

Spotify Finance Limited

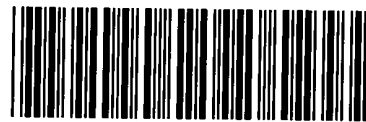
Reg. Nr. 07598438

Report and Financial Statements for the

Year 31st December 2016



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Spotify Finance Limited
Registered number 07598438

The Company is incorporated in England and Wales.

Company number: 07598438

Registered office: 4th Floor 25 Argyll Street
London
United Kingdom
W1F 7TU

Current Directors: Barry McCarthy JR
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 2016

This is Spotify

Spotify Finance Limited is a subsidiary of Spotify Technology S.A. and is a part of the Spotify Group. Spotify is a digital music service that provides on-demand access to a catalogue of more than 30 million tracks. Our dream is to make all the world's music available instantly to everyone, wherever and whenever they want it. This is an audacious goal and one that reflects our high ambitions in what we set out to do.

Spotify is available as an ad-supported, free to the user service on all platforms - desktop, tablet and mobile. Spotify premium is our paid-for service and the ultimate music experience. Paying customers are able to listen on-demand and offline on all platforms, in high quality audio, with no ads.

Spotify makes it easy to discover, manage and share music with friends, while making sure that artists, songwriters and other rights holders are fairly compensated. We license and aggregate music from content owners, paying royalties to rights holders who in turn distribute these earnings to the creators of the music – the artists and songwriters themselves. We focus on constantly and consistently innovating to provide the best music product possible, with the overarching objective of driving more people to listen to more music.

During 2016 the Company offered cash management solutions as well as payment solutions for the Company and Group. This system was merely for internal use. Going forward the Company is intending to cease all operations and become dormant.

Review of Business and future developments

The total revenue related to commission fees for the financial year amounts to £24,999,714 (2015: £6,100,625). The result for the year before tax from continuing operations is a profit of £NIL (2015 loss: £94). This increase in revenue is attributable to an increase in foreign exchange gains.

Spotify Finance Limited is intended to become a dormant entity. Operations will start to cease in preparation for this.

Financial risk management objectives and policies

Our operations are exposed to financing and financial risks, which are managed under the control and supervision of the Board of Directors of the Company. To manage these risks efficiently, we have established guidelines in the form of a treasury policy that serves as a framework for the daily financial operations of the Spotify group. The treasury policy stipulates the rules and limitations for the management of financial risks within the Company.

Further information on risks and uncertainties is given in note 11 of the financial statements.

On behalf of the board

Barry McCarthy

Director

Date: 26/9/2017

Report of the Directors for the year ended 31 December 2016

The Directors present their annual report and the audited financial statements for the year ended 31 December 2016.

Directors

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

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

Going concern

The Directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements.

Results and dividends

The Company generated a profit for the year after taxation of ENIL (2016 - £1,489).

No dividends were declared or proposed for the year ended 31 December 2016.

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

No significant events have occurred after the end of the fiscal year.

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 ensuing 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: 26/9/17

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; 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 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 2016 which comprise Statement of Comprehensive Income, Statement of Financial Position, the Statements of Changes in Equity and 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 auditor

As explained more fully in the Directors' Responsibilities Statement 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 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 2016 and of its result 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ▶ 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.
- ▶ the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements;

Matters on which we are required to report by exception

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have identified no material misstatements in the Strategic Report or Directors' Report.

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.



Gordon Cullen (Senior statutory auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
London
Date

29/9/17

**Statement of comprehensive income
For the year ended 31 December 2016**

	Note	2016 £	2015 £
Continuing operations			
Revenue	3	24 999 714	6 100 625
Cost of sales		(20 573 855)	(19 184 690)
Gross profit/(loss)		4 425 859	(13 084 065)
Administrative expenses		(77 302)	(93 094)
Other operating income		682 273	1 203 937
Operating profit/(loss)	4	5 030 830	(11 973 222)
Finance income	5	-	11 978 474
Finance costs	5	(5 030 830)	(5 346)
Finance costs - net		(5 030 830)	11 973 128
Profit/(Loss) before tax from continuing operations		-	(94)
Income tax charge	6	-	1 583
Profit for the year		-	1 489

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 2016

	Note	2016 £	2015 £
ASSETS			
Current assets			
Trade and other receivables	8	11 511 511	70 027 486
Cash and cash equivalents	7	-	330 636 085
		<u>11 511 511</u>	<u>400 663 571</u>
Total assets		<u>11 511 511</u>	<u>400 663 571</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	(10 187 587)	(399 339 647)
Tax liabilities	6	239	239
		<u>(10 187 348)</u>	<u>(399 339 408)</u>
Net assets		<u>1 324 163</u>	<u>1 324 163</u>
EQUITY			
Share capital	10	1	1
Retained earnings		1 324 162	1 324 162
Total equity		<u>1 324 163</u>	<u>1 324 163</u>

The accompanying notes are an integral part of this Statement of financial position. The financial statements on pages 6 to 20 were approved by the Board of Directors and authorised for issue on26/9/2017.

They were signed on its behalf by:

Barry McCarthy JR
Director

Statement in changes in equity
For the year to 31 December 2016

Attributable to equity holders of the Company

	Share capital £	Retained earnings £	Total capital and reserves £
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
Total comprehensive profit for the year	-	-	-
Balance at 31 December 2016	1	1 324 162	1 324 163

Statement of cash flows for the year ended 31 December 2016

	2016 £	2015 £
Profit/(Loss) before tax from continuing operations	<u>-</u>	<u>(94)</u>
Working capital adjustments		
Decrease in receivables	58 515 975	13 677 721
Decrease in payables	(389 152 060)	(25 454 744)
Tax liability	-	(196 206)
Net cash flows into operating activities	<u>(330 636 085)</u>	<u>(11 973 323)</u>
Net decrease in cash and cash equivalents	<u>(330 636 085)</u>	<u>(11 973 323)</u>
Cash and cash equivalents at beginning of year	<u>330 636 085</u>	<u>342 609 408</u>
Cash and cash equivalents at end of year	<u>-</u>	<u>330 636 085</u>

Note 1. Accounting policies

Basis of preparation

Spotify Finance is a Company limited by shares incorporated in England.

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.

Going concern

The Directors have a reasonable expectation that the Company and the group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis in preparing the annual financial statements. In the future the company will start to cease operations.

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.

Note 1. Accounting policies (continued)

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.

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 standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards, or IFRIC interpretations that are effective for the year ended 31 December 2016, have had 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.

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.

Note 2. Judgements in applying policies and key sources of estimation uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amount of assets and liabilities, income and expenses. The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form a basis for making the judgments about carrying value of assets and liabilities that are not readily apparent from other sources.

The directors have reviewed the estimates and assumptions used in the preparation of the financial statements. The directors do not believe that there is a significant risk which would lead to material adjustments to the carrying value of any assets and liabilities in the next financial year due to the changes on the estimates or assumptions.

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Notes to the Financial Statements

Note 3. Revenue

Analysis of revenue by category	2016	2015
	£	£
Sales of services, commission fees	24 999 714	6 100 625
Total	24 999 714	6 100 625

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

Note 4. Operating profit/(loss)

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

	2016	2015
	£	£
Other operating income	(682 273)	(1 203 937)
Auditor's remuneration – audit	(4 000)	(7 725)

The Company had nil employees in the year. (2015: 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 5. Finance income and costs

	2016	2015
	£	£
Finance income		
Net foreign exchange gains	-	11 978 474
Total	-	11 978 474
Finance costs		
Interest expense	-	(5 346)
Net foreign exchange losses	(5 030 830)	-
Total	(5 030 830)	(5 346)
Finance income and costs	(5 030 830)	11 973 128

SPOTIFY Finance Limited
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Notes to the Financial Statements

Note 6. 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:

	2016 £	2015 £
Profit/(Loss) on ordinary activities for the year before tax	-	(94)
Tax on profit at standard UK tax rate of 20.00% (2015: 20.25%)	-	(19)
<i>Effects of:</i>		
Adjustments in respect of prior years	-	(1 564)
Total tax charge for the year	-	(1 583)

(b) Factors that may affect future tax charges

The tax rate for the current year is lower than the prior year due to changes in the UK Corporation tax rate which decreased from 21% to 20% from 1 April 2015.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17% from 1 April 2020. Deferred taxes at the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

The future reductions in the rate of UK corporation tax will reduce the amount of any corporation tax payable by the company in future years.

Note 7. Cash and cash equivalents

	2016 £	2015 £
Cash and cash equivalents	-	330 636 085

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 8. Trade and other receivables

	2016	2015
	£	£
Amounts owed by group undertakings (note 12)	11 511 511	67 465 788
Other receivables	-	2 561 698
Total	11 511 511	70 027 486

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 9. Trade and other payables

	2016	2015
	£	£
Trade payables	-	367 058
Amounts due to group undertakings (note 12)	10 141 274	397 892 372
Accrued expenses	46 313	1 080 217
	10 187 587	399 339 647

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 10. Issued share capital

	2016	2015
	£	£
Allotted, called up and fully paid		
1 ordinary shares of £1 each	1	1

Note 11. Financial risk management objectives and policies

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

	2016	2015
	£	£
Financial assets		
Other receivables	-	2 561 698
Short-term Intercompany receivable	11 511 511	67 465 788
Total	11 511 511	70 027 486
Financial liabilities		
Trade payables	-	367 058
Amounts owed to group undertakings	10 141 274	397 892 372
Accrued expenses	46 313	1 080 217
Total	10 187 587	399 339 647

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 fulfil his contractual duties. The company endeavours 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.

Maximum credit risk as at 31 December 2016 and 31 December 2015:

	2016	2015
	£	£
Other receivables	-	2 561 698
Short-term Intercompany receivable	11 511 511	67 465 788
Total	11 511 511	70 027 486

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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 2016			
Trade and other payables	10 187 587	10 187 587	10 187 587
As of 31 December 2015			
Trade and other payables	399 339 647	399 339 647	399 339 647

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

	Carrying amount	Fair value	Carrying amount	Fair value
	2016	2016	2015	2015
	£	£	£	£
Financial assets				
Other receivables	-	-	2 561 698	2 561 698
Short-term Intercompany receivable (note 12)	11 511 511	11 511 511	67 465 788	67 465 788
	11 511 511	11 511 511	70 027 486	70 027 486
	£	£	£	£
Financial liabilities				
Trade payables	-	-	367 058	367 058
Amounts owed to group undertakings (note 12)	10 141 274	10 141 274	397 892 372	397 892 372
Accrued expenses	46 313	46 313	1 080 217	1 080 217
	10 187 587	10 187 587	399 339 647	399 339 647

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. The company is not exposed to foreign currency risk as this is taken by Spotify AB as part of the transfer pricing agreement.

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

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Notes to the Financial Statements

Note 12. Related parties transactions

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

(a) Sales

	2016	2015
	£	£
Spotify AB	24 999 714	6 100 625
Total	24 999 714	6 100 625

(b) Purchases

	2016	2015
	£	£
Spotify AB	77 406	96 689
Total	77 406	96 689

Services are bought from the parent company, Spotify AB which is controlled by Spotify Technology S.A., on normal commercial terms.

(c) Key management compensation

Key management includes the Directors and all members of Company Management.
Key management are remunerated through Spotify Limited, which is where their remuneration is disclosed.

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Notes to the Financial Statements

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

Receivables from related parties

	2016	2015
	£	£
Spotify Ltd	1 316 750	1 312 337
Spotify Spain SL	73 995	72 707
Spotify GmbH	367 360	897 943
Spotify France SAS	188 736	188 736
Spotify Norway AS	819 792	2 644 936
Spotify AB	7 986 569	58 812 166
Spotify Sweden AB	-	1 887 497
Spotify Finland OY	98 653	439 248
Spotify Denmark AS	-	425 954
Spotify Austria GmbH	30 269	30 269
Spotify Belgium NV	75 395	75 395
Spotify Switzerland AG	-	139 076
Spotify Italy	69 355	76 314
Spotify Poland sp. z o. o.	54 481	33 055
Spotify USA	35 987	35 987
Spotify Australia PTY LTD	394 169	394 168
Total	11 511 511	67 465 788

SPOTIFY Finance Limited
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Payables from related parties

	2016	2015
	£	£
Spotify Ltd	-	71 817 085
Spotify Spain SL	9	11 973 701
Spotify GmbH	1 851 206	1 562 937
Spotify France SAS	5 036	9 534 135
Spotify Norway AS	17 356	26 929 838
Spotify AB	503 350	155 339 086
Spotify Sweden AB	470 271	47 941 671
Spotify Netherlands B.V	192	15 396 896
Spotify Finland OY	14 414	9 626 435
Spotify Denmark AS	336 148	11 225 290
Spotify Austria GmbH	868	1 496 141
Spotify Belgium NV	4 382	3 405 449
Spotify Switzerland AG	3 070	4 605 110
Spotify Italy	6 311	4 308 315
Spotify Poland sp. z o. o.	2 680	1 677 635
Spotify USA	1 112 046	1 039 732
Spotify Canada	7	5 149 242
Spotify Australia PTY LTD	5 813 928	14 863 674
Total	10 141 274	397 892 372

There are no provisions for related parties receivables in 2016 and 2015.

Note 13. 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.