Spotify GmbH	1 562 937	43 535 096
Spotify France SAS	9 534 135	14 378 286
Spotify Norway AS	26 929 838	64 842 030
Spotify AB	155 339 086	109 565 526
Spotify Sweden AB	47 941 671	-
Spotify Netherlands B.V	15 396 896	23 979 595
Spotify Finland OY	9 626 435	21 388 037
Spotify Denmark AS	11 225 290	20 747 013
Spotify Austria GmbH	1 496 141	1 783 577
Spotify Belgium NV	3 405 449	6 847 652
Spotify Switzerland AG	4 605 110	8 512 733
Spotify Italy	4 308 315	6 719 584
Spotify Poland sp. z o. o.	1 677 635	2 208 600
Spotify USA	1 039 732	2 513 572
Spotify Canada	5 149 242	306 710
Spotify Australia PTY LTD	14 863 674	12 129 858
Unmatched payments to related parties	-	15 698 712
Total	397 892 372	424 235 017

There are no provisions for related parties receivables in 2015 and 2014.

Note 12. Ultimate parent undertaking and controlling party

Spotify Finance Limited is a wholly owned subsidiary of Spotify AB, incorporated in Sweden. Spotify S.A., incorporated in Luxembourg is the ultimate parent undertaking and the controlling entity.

Note 13. Subsequent events

In March 2016 Spotify Finance Limited issued a company guarantee for the convertible debt issued by the ultimate parent company, Spotify Technology S.A.