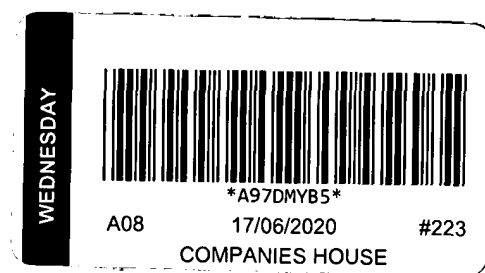


COMPANY REGISTRATION NUMBER 00910829

**UNIVERSAL MUSIC PUBLISHING MGB LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2019**



# **UNIVERSAL MUSIC PUBLISHING MGB LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2019**

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**UNIVERSAL MUSIC PUBLISHING MGB LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**  
**YEAR ENDED 31 DECEMBER 2019**

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**THE BOARD OF DIRECTORS**

JG Alway  
RJ Morris

**COMPANY SECRETARY**

A Abioye

**REGISTERED OFFICE**

4 Pancras Square  
London  
N1C 4AG

**AUDITOR**

Deloitte LLP  
Statutory Auditor  
Mountbatten House  
1 Grosvenor Square  
Southampton  
SO15 2BZ

# **UNIVERSAL MUSIC PUBLISHING MGB LIMITED**

## **STRATEGIC REPORT**

### **YEAR ENDED 31 DECEMBER 2019**

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The directors present their strategic report for the company for the year ended 31 December 2019.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

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

The result of the company for the year ended 31 December 2019 and its position as at that date are set out in the statement of comprehensive income, statement of financial position and statement of changes in equity on pages 11, 12 and 13 respectively. The result and position of the company were in line with directors' expectations.

#### **RESULTS AND DIVIDENDS**

The company's profit for the financial year was £6,348,000 (2018 - profit £5,335,000). The retained profit for the year has been transferred to reserves.

The directors do not recommend a dividend payment for the year ended 31 December 2019 (2018 - £Nil).

#### **KEY PERFORMANCE INDICATORS**

The company uses a variety of performance indicators to review historical performance and plan for the future. The key indicators are turnover and gross profit margin, as described below.

##### ***Turnover***

Turnover has increased by 14.2% compared to the prior year as a result of one time benefits from accelerated overseas affiliate distributions (1.6% decrease excluding one time benefit). The outlook for future years appears positive based on increasing demand for streaming services.

##### ***Gross profit margin***

The company's gross profit margin decreased from 26.9% to 26.5% this year. This was the result of both sales type and repertoire mix.

#### **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

The directors are of the view that the main risks arising from the company's financial instruments are exchange rate risk, interest rate risk and liquidity risk, as summarised below:

##### ***Exchange rate risk***

Exchange rate fluctuation presents a risk because some revenues are received in overseas currencies. The directors do not consider that the potential downside is significant enough to require hedging but continue to monitor the potential risk.

##### ***Interest rate risk***

The company does not have any significant external borrowings and as such the directors consider the interest rate risk to be minimal at this stage.

##### ***Liquidity risk***

The company manages its financial risk by ensuring liquidity is sufficient to meet future needs, and that sufficient funding is in place before any new commitments are entered into. The cash position and cash flow forecasts are monitored by management on a regular basis.

# UNIVERSAL MUSIC PUBLISHING MGB LIMITED

## STRATEGIC REPORT (continued)

YEAR ENDED 31 DECEMBER 2019

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### PRINCIPAL RISKS AND UNCERTAINTIES

The company is faced with similar risks and uncertainties as other companies operating in the music business, broadly:

- competition from other major and independent music publishers;
- competition from alternative entertainment products;
- the threat of a devalued product due to piracy and the illegal use of music;
- uncertainty as to whether the growth in the subscription services market can replace the decline in the physical and download market;
- interest rate fluctuations;
- the potential impact of Brexit as disclosed in Future Developments below; and
- the potential impact of Covid-19 as disclosed in Post Balance Sheet Events in the Directors' report.

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

### SECTION 172 STATEMENT

Under section 172 of the Companies Act 2006, the board of directors of a company must act to promote the success of the company for the benefit of its members as a whole, and in doing so have regard to the factors noted in section 172 (a).

The board constantly assesses the implications of decisions made, in terms of the both the potential long-term consequences for the company, together with the impact on our stakeholders, including shareholders, artists, employees, suppliers and customers, the wider community and the environment.

The company is a member of the Universal Music UK group. In making this statement the directors are drawing upon the relevant activities of the group.

#### *Shareholders*

The company is majority owned by Vivendi SE, a company listed in France. The board communicates directly with Vivendi regarding strategy and performance of the company through a number of different channels:

- Regular and timely management accounts;
- Detailed and accurate financial budgets and forecasts;
- Collaboration as part of the Vivendi cash management policy; and
- Consultation and approval of any significant investment and acquisition decisions.

#### *Artists & Songwriters*

The board recognises that the success of our artists and songwriters is key to maintaining Universal Music's position as the UK's leading music company. Our A&R teams continue to work with their existing artists and songwriters to create new music, whilst also identifying and nurturing new emerging artists and songwriters.

The board is mindful of the impact of Covid-19 on our artists and songwriters and the company is working to support them wherever possible. We are offering various forms of assistance (such as interest-free royalty advances and fee waivers, among others) to help qualifying artists and songwriters affected by Covid-19. We are also providing our artists and songwriters with tools and platforms to reach fans and generate income when touring and other live appearances are not possible.

# UNIVERSAL MUSIC PUBLISHING MGB LIMITED

## STRATEGIC REPORT (continued)

### YEAR ENDED 31 DECEMBER 2019

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#### SECTION 172 STATEMENT (continued)

##### *Business relationships - suppliers and customers*

The board considers that our relationship with all suppliers and customers is critical to the day to day running of our operations.

Our accounts payable team continues to work closely with suppliers to ensure that the payment process runs smoothly, and in 2019 we reduced average time to pay invoices to 45 days, down from 57 days in the prior year. We are aware that Covid-19 has had a significant impact on many of our suppliers and we have further accelerated our payment process since March 2020 to provide them with real financial support.

For customers we have similarly noted the adverse impact of Covid-19 and wherever possible have looked to extend their credit terms, or facilitate payment holidays, whilst at the same time managing the company's credit risk. We have also worked closely with our customers over the past year to launch our customer portal which will enable them to self-manage their accounts and orders, as well as significantly reducing the amount of paper that flows between our businesses.

##### *The community*

The board believes that music can play a vital role in bringing people together, working for positive change within communities.

Universal Music UK supports a number of different causes and projects including:

- Charitable work through the Universal Music UK Sound Foundation. This year it celebrated its 21st anniversary and reached a landmark £8 million in donations, grants and bursaries aimed at improving access to music education for young people.
- Role as the UK charity partner of Playlist for Life (PFL), which teaches skills to help family members and care staff find the right music for people with dementia, supporting in donations as well as advice on the technical and rights issues around making music available to people living with dementia.
- Continued support for East London Arts & Music (ELAM), the free school for 16-19-year-olds set up in 2014. This year we took 38 trainees for work-experience and provided three members of staff as mentors. We also provided masterclasses from our marketing and A&R teams, and career advice from our HR team.

Universal Music UK has also used its new space at 4 Pancras Square to host a number of events:

- The inaugural Universal Music x Pride event, an evening featuring music and special guests for our LGBTQ+ community and allies, which saw the boardroom area decorated with the Pride colours.
- A Love Music Hate Racism event, with a number of our artists appearing to help launch the campaign via a video in which they share their own inspirational personal stories around culture, identity and discrimination.
- Black History Month celebrations – numerous events curated by a team from the business of all ages and backgrounds, which included a series of talks, live performances, curated playlists, artist takeovers, as well as themed café menus.

Finally, in response to the Covid-19 impact on the wider community we have launched All Together Now: Stay Connected, expanding our longstanding philanthropic program to support those in the music community most deeply impacted by the virus. This includes direct financial support to organisations such as MusiCares' Covid-19 Relief Fund and Help Musicians UK.

# UNIVERSAL MUSIC PUBLISHING MGB LIMITED

## STRATEGIC REPORT (continued)

YEAR ENDED 31 DECEMBER 2019

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### SECTION 172 STATEMENT (continued)

#### *The environment*

In 2018 Universal Music UK moved into new headquarters at 4 Pancras Square certified as 'Outstanding' by BREEAM, reflecting the board's desire to make the business as environmentally friendly as possible.

Team Green is the employee led group which works to achieve this goal through numerous initiatives. This year Universal Music UK played a key role in the launch of Music Declares Emergency, a campaign created to enable the UK music industry to declare a Climate and Ecological Emergency, to accelerate collaboration and ambition in order to meet critical targets and to call on government to use their policy and investment tools to enact the systemic change needed to help us to reach those goals.

In February 2020, Universal Music hosted a roundtable to discuss the launch of the new Green Riders campaign which calls on artists to making touring greener.

Team Green is also collaborating with our commercial team to ensure industry leading standards when it comes to sustainable packaging.

#### *Maintaining a reputation for high standards of business conduct*

The company has a code of conduct which is certified annually by all employees to encourage ethical behaviour as well as to highlight possible ethical threats which could be faced by employees.

The company maintains high standards of expected conduct for its employees and has clearly defined procedures for its employees to report any concerns internally. This encompasses a wide variety of areas of behaviour including anti-bribery training, commercial sensitivity and appropriate workplace conduct among others.

The directors are acutely aware of the high profile nature of the Universal Music brand and make every effort to both protect this reputation and live up to its standards.

### FUTURE DEVELOPMENTS

Notwithstanding the risks and uncertainties outlined above, the directors do not anticipate any significant change in the activities and results of the company in the foreseeable future. The impact of Brexit is not deemed to be material to the business given the nature of operations.

Approved and signed on behalf of the Board on 11th June 2020.

DocuSigned by:

*Rob Morris*

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RJ Morris

Director

# **UNIVERSAL MUSIC PUBLISHING MGB LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2019**

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The directors present their report, together with the audited financial statements and the auditor's report of the company for the year ended 31 December 2019.

The directors have included the following matters within the strategic report, otherwise required to be disclosed in the directors' report, as they are considered to be of strategic importance to the company.

- Results and dividends.
- Financial risk management objectives and policies.
- Statement on business relationships - Section 172 statement.
- Future developments.

### **DIRECTORS**

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

JG Alway  
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 section 236 of the Companies Act 2006. Vivendi SE, headed by Bolloré Group, 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.

### **POLICY ON THE PAYMENT OF CREDITORS**

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

### **DONATIONS**

The company made no charitable or political donations in either year.

### **AUDITOR**

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- they have taken all the steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP have expressed their willingness to continue in office as auditors and appropriate arrangements have been put in place for them to be deemed reappointed as auditors.

# UNIVERSAL MUSIC PUBLISHING MGB LIMITED

## DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2019

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### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". 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 year. 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; 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.

### POST BALANCE SHEET EVENTS

On 23 March 2020 the UK government announced lock down restrictions as a result of Covid-19. The directors note that the restrictions imposed may adversely affect performance in 2020 due to the impact on some of the revenue streams that the company receives such as sales from physical product and income from live performance events. However the directors consider the company to be well placed to deal with these challenges as its other revenue streams, such as digital income, are expected to be resilient to the impact of Covid-19 and the company is able to satisfy all of its contractual obligations.

Approved and signed on behalf of the Board on 11th June 2020.

DocuSigned by:

*Bola Abioye*

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A Abioye

Company Secretary

Company Registration Number: 00910829

# **UNIVERSAL MUSIC PUBLISHING MGB LIMITED**

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

**YEAR ENDED 31 DECEMBER 2019**

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### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

In our opinion the financial statements of Universal Music Publishing MGB Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2019 and of its profit for the year ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 18.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

# **UNIVERSAL MUSIC PUBLISHING MGB LIMITED**

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

**YEAR ENDED 31 DECEMBER 2019**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

### **Opinions 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; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

## **UNIVERSAL MUSIC PUBLISHING MGB LIMITED**

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

**YEAR ENDED 31 DECEMBER 2019**

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#### **Matters on which we are required to report by exception**

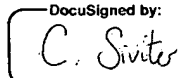
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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.

We have nothing to report in respect of these matters.

#### **Use of our report**

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.

DocuSigned by:  
  
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Claire Siviter, FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP

Statutory Auditor

Southampton

UK

11th June 2020

Company Registration Number: 00910829

**UNIVERSAL MUSIC PUBLISHING MGB LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**YEAR ENDED 31 DECEMBER 2019**

	<b>Note</b>	<b>Total 2019 £'000</b>	<b>Total 2018 £'000</b>
<b>TURNOVER</b>	<b>4</b>	<b>28,422</b>	<b>24,896</b>
Cost of sales		<b>(20,896)</b>	<b>(18,187)</b>
<b>GROSS PROFIT</b>		<b>7,526</b>	<b>6,709</b>
Administrative expenses		<b>(857)</b>	<b>(857)</b>
<b>PROFIT BEFORE INTEREST AND TAXATION</b>		<b>6,669</b>	<b>5,852</b>
Interest receivable and similar income	<b>8</b>	<b>1,915</b>	<b>1,276</b>
Interest payable and similar charges	<b>9</b>	<b>(748)</b>	<b>(542)</b>
<b>PROFIT BEFORE TAXATION</b>		<b>7,836</b>	<b>6,586</b>
Tax on profit	<b>10</b>	<b>(1,488)</b>	<b>(1,251)</b>
<b>PROFIT/COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>6,348</b>	<b>5,335</b>

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

The notes on pages 14 to 23 form part of these financial statements

**UNIVERSAL MUSIC PUBLISHING MGB LIMITED**

**STATEMENT OF FINANCIAL POSITION**

**AS AT 31 DECEMBER 2019**

	Note	2019 £'000	2018 £'000
<b>NON-CURRENT ASSETS</b>			
Intangible assets	11	145	1,002
Investments	12	3,121	3,121
		<u>3,266</u>	<u>4,123</u>
<b>CURRENT ASSETS</b>			
Debtors: Amounts falling due within one year	13	260,793	242,405
		<u>260,793</u>	<u>242,405</u>
<b>CREDITORS: Amounts falling due within one year</b>	14	<u>(108,792)</u>	<u>(97,609)</u>
<b>NET CURRENT ASSETS</b>		<u>152,001</u>	<u>144,796</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>155,267</u>	<u>148,919</u>
<b>PROVISIONS FOR LIABILITIES</b>			
Provisions for liabilities and charges		<u>(83)</u>	<u>(83)</u>
<b>NET ASSETS</b>		<u>155,184</u>	<u>148,836</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	17	2	2
Profit and loss account		<u>155,182</u>	<u>148,834</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>155,184</u>	<u>148,836</u>

These financial statements were approved by the board of directors and authorised for issue on 11th June 2020 and are signed on their behalf by:

DocuSigned by:

*Rob Morris*  
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 Rob Morris  
 Director

Company Registration Number: 00910829

**The notes on pages 14 to 23 form part of these financial statements**

**UNIVERSAL MUSIC PUBLISHING MGB LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2019**

	Share capital £'000	Profit & loss account £'000	Total shareholders' funds £'000
Balance brought forward 1 January 2018	2	143,499	143,501
Balance at 1 January 2018	2	143,499	143,501
<b>Total comprehensive income</b>			
Profit for the year	-	5,335	5,335
Balance brought forward 1 January 2019	2	148,834	148,836
Balance at 1 January 2019	2	148,834	148,836
<b>Total comprehensive income for the period</b>			
Profit for the year	-	6,348	6,348
<b>Balance carried forward at 31 December 2019</b>	<b>2</b>	<b>155,182</b>	<b>155,184</b>

The notes on pages 14 to 23 form part of these financial statements

# **UNIVERSAL MUSIC PUBLISHING MGB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31 DECEMBER 2019**

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#### **1. GENERAL INFORMATION**

Universal Music Publishing MGB Limited is a private company limited by shares and incorporated in the UK under the Companies Act 2006 and registered in England and Wales. The registered office is 4 Pancras Square, London, N1C 4AG.

The principal activities of the company and the nature of its operations are set out in the strategic report on pages 2 to 5.

#### **2. STATEMENT OF COMPLIANCE**

The company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### **3. ACCOUNTING POLICIES**

##### **Basis of preparation of financial statements**

The presentation currency of these financial statements is sterling and rounded to the nearest £'000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

##### **FRS 102 - Qualifying exemptions**

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- from preparing a statement of cash flows and related notes;
- from disclosing transactions with other wholly owned subsidiaries;
- from preparing a reconciliation of the number of shares outstanding from the beginning to the end of the financial year;
- from disclosure requirements in relation to financial instruments;
- from disclosing key management personnel compensation.

This information is included in the consolidated financial statements of the company's parent undertaking, Vivendi SE, copies of which can be obtained from 42 Avenue de Friedland, 75380 Paris, Cedex 08, France.

##### **Other qualifying exemptions**

As the parent undertaking prepares publicly available consolidated financial statements 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 financial statements. As such, these financial statements give information about the company as an individual undertaking and not about its group.

# **UNIVERSAL MUSIC PUBLISHING MGB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **YEAR ENDED 31 DECEMBER 2019**

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#### **3. ACCOUNTING POLICIES (continued)**

##### **Measurement convention**

The financial statements are prepared on the historical cost basis.

##### **Going concern**

The company's business activities, together with the factors likely to affect future developments, its financial exposures and its risk exposures are described in the strategic report.

After making enquiries, including an assessment of the potential impact of Covid-19, the directors have a reasonable expectation that the company has adequate resources available to it to continue in operational existence for the foreseeable future, and at least 12 months from the date the financial statements are authorised for issue. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

##### **Turnover**

Turnover represents royalty income, excluding VAT. Turnover is attributable to one activity; music publishing.

United Kingdom royalty income is credited to the statement of comprehensive income in the period to which it relates, or if it cannot be reliably estimated, on a receipt basis. Overseas royalty income, which is all collected on behalf of the company by other group undertakings, is credited to the statement of comprehensive income in the period overseas sales are reported to the company. Royalties payable are charged against the relevant income of the same period.

##### **Intangible assets**

##### ***Intangible assets***

Acquisition of music publishing catalogues are stated at cost less accumulated amortisation over 7 years and less accumulated impairment losses.

The cost of intangible assets acquired in a business combination are capitalised separately from goodwill if the fair value can be measured reliably at the acquisition date.

# **UNIVERSAL MUSIC PUBLISHING MGB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **YEAR ENDED 31 DECEMBER 2019**

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#### **3. ACCOUNTING POLICIES (continued)**

##### **Financial instruments**

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

##### ***Financial assets and liabilities***

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

##### ***Advances***

Advances to unproven artists, where no discernible track record of activity is evidenced, are expensed. Advances to other 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, 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.

##### ***Investments in subsidiaries, jointly controlled entities and associates***

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

##### ***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

# **UNIVERSAL MUSIC PUBLISHING MGB LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS (continued)**

### **YEAR ENDED 31 DECEMBER 2019**

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#### **3. ACCOUNTING POLICIES (continued)**

##### **Financial instruments (continued)**

###### ***Fair value measurement***

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

###### **Interest receivable and Interest payable**

Interest payable and similar charges include interest payable, finance charges, unwinding of the discount on provisions.

Interest receivable and similar income include interest receivable on funds invested. Interest receivable and interest payable are recognised in profit or loss as they accrue.

###### **Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised through profit or loss in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

###### **Critical accounting judgements and key sources of estimation uncertainty**

The directors may make judgements in the application of the accounting policies above that have a significant impact on the amounts recognised and may make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

# UNIVERSAL MUSIC PUBLISHING MGB LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

### YEAR ENDED 31 DECEMBER 2019

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#### 3. ACCOUNTING POLICIES (continued)

##### **Critical judgements in applying the company's accounting policies**

The following are the critical judgements that the directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

##### ***Provisions against recoupable advances***

Provisions are made against advances not deemed recoupable from future royalties or other payments due to artists and repertoire owners. Management perform a detailed assessment to reflect their best estimate of recoupable advances.

##### ***Recoverability of intangible assets***

Determining whether catalogue rights are impaired requires the preparation of a present value calculation using current earnings history and future projections. The present value calculation requires an estimate to be made of the timing and amount of future cash flows expected to arise from the catalogue rights and the application of a suitable discount rate in order to calculate the present value. See note 12.

##### ***Key source of estimation uncertainty***

The directors have concluded there are no key sources of estimation uncertainty to disclose.

#### 4. TURNOVER

Turnover by activity is as follows:

	2019 £'000	2018 £'000
Royalties	28,422	24,896
	<u>28,422</u>	<u>24,896</u>

Turnover by destination is as follows:

	2019 £'000	2018 £'000
United Kingdom	8,053	7,140
Rest of World	20,369	17,756
	<u>28,422</u>	<u>24,896</u>

The 2018 comparative has been reclassified by destination to better reflect the comparison between years.

**UNIVERSAL MUSIC PUBLISHING MGB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

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**5. PROFIT BEFORE TAX:**

*Profit before tax is stated after charging:*

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Amortisation of intangible assets	<u><b>857</b></u>	<u><b>857</b></u>

**6. AUDITOR'S REMUNERATION**

The auditor's remuneration for auditing of the financial statements for the year ended 31 December 2019 was £11,590 (2018 - £10,000) and was borne by another group company in both years.

**7. PARTICULARS OF EMPLOYEES**

The company had no employees during the year ended 31 December 2019 (2018 - none).

Emoluments for the directors of the company are paid for by a fellow group company. The fellow group company has not recharged any amount to the company (2018 - nil) on the basis that they are unable to make a reasonable apportionment of the portion of these total emoluments that relate to qualifying services provided by directors of the company.

**8. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Interest receivable from group undertakings	<u><b>1,915</b></u>	<u><b>1,276</b></u>
	<u><b>1,915</b></u>	<u><b>1,276</b></u>

**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Interest payable to group undertakings	<u><b>748</b></u>	<u><b>542</b></u>
	<u><b>748</b></u>	<u><b>542</b></u>

**UNIVERSAL MUSIC PUBLISHING MGB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

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**10. TAX ON PROFIT**

**(a) Analysis of tax charge in the year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
<b>Current tax:</b>		
<b>UK Taxation</b>		
In respect of the year		
Profit at the standard rate of UK Corporation tax of 19.00% (2018 - 19.00%)	<b>1,488</b>	1,251
Tax on profit	<b>1,488</b>	1,251

**(b) Factors affecting tax charge**

The tax assessed on the profit for the year is the same as the standard rate of corporation tax in the UK of 19.00% (2018 - 19.00%).

Under the Finance (No.2) Act 2015, the main rate of corporation tax was reduced from 20% to 19% effective from 1 April 2017. A further reduction to 17% from 1 April 2020 was also enacted on 15 September 2016 by virtue of the Finance Act 2016 s46. However, as announced in the Budget on 11 March 2020, the corporation tax main rate will not reduce to 17% and remain at 19%. Deferred tax assets and liabilities are measured at the rate that is enacted and expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates.

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Profit before taxation	<b>7,836</b>	6,586
Profit at the standard rate of UK Corporation tax of 19.00% (2018 - 19.00%)	<b>1,489</b>	1,251
Impact of tax losses utilised in the period	<b>(1)</b>	-
Current tax charge for the financial year	<b>1,488</b>	1,251

**UNIVERSAL MUSIC PUBLISHING MGB LIMITED****NOTES TO THE FINANCIAL STATEMENTS (continued)****YEAR ENDED 31 DECEMBER 2019****11. INTANGIBLE ASSETS**

	<b>Music Publishing Rights £'000</b>
<b>COST</b>	
At 1 January 2019	36,368
<b>At 31 December 2019</b>	<u>36,368</u>
<b>AMORTISATION</b>	
At 1 January 2019	35,366
Charge for the year	857
<b>At 31 December 2019</b>	<u>36,223</u>
<b>NET BOOK VALUE</b>	
<b>At 31 December 2019</b>	<u>145</u>
At 31 December 2018	<u>1,002</u>

**12. INVESTMENTS**

	<b>Total £'000</b>
<b>COST</b>	
At 1 January 2019	19,383
<b>At 31 December 2019</b>	<u>19,383</u>
<b>PROVISION FOR IMPAIRMENT</b>	
At 1 January 2019	16,262
Charge for the year	-
<b>At 31 December 2019</b>	<u>16,262</u>
<b>At 31 December 2019</b>	<u>3,121</u>
At 31 December 2018	<u>3,121</u>

**UNIVERSAL MUSIC PUBLISHING MGB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

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**12. INVESTMENTS (continued)**

**Subsidiary and Associate Undertakings**

<b>Name</b>	<b>Ordinary share holding</b>	<b>Nature of business</b>
Universal Music Publishing International MGB Limited	100%	Music Publishing
Universal Publishing Production Music Limited	100%	Music Publishing
Fiction Songs Limited	100%	Music Publishing
Mucho Loco Music Limited	100%	Music Publishing
Complete Music Limited	100%	Music Publishing
G Ricordi & Co London Limited	100%	Music Publishing

The registered office address of all of the undertakings listed above is 4 Pancras Square, London, N1C 4AG.

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

**13. DEBTORS: Amounts due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Amounts owed by group undertakings	<b>249,338</b>	233,401
Other debtors	<b>11,455</b>	9,004
	<b>260,793</b>	<b>242,405</b>

All amounts owed from fellow group undertakings are classified as current as they are repayable on demand. All amounts due from group undertakings are unsecured and repayable on demand. Interest accrues on these amounts at 1 month LIBOR plus 0.1%.

**14. CREDITORS: Amounts falling due within one year**

	<b>2019</b>	<b>2018</b>
	<b>£'000</b>	<b>£'000</b>
Trade creditors	<b>7,368</b>	5,228
Amounts owed to group undertakings	<b>101,424</b>	92,381
	<b>108,792</b>	<b>97,609</b>

All amounts owed to fellow group undertakings are classified as current as they are repayable on demand. All amounts due from group undertakings are unsecured and repayable on demand. Interest accrues on these amounts at 1 month LIBOR plus 0.1%.

**UNIVERSAL MUSIC PUBLISHING MGB LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2019**

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**15. POST BALANCE SHEET EVENTS**

On 23 March 2020 the UK government announced lock down restrictions as a result of Covid-19. The directors note that the restrictions imposed may adversely affect performance in 2020 due to the impact on some of the revenue streams that the company receives such as sales from physical product and income from live performance events. However the directors consider the company to be well placed to deal with these challenges as its other revenue streams, such as digital income, are expected to be resilient to the impact of Covid-19 and the company is able to satisfy all of its contractual obligations.

**16. CAPITAL COMMITMENTS**

The company had no capital commitments at 31 December 2019 or 31 December 2018.

**17. CALLED-UP SHARE CAPITAL**

**Authorised:**

	2019 No	£'000	2018 No	£'000
Ordinary shares of £1 each	2,001	2	2,001	2
	<u>2,001</u>	<u>2</u>	<u>2,001</u>	<u>2</u>

**Allotted, called up and fully paid:**

	2019 No	£'000	2018 No	£'000
Ordinary shares of £1 each	2,001	2	2,001	2
	<u>2,001</u>	<u>2</u>	<u>2,001</u>	<u>2</u>

**18. ULTIMATE PARENT COMPANY**

The immediate parent undertaking is Universal Music Publishing MGB Holding UK Limited. The ultimate parent undertaking and controlling party is Bolloré Group.

The smallest group in which the results of the company are consolidated is that headed by Vivendi SE, a company incorporated in France. Copies of its annual report in English may be obtained from its registered office at:

42 Avenue de Friedland  
 75380 Paris  
 Cedex 08  
 France

The largest group in which the results of the company are consolidated is that headed by Bolloré Group, a company incorporated in France. Copies of its annual report in English may be obtained from its registered office at:

Tour Bolloré  
 31-32 quai de Dion Bouton  
 92 811 Puteaux  
 France