

Registered number 07598438



**Spotify Finance Limited**

**Report and Financial Statements  
for the year  
to 31 December 2014**

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Spotify Finance Limited

**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:** Daniel Ek  
Angela Watts

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

Spotify Finance Limited

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Spotify Finance Limited

**Strategic report  
for the year to 31 December 2014**

**Registered number: 07598438**

**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 £15,194,862 (2013: £7,147,185). This is mainly due to an overall increase in trade and the opening of new markets. The operating profit for the year amounts to £7,359 (2013: £1,386,043). This increase is attributable to an increase in interest income from loans to the group.

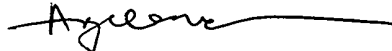
The Company's primary focus is to continue to grow rapidly in line with the growth of the Group.

**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**

**Angela Watts**  
Director



Date: 28.9.2015

Spotify Finance Limited

**Report of the Directors  
for the year to 31 December 2014**

**Registered number: 07598438**

The Directors present their annual report and the audited financial statements for the year to 31 December 2014.

**Directors**

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

Angela Watts  
Daniel Ek

**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 the 2015 and 2016 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.

**Results and dividends**

The company generated a profit for the year after taxation of £133,682 (2013 profit: (£1,063,754)). No dividends were declared or proposed for the year ended 31 December 2014 (2013:nil).

**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.

**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**

  
Angela Watts  
Director

Date: 28.9.2015

Spotify Finance Limited

### **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 Limited for the year ended 31 December 2014 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 19. 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 5, 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

### **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 2014 and 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.

## **Independent Auditor's report to the members of Spotify Finance Limited (continued)**

### **Matter 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; and
- 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: 30 September 2015



Spotify Finance Limited

**Statement of comprehensive income  
for the year to 31 December 2014**

		Year to 31 December 2014	Year to 31 December 2013
	Note	£	£
<b>Continuing operations</b>			
Revenue	3	15 194 882	7 147 185
Cost of sales		(11 522 125)	(9 294 322)
<b>Gross profit/(loss)</b>		<u>3 672 757</u>	<u>(2 147 137)</u>
Administrative expenses		(95 019)	(111 850)
Other operating income		1 515 444	1 208 615
<b>Operating profit</b>	4	<u>5 093 182</u>	<u>(1 050 372)</u>
Finance income		-	2 436 415
Finance cost		(5 085 824)	-
<b>Profit/(loss) before tax from continuing operations</b>		<u>7 359</u>	<u>1 386 043</u>
Income tax credit/(expense)	6	126 323	(322 289)
<b>profit for the year</b>		<u><u>133 682</u></u>	<u><u>1 063 754</u></u>

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

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

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

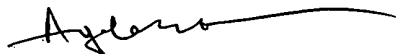
Spotify Finance Limited

**Statement of financial position  
as at 31 December 2014**

	Note	31 December 2014 £	31 December 2013 £
<b>ASSETS</b>			
<b>Non-Current assets</b>			
Other non-current assets	11	<u>28 635 329</u>	<u>27 920 561</u>
		<b>28 635 329</b>	<b>27 920 561</b>
<b>Current assets</b>			
Cash and cash equivalents	7	<b>342 609 408</b>	<b>16 247 850</b>
Trade and other receivables	8	<u>55 069 877</u>	<u>9 381 932</u>
		<b>397 679 285</b>	<b>25 629 782</b>
<b>Total assets</b>		<u><b>426 314 614</b></u>	<u><b>53 550 343</b></u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	9, 11	<b>(424 796 213)</b>	<b>(52 039 301)</b>
Tax liabilities		<b>(195 967)</b>	<b>(322 289)</b>
<b>Non-Current liabilities</b>			
<b>Net assets</b>		<u><b>1 322 435</b></u>	<u><b>1 188 753</b></u>
<b>CAPITAL AND RESERVES</b>			
Share capital	10	<b>1</b>	<b>1</b>
Retained earnings		<u><b>1 322 434</b></u>	<u><b>1 188 752</b></u>
<b>Total capital and reserves</b>		<u><b>1 322 435</b></u>	<u><b>1 188 753</b></u>

The accompanying notes are an integral part of this Statement of financial position.

The financial statements of Spotify Finance Limited, registration number 07598438, on pages 9 to 22 were approved by the board of Directors and authorised for issue on  
They were signed on its behalf by:



Angela Watts  
Director

Date: 28.9.2015

Spotify Finance Limited

**Statement of changes in equity  
for the year to 31 December 2014**

Attributable to equity holders of the Company.

	Share capital £	Retained earnings £	Total £
<b>Balance at 31 December 2011</b>	<b>1</b>	<b>(165 508)</b>	<b>(165 507)</b>
Total comprehensive profit for the year	-	290 506	290 506
<b>Balance at 31 December 2012</b>	<b>1</b>	<b>124 998</b>	<b>124 999</b>
Total comprehensive profit for the year	-	1 063 754	1 063 754
<b>Balance at 31 December 2013</b>	<b>1</b>	<b>1 188 752</b>	<b>1 188 753</b>
Total comprehensive profit for the year	-	133 682	133 682
<b>Balance at 31 December 2014</b>	<b>1</b>	<b>1 322 433</b>	<b>1 322 434</b>

Spotify Finance Limited

**Statement of cash flows  
for the year to 31 December 2014**

	Year to 31 December 2014	Period to 31 December 2013
	£	£
<b>(Loss)/profit before tax from continuing operations</b>	<b>133 682</b>	<b>1 063 754</b>
<b>Working capital adjustments</b>		
(Decrease)/increase in receivables	(46 402 712)	38 719 678
Increase/(decrease) in payables	372 756 912	(30 163 108)
Tax liability	(126 323)	322 289
<b>Net cash flows from operating activities</b>	<b>326 361 558</b>	<b>9 942 613</b>
<b>Net increase in cash and cash equivalents</b>	<b>326 361 558</b>	<b>9 942 613</b>
<b>Cash and cash equivalents at beginning of year</b>	<b>16 247 850</b>	<b>6 305 237</b>
<b>Cash and cash equivalents at end of year</b>	<b>342 609 408</b>	<b>16 247 850</b>

Spotify Finance Limited

## **Notes to the financial statements for the year to 31 December 2014**

Spotify Finance Limited is a private limited company incorporated and domiciled in England and Wales.

The address of the registered office is given on page 1.

The principal activities of the Company are described on page 3.

### **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 2015 and 2016 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.

#### **New and amended standards and interpretations adopted by the Group**

None of the new or revised standards and interpretations adopted for the first time on January 1, 2014 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 Group on or after January 1, 2015, 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 group 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 group is assessing the full impact of IFRS 15.

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

**Notes to the financial statements  
for the year to 31 December 2014 (continued)**

**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

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%.

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.

**Notes to the financial statements  
for the year to 31 December 2014 (continued)**

**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

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.

*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

**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

**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.

**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

**2 Information about key sources of estimation uncertainty and judgments**

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

**Notes to the financial statements  
for the year to 31 December 2014 (continued)**

**3 Revenue**

The breakdown of the revenue is as follows:

	Year to 31 December 2014 £	Year to 31 December 2013 £
<b>Analysis of revenue by category</b>		
Sales of services, commission fees	15 194 882	7 147 185
<b>Total</b>	<b>15 194 882</b>	<b>7 147 185</b>

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

**4 Operating profit/(loss)**

Operating profit/(loss) is stated after charging:

	Year to 31 December 2014 £	Year to 31 December 2013 £
Net foreign currency loss	(5 085 824)	2 436 415
Auditor's remuneration - audit	7 725	7 680

The Company had nil employees in the year. (2013: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.

**5 Finance income and costs**

	Year to 31 December 2014 £	Year to 31 December 2013 £
<b>Finance income</b>		
Net foreign exchange gains	-	2 436 415
<b>Total</b>	<b>-</b>	<b>2 436 415</b>
<b>Finance costs</b>		
Net foreign exchange losses	(5 085 824)	-
<b>Total</b>	<b>(5 085 824)</b>	<b>-</b>
<b>Finance income and costs</b>		

**6 Tax**

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

	Year to 31 December 2014 £	Year to 31 December 2013 £
<b>Factors affecting the total tax charge for the year</b>		
Profit on ordinary activities for the year before tax	7 359	1 386 043
Profit on ordinary activities multiplied by the standard rate of corporation tax of 21.49%	1 582	322 255
Effects of		
Non-deductible expenses	-	34
Adjustments in respect of prior years	(127 905)	-
Tax losses carried forward	(126 323)	322 289
<b>Tax credit/charge on profit for the year</b>	<b>(126 323)</b>	<b>322 289</b>

**Deferred tax**

No deferred tax asset has been recognised on the tax losses carried forward as a result of uncertainty over when the losses will be utilised.



**Notes to the financial statements  
for the year to 31 December 2014 (continued)**

**7 Cash and cash equivalents**

	2014 £	2013 £
Cash at bank and on hand	<u>342 609 408</u>	<u>16 247 850</u>

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

**8 Trade and other receivables**

	2014 £	2013 £
Amounts owed by group undertakings (note 11)	47 608 757	997 110
Other receivables	<u>7 461 120</u>	<u>8 384 822</u>
	<u>55 069 877</u>	<u>9 381 932</u>

Trade receivables are non interest bearing and generally on 30 day 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.

**9 Trade and other payables**

	2014 £	2013 £
Trade payables	61 489	444 560
Amounts owed to group undertakings (note 11)	424 235 017	51 477 484
Accrued expenses	159 602	7 030
Other taxes	340 096	101 794
Other current liabilities	8	8 433
	<u>424 796 213</u>	<u>52 039 301</u>

Trade payables are non interest bearing and generally settled within 30 days.

The fair values of the payable amounts above approximate to their carrying amounts.

**10 Issued share capital**

	2014 £	2013 £
Allotted, called up and fully paid		
1 ordinary share of £1 each	<u>1</u>	<u>1</u>

The share was issued on 11 April 2011 for cash at par value of £1 per share. The total authorised number of ordinary shares is 1 share.

**Notes to the financial statements  
for the year to 31 December 2014 (continued)**

**11 Financial risk management objectives and policies**

	2014 £	2013 £
<b>Financial assets</b>		
Long-term Intercompany receivable	28 635 329	27 920 561
Other receivables	7 461 120	8 384 822
Short-term Intercompany receivable	47 608 757	997 110
	<u>83 705 206</u>	<u>37 302 493</u>
<b>Financial liabilities</b>		
Trade payables	61 489	444 560
Amounts owed to group undertakings (note 11)	424 235 017	51 477 484
Accrued expenses	159 602	7 030
Other taxes	340 096	101 794
Other current liabilities	8	8 433
<b>Financial liabilities measured at cost</b>	<u>424 796 213</u>	<u>52 039 301</u>

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

*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.

Maximum credit risk as at 31 December 2014:

	31 December 2014 £	31 December 2013 £
Long-term Intercompany receivable	28 635 329	27 920 561
Other receivables	7 461 120	8 384 822
Short-term Intercompany receivable	47 608 757	997 110
	<u>83 705 206</u>	<u>37 302 493</u>

*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 £
<b>31 December 2014</b>			
Trade and other payables	424 796 213	424 796 213	424 796 213
<b>31 December 2013</b>			
Trade and other payables	52 039 301	52 039 301	52 039 301

**Notes to the financial statements  
for the year to 31 December 2014 (continued)**

**Fair value of financial instruments**

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

	<b>Carrying amount 31/12/2014 £</b>	<b>Fair value 31/12/2014 £</b>
<b>Financial assets</b>		
Long-term Intercompany receivable	28 635 329	28 635 329
Other receivables	7 461 120	8 384 822
Short-term Intercompany receivable	47 608 757	47 608 757
<b>Financial liabilities</b>	<b>£</b>	<b>£</b>
Trade payables	61 489	61 489
Amounts owed to group undertakings (note 12)	424 235 017	424 235 017
Accrued expenses	159 602	159 602
Other taxes	340 096	340 096
Other current liabilities	8	8

The carrying amounts of financial instruments with maturities up to 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.

**Notes to the financial statements  
for the year to 31 December 2014 (continued)**

**12 Related party transactions**

The Company is controlled by Spotify Technology S.A. This Company controls 100% of the company's shares.

The following transactions were carried out with related parties which are fellow subsidiary undertakings:

**(a) Sales of services**

	2014 £	2013 £
Spotify AB	1 100 984	43 327
Spotify Ltd	2 667 577	1 860 777
Spotify Spain SL	486 814	494 068
Spotify GmbH	872 636	521 398
Spotify France SAS	366 224	290 832
Spotify Norway AS	1 811 867	1 698 567
Spotify Sweden AB	2 802 356	2 852 361
Spotify Netherlands B.V	558 509	434 335
Spotify Finland OY	450 602	387 646
Spotify Denmark AS	563 198	496 177
Spotify Austria GmbH	54 125	36 836
Spotify Belgium NV	138 556	99 513
Spotify Switzerland AG	158 167	97 924
Spotify Italy Srl	128 375	70 162
Spotify Poland sp. z o. o.	54 437	24 174
Spotify USA	35 987	-
Spotify Australia	218 668	175 500
Spotify AB (FX settlement on trade)	2 725 800	(2 436 413)
	<u>15 194 882</u>	<u>7 147 185</u>

**(b) Purchase of services**

	2014 £	2013 £
Spotify AB	107 510	95 491
	<u>107 510</u>	<u>95 491</u>

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

**(c) Key management compensation**

Key management includes the Director and all members of Company management.

Key management are remunerated through Spotify Limited which is where their remuneration is disclosed.

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

<b>Receivables from related parties</b>	2014 £	2013 £
Spotify Ltd	-	154 629
Spotify AB	47 608 757	842 481
	<u>47 608 757</u>	<u>997 110</u>

**Notes to the financial statements  
for the year to 31 December 2014 (continued)**

<b>Payables to related parties</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Spotify Ltd	49 253 942	-
Spotify Spain SL	19 824 494	10 608
Spotify GmbH	43 535 096	8 440 319
Spotify France SAS	14 378 286	3 560 511
Spotify Norway AS	64 842 030	13 419 669
Spotify Sweden AB	109 565 524	58 490
Spotify Netherlands B.V	23 979 595	5 448 653
Spotify Finland OY	21 388 037	3 242 391
Spotify Denmark AS	20 747 013	1 938 870
Spotify Austria GmbH	1 783 577	1 034 562
Spotify Belgium NV	6 847 652	1 252 979
Spotify Switzerland AG	8 512 733	2 052 464
Spotify Italy	6 719 584	1 590 859
Spotify Poland sp. z o. o.	2 208 600	1 013 730
Spotify USA	2 513 572	828 500
Spotify Canada	306 710	-
Spotify Australia PTY LTD	12 129 858	7 584 879
Unmatched payments to related parties	15 698 712	-
	<b>424 235 017</b>	<b>51 477 484</b>

**13 Ultimate parent undertaking and controlling party**

Spotify Finance Limited is a wholly owned subsidiary of Spotify Technology S.A., incorporated in Luxembourg, which is also the ultimate parent undertaking and the controlling entity. It is also the parent undertaking of the largest and smallest group of undertakings of which the company is a member and for which group financial statements are drawn up. Copies of the financial statements of Spotify Technology S.A can be obtained from the Company Secretary, 18 Rue de l'Éau, L-1449, Luxembourg.