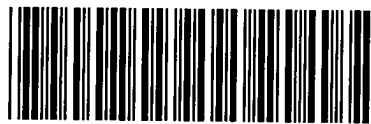


UNIVERSAL MUSIC PUBLISHING MGB LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

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UNIVERSAL MUSIC PUBLISHING MGB LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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UNIVERSAL MUSIC PUBLISHING MGB LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

JG Alway
PE Connolly
RJ Morris

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

20 Fulham Broadway
London
SW6 1AH

AUDITOR

Ernst & Young LLP
Statutory Auditor
1 More London Place
London
SE1 2AF

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report for the company for the period ended 31 December 2014.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of music publishing.

The result and position of the company as at and for the year ended 31 December 2014 are set out in the profit and loss account and balance sheet on pages 7 and 8 respectively. The result and position of the company were in line with directors' expectations.

RESULTS AND DIVIDENDS

The company's profit on ordinary activities after taxation for the year was £3,687,000 (2013: £3,005,000) and the retained profit for the year has been transferred to reserves.

The directors do not recommend the payment of a dividend (2013 - £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are broadly grouped as competitive, legislative and financial instrument risk.

- **Competitive Risks** - These are driven by a changing market environment and the competition from other major and independent publishing companies; competition from alternative entertainment products; the threat of a devalued product due to piracy and the illegal use of music; and uncertainty as to whether the growth of the digital market can replace the decline in the physical market.
- **Legislative Risks** - There currently appear to be no significant legislative risks for the company.
- **Financial Instrument Risk** - The company holds a number of intercompany balances, which are subject to interest charges. Interest rates may be subject to fluctuations.

All risks and uncertainties are regularly monitored by the Board of Directors of the company.

FUTURE DEVELOPMENTS

Notwithstanding the risks and uncertainties outlined below, the directors do not anticipate any significant change in the activities and results of the company in the foreseeable future.

By order of the board



R J Morris
Director

25 SEP 2015

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their report and the financial statements of the company for the year ended 31 December 2014.

DIRECTORS

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

JG Alway
PE Connolly
RJ Morris

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision remains in force as at the date of approving the directors' report, subject to the provisions of s236 CA 2006. Vivendi SA, the ultimate parent undertaking, maintains a Directors & Officers Liability Programme which indemnifies directors' personal liabilities resulting from alleged wrongful acts committed in the line of their employment.

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report and 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

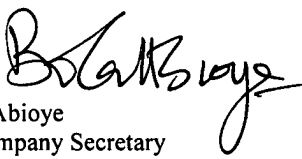
DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2014

In so far as each of the directors at the date of approving this report are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

By order of the board

 25 SEP 2015
A Abioye
Company Secretary

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC PUBLISHING MGB LIMITED

YEAR ENDED 31 DECEMBER 2014

We have audited the financial statements of Universal Music Publishing MGB Limited for the year ended 31 December 2014, which comprise the Profit and Loss Account, the Balance Sheet and the related notes 1 to 16. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement set out on page 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 Strategic Report and Directors' Report 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 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC PUBLISHING MGB LIMITED *(continued)*

YEAR ENDED 31 DECEMBER 2014

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



Paul Gordon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
London

28 September 2015

Company Registration Number: 00910829

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
TURNOVER	2	21,159	26,686
Cost of sales		(14,426)	(19,020)
GROSS PROFIT		6,733	7,666
Administrative expenses		(2,668)	(4,037)
OPERATING PROFIT	3	4,065	3,629
Interest receivable and similar income	6	641	604
Interest payable and similar charges	7	(10)	(3)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		4,696	4,230
Tax on profit on ordinary activities	8	(1,009)	(1,225)
PROFIT FOR THE FINANCIAL YEAR		<u>3,687</u>	<u>3,005</u>

All of the activities of the company are classed as continuing operations.

The company has no recognised gains or losses other than the results for the year as set out above.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents.

The notes on pages 9 to 16 form part of these financial statements.

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Intangible assets	9	4,429	5,286
Investments	10	3,121	3,121
		<u>7,550</u>	<u>8,407</u>
CURRENT ASSETS			
Debtors	11	121,258	105,209
CREDITORS: Amounts falling due within one year	12	(24,952)	(13,365)
NET CURRENT ASSETS		<u>96,306</u>	<u>91,844</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		103,856	100,251
PROVISIONS FOR LIABILITIES			
Provisions for liabilities and charges	13	(218)	(300)
		<u>103,638</u>	<u>99,951</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	2	2
Profit and loss account	15	103,636	99,949
EQUITY SHAREHOLDERS' FUNDS	15	<u>103,638</u>	<u>99,951</u>

These accounts were approved by the board of directors and authorised for issue on and are signed on their behalf by:

RJ Morris



25 SEP 2015

Company Registration Number: 00910829

The notes on pages 9 to 16 form part of these financial statements.

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

As the ultimate parent undertaking prepares publicly available consolidated accounts and is incorporated within the European Union the company has taken advantage of the exemption under section 400 of the Companies Act 2006 from preparing consolidated accounts. As such, these financial statements give information about the company as an individual undertaking and not about its group.

The financial statements have been prepared on a going concern basis.

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Vivendi S.A. who control 90% or more of the voting rights and is included in the consolidated financial statements of the group, which are publicly available. Consequently, the company has taken advantage of the exemption in Financial Reporting Standard ("FRS") 1 from preparing a cash flow statement.

The company has also taken advantage of the exemption in FRS 8 from disclosing transactions with other wholly owned subsidiaries within the Vivendi S.A. group.

Revenue recognition

Turnover represents royalty income, exclusive of value added tax. UK royalty income is credited to the profit and loss account in the period to which it relates, or if it can not be reliably estimated, on a receipts basis.

Overseas royalty income, which is all collected on behalf of the company by other group undertakings, is credited to the profit and loss account in the period overseas sales are reported to the company.

Intangible fixed assets

Investments in music catalogues are stated at cost less accumulated amortisation and provision for impairment. The carrying values of intangible fixed assets are reviewed for impairment, and adjusted if appropriate, if events or changes in circumstances indicate the carrying value may not be recoverable.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Investment in music catalogues	7-10 years straight line
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Investments

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

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1. ACCOUNTING POLICIES *(continued)*

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of the timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events have occurred at that date that will result in an obligation to pay more tax in the future or a right to pay less tax in future.

Timing differences are differences between the company's taxable profit and loss and its results as stated in the financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are recorded in the profit and loss account.

Advances

Advances to artists are written down to the estimated amount that will be recoverable from future royalty payments to the artist. Net advances to artists are classified as falling due within one year within other debtors, although elements may not be recovered until more than one year. Long term advances to artists, where the effect of the time value of money is material, are discounted.

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. Interest bearing debt is increased by the finance cost in respect of the reporting period and reduced by any settlement made. Interest is charged and earned on a fixed element of the debt at an arms length rate.

Finance costs of debt are allocated over the term of the debt at a constant rate on the carrying amount.

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

2. TURNOVER

Turnover is derived from one continuing activity, music publishing. An analysis of turnover by geographical market is given below:

	2014 £'000	2013 £'000
United Kingdom	8,593	9,508
Europe	6,448	9,025
United States of America	4,038	5,948
Rest of World	2,080	2,205
	<u>21,159</u>	<u>26,686</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	2014 £'000	2013 £'000
Amortisation of intangible assets	<u>857</u>	<u>1,760</u>

Auditors remuneration of £15,000 (2013: £15,000) is borne by another group entity. The total amount payable to the company's auditors in respect of non-audit services was £nil (2013: £nil).

4. PARTICULARS OF EMPLOYEES

There were no employees during either year.

5. DIRECTORS' REMUNERATION AND STAFF COSTS

The Universal Music Publishing Group is managed on a unified basis. Universal Music Publishing Limited pays the directors' emoluments on behalf of Universal Music Publishing MGB Limited with a proportion being recharged via a service charge. The directors' aggregated emoluments recharged for 2014 amount to £380,000 (2013: £436,000) and company contributions to pension schemes recharged for 2014 amount to £8,000 (2013 - £9,000). The aggregated emoluments for the highest paid director were £255,000 (2013: £295,000).

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £'000	2013 £'000
Interest receivable from group undertakings	<u>641</u>	<u>604</u>

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest on other loans	1	–
Group interest payable	9	3
	<u>10</u>	<u>3</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of (credit) / charge in the year

	2014 £'000	2013 £'000
Current tax:		
UK Corporation tax on profit/loss for the year	–	–
Group relief payable for losses surrendered from other group undertakings	1,009	1,225
Total current tax	<u>1,009</u>	<u>1,225</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 21.50% (2013 - 23.25%).

The Finance Act 2013 enacted reductions in the UK corporate tax rate to 21% from April 2014 and 20% from April 2015. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates.

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	<u>4,696</u>	<u>4,230</u>
Profit on ordinary activities at the standard rate of UK Corporation tax of 21.50% (2013: 23.25%)	1,010	983
Expenses not deductible for tax purposes	–	243
Utilisation of tax losses	(1)	(1)
Current tax charge for the financial year	<u>1,009</u>	<u>1,225</u>

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

8. TAX ON PROFIT ON ORDINARY ACTIVITIES *(continued)*

(c) Factors that may affect future tax charges

The company has total unutilised tax losses carried forward estimated at £410,000 (2013 - £414,000), which may reduce future tax charges. No deferred tax asset has been recognised in respect of those losses since the company has been unable to estimate when any future qualifying profits will arise.

	2014 £'000	2013 £'000
Deferred Tax		
Tax losses available	82	89
Other timing differences	0	0
	<u>82</u>	<u>89</u>

9. INTANGIBLE FIXED ASSETS

	Investment in music catalogue £'000
COST	
At 1 January 2014 and 31 December 2014	<u>36,368</u>
AMORTISATION	
At 1 January 2014	31,082
Charge for the year	857
At 31 December 2014	<u>31,939</u>
NET BOOK VALUE	
At 31 December 2014	<u>4,429</u>
At 31 December 2013	<u>5,286</u>

10. INVESTMENTS

	Total £'000
COST	
At 1 January 2014 and 31 December 2014	<u>16,709</u>
PROVISION FOR IMPAIRMENT	
At 1 January 2014 and 31 December 2014	<u>13,588</u>
NET BOOK VALUE	
At 31 December 2014 and 31 December 2013	<u>3,121</u>

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

10. INVESTMENTS *(continued)*

The directors have considered the carrying value of the investments and are of the opinion that the value of the company's investments in subsidiary and associate undertakings, including amounts owed by the subsidiary undertaking, is not less than the amount at which it is stated in the financial statements.

Subsidiary and Associate Undertakings

The principal subsidiaries of Universal Music Publishing MGB Limited, all incorporated in England and Wales, as at 31 December 2014 were as follows:

Name	Ordinary share holdings	Nature of business
Universal Music Publishing International MGB Limited	100%	Music publishing
Universal Music MGB Limited	100%	Music publishing
Point Music Limited	100%	Music publishing
Deconstruction Songs Limited	100%	Music publishing
Universal Publishing Production Music Limited	100%	Music publishing
Primetime Productions Limited	100%	Music publishing
Fiction Songs Limited	100%	Music publishing
Red Star Songs Limited	100%	Music publishing
Mucho Loco Music Limited	100%	Music publishing
Minaret Music Limited	100%	Music publishing
Block & Gilbert Music Limited	100%	Music publishing
Good Music Limited	100%	Music publishing
Complete Music Limited	100%	Music publishing
Logo Songs Limited	100%	Music publishing
Strongsongs Limited	100%	Music publishing
G Ricordi & Co London Limited	45%	Music publishing

11. DEBTORS

	2014 £'000	2013 £'000
Amounts owed by group undertakings	116,071	100,658
Other debtors	5,187	4,551
	<u>121,258</u>	<u>105,209</u>

Amounts owed by group undertakings are unsecured and repayable on demand. Interest accrues on these amounts excluding group relief at rates between 1 month LIBOR and up to 1 month LIBOR plus 1%.

12. CREDITORS: Amounts falling due within one year

	2014 £'000	2013 £'000
Trade creditors	7,374	10,613
Amounts owed to group undertakings	17,578	2,752
	<u>24,952</u>	<u>13,365</u>

All amounts owed to group undertakings are unsecured and repayable on demand. Interest accrues on these amounts excluding group relief at rates between 1 month LIBOR and up to 1 month LIBOR plus 1%.

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

13. PROVISIONS FOR LIABILITIES AND CHARGES

	Artist royalties £'000
Balance brought forward	300
Profit and Loss Account movement arising during the year	(82)
Balance carried forward	<u>218</u>

Provision is made against the outcome of artist royalty audits ongoing at the balance sheet date, and against additional artist royalty obligations anticipated by management at the balance sheet date, resulting from a past event likely to give rise to the transfer of economic benefit.

The directors anticipate that these liabilities will crystallise in the foreseeable future.

14. SHARE CAPITAL

Authorised share capital:

	2014 £'000	2013 £'000
2,001 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

Allotted, called up and fully paid:

	2014 No	£'000	2013 No	£'000
Ordinary shares of £1 each	<u>2,001</u>	<u>2</u>	<u>2,001</u>	<u>2</u>

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £'000	Profit and loss account £'000	Total share-holders' funds £'000
Balance brought forward at 1 January 2013	2	96,944	96,946
Profit for the year	—	3,005	3,005
Balance brought forward at 1 January 2014	<u>2</u>	<u>99,949</u>	<u>99,951</u>
Profit for the year	—	3,687	3,687
Balance carried forward at 31 December 2014	<u>2</u>	<u>103,636</u>	<u>103,638</u>

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

16. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Universal Music Publishing MGB Holding UK Limited. The ultimate parent undertaking and controlling party is Vivendi SA, a company incorporated in France. The smallest and largest group in which the results of the company will be consolidated will be that headed by Vivendi SA, incorporated in France. Copies of its annual report in English may be obtained from:

Vivendi S.A.
42 Avenue de Friedland
75380 Paris
Cedex 08
France