

COMPANY REGISTRATION NUMBER 00910829

UNIVERSAL MUSIC PUBLISHING MGB LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

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UNIVERSAL MUSIC PUBLISHING MGB LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

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UNIVERSAL MUSIC PUBLISHING MGB LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2018

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 2018

The directors present their strategic report for the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The result and position of the company for the year ended 31 December 2018 are set out in the statement of comprehensive income, statement of financial position and statement of changes in equity on pages 9, 10 and 11 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 £5,335,000 (2017 - profit £6,079,000). 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 2018 (2017 - £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 decreased by 8.8% compared to the prior year due to cyclical nature of revenue collections on key artists. Despite the decline in the current year, the outlook for future years remains positive based on increasing demand for streaming services.

Gross profit margin

The company's gross profit margin decreased from 29.1% to 26.9% this year. This was the result of both sales type and repertoire mix.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses a variety of financial instruments including cash, equity instruments and various instruments such as artist advances and trade payables that arise directly from its operations.

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 2018

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 subscription services can replace the decline in the physical and download market; and
- interest rate fluctuations.

All risks and uncertainties are regularly monitored by the board of directors of the company.

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.

Approved and signed on behalf of the Board.



RJ Morris
Director

17 MAY 2019

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2018

The directors present their report, together with the financial statements and the auditor's report of the company for the year ended 31 December 2018 and preceding year.

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.
- Key performance indicators.
- Financial risk management objectives and policies.
- Principal risks and uncertainties.
- 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 SA, 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

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.

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

Deloitte LLP were appointed as the company's auditor for the financial period. Pursuant to Section 487 of the Companies Act 2006, they will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

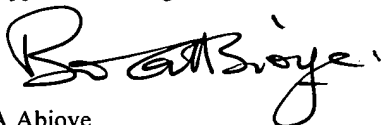
The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

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.

Approved and signed on behalf of the Board.



A Abioye

Company Secretary

Company Registration Number: 00910829

17 MAY 2019

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

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

YEAR ENDED 31 DECEMBER 2018

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 2018 and of its profit for the year then 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 Financial Reporting Council's (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 2018

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. 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 2018

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.

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.

C. Siviter

Claire Siviter, FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP.

Southampton

UK

22 May 2019

Company Registration Number: 00910829

UNIVERSAL MUSIC PUBLISHING MGB LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2018

	Note	Total 2018 £'000	Total 2017 £'000
TURNOVER	4	24,896	27,307
Cost of sales		<u>(18,187)</u>	<u>(19,367)</u>
GROSS PROFIT		6,709	7,940
Administrative expenses		<u>(857)</u>	<u>(857)</u>
OPERATING PROFIT	5	5,852	7,083
PROFIT BEFORE INTEREST AND TAXATION		5,852	7,083
Interest receivable and similar income	8	1,276	682
Interest payable and similar charges	9	<u>(542)</u>	<u>(238)</u>
PROFIT BEFORE TAXATION		6,586	7,527
Tax on profit	10	<u>(1,251)</u>	<u>(1,448)</u>
PROFIT FOR THE FINANCIAL YEAR		<u>5,335</u>	<u>6,079</u>

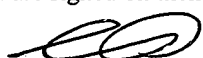
All of the activities of the company are classed as continuing operations.

The notes on pages 12 to 22 form part of these financial statements

UNIVERSAL MUSIC PUBLISHING MGB LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Intangible assets	11	1,002	1,859
Investments	12	3,121	3,121
		<u>4,123</u>	<u>4,980</u>
CURRENT ASSETS			
Debtors: Amounts falling due within one year	13	242,405	229,844
		<u>242,405</u>	<u>229,844</u>
CREDITORS: Amounts falling due within one year	14	(97,609)	(91,140)
NET CURRENT ASSETS		<u>144,796</u>	<u>138,704</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>148,919</u>	<u>143,684</u>
PROVISIONS FOR LIABILITIES			
Provisions for liabilities and charges		(83)	(183)
NET ASSETS		<u>148,836</u>	<u>143,501</u>
CAPITAL AND RESERVES			
Called-up equity share capital	17	-	2
Profit and loss account		<u>148,836</u>	<u>143,499</u>
EQUITY SHAREHOLDERS' FUNDS		<u>148,836</u>	<u>143,501</u>

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



RJ Morris
Director

17th May 2019

Company Registration Number: 00910829

The notes on pages 12 to 22 form part of these financial statements

UNIVERSAL MUSIC PUBLISHING MGB LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

	Share capital £'000	Profit & loss account £'000	Total shareholders' funds £'000
Balance brought forward 1 January 2017	2	137,420	137,422
Total comprehensive income			
Profit for the financial year	-	6,079	6,079
Balance brought forward 1 January 2018	2	143,499	143,501
Total comprehensive income			
Profit for the year	-	5,335	5,335
Balance carried forward at 31 December 2018	2	148,834	148,836

The notes on pages 12 to 22 form part of these financial statements

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

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 3.

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 SA, 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 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.

UNIVERSAL MUSIC PUBLISHING MGB LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2018

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, 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 asset 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 2018

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 2018

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, and net foreign exchange losses that are recognised through profit or loss in the statement of comprehensive income.

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue. Foreign currency gains and losses are reported on a net basis.

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.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associated and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

UNIVERSAL MUSIC PUBLISHING MGB LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES (continued)

Foreign currencies

Transactions in foreign currencies are translated to the company's functional currency at the foreign exchange rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies at the statement of financial position date are retranslated to the functional currency at the foreign exchange rate ruling at that date. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are retranslated to the functional currency at foreign exchange rates ruling at the dates the fair value was determined. Foreign exchange differences arising on translation are recognised through profit or loss in the statement of comprehensive income except for differences arising on the retranslation of qualifying cash flow hedges and items which are fair valued with changes taken to other comprehensive income.

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.

Critical judgements in applying the Group'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 regular 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.

UNIVERSAL MUSIC PUBLISHING MGB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

4. TURNOVER

Turnover by activity is as follows:

	2018 £'000	2017 £'000
Royalties	24,896	27,307
	<u>24,896</u>	<u>27,307</u>

Turnover by destination is as follows:

	2018 £'000	2017 £'000
United Kingdom	4,166	8,924
Rest of World	20,730	18,393
	<u>24,896</u>	<u>27,307</u>

Turnover by source is exclusively derived in the United Kingdom.

5. PROFIT BEFORE TAX:

Profit before tax is stated after charging:

	2018 £'000	2017 £'000
Amortisation of intangible assets	857	856

6. AUDITOR'S REMUNERATION

The auditor's remuneration for the year ended 31 December 2018 was £10,000 (2017 - £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 2018 (2017 - 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 (2017 - 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.

UNIVERSAL MUSIC PUBLISHING MGB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Interest receivable from group undertakings	1,276	682
	<u>1,276</u>	<u>682</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £'000	2017 £'000
Interest payable to group undertakings	542	238
	<u>542</u>	<u>238</u>

10. TAX ON PROFIT

(a) Analysis of tax charge in the year

	2018 £'000	2017 £'000
Current tax:		
UK Taxation		
In respect of the year		
Group relief payable for losses claimed from other group undertakings	1,251	1,448
Tax on profit	<u>1,251</u>	<u>1,448</u>

UNIVERSAL MUSIC PUBLISHING MGB LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

10. TAX ON PROFIT (continued)

(b) Factors affecting tax charge

The tax assessed on the profit for the year is the same as the average rate of corporation tax in the UK of 19.00% (2017 - 19.25%).

Under the Finance (No.2) Act 2015, the main rate of corporation tax was reduced from 19.25% to 19.00% effective from 1 April 2017. A further reduction to 17.00% from 1 April 2020 will apply by virtue of the Finance Act 2016 s46 which was enacted on 15 September 2016. 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.

	2018	2017
	£'000	£'000
Profit before taxation	6,586	7,527
Profit at the standard rate of UK Corporation tax of 19.00% (2017 - 19.25%)	1,251	1449
Impact of tax losses utilised in the period	-	(1)
Current tax charge for the financial year	1,251	1448

11. INTANGIBLE ASSETS

	Total
	£'000
COST	
At 1 January 2018	36,368
At 31 December 2018	36,368
AMORTISATION	
At 1 January 2018	34,509
Charge for the year	857
At 31 December 2018	35,366
NET BOOK VALUE	
At 31 December 2018	1,002
At 31 December 2017	1,859

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12. INVESTMENTS

	Total £'000
COST	
At 1 January 2018	19,383
At 31 December 2018	<u>19,383</u>
PROVISION FOR IMPAIRMENT	
At 1 January 2018	16,262
Charge for the year	-
At 31 December 2018	<u>16,262</u>
At 31 December 2018	<u>3,121</u>
At 31 December 2017	<u>3,121</u>

Subsidiary and Associate Undertakings

Name	Ordinary share holding	Nature of business
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.

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13. DEBTORS: Amounts due within one year

	2018 £'000	2017 £'000
Amounts owed by group undertakings	233,401	208,464
Other debtors	9,004	21,380
	<u>242,405</u>	<u>229,844</u>

All amounts owed from fellow group undertakings are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis.

14. CREDITORS: Amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	5,228	11,258
Amounts owed to group undertakings	92,381	79,882
	<u>97,609</u>	<u>91,140</u>

All amounts owed to fellow group undertakings are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis.

15. POST-BALANCE SHEET EVENTS

No post balance sheet events have been identified by management.

16. CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2018 or 31 December 2017.

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17. SHARE CAPITAL

Authorised:

	2018		2017	
	No	£'000	No	£'000
Ordinary shares of £1 each	100	-	100	-
	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>

Allotted, called up and fully paid:

	2018		2017	
	No	£'000	No	£'000
Ordinary shares of £1 each	100	-	100	-
	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</u>
	<u>100</u>	<u>-</u>	<u>100</u>	<u>-</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 SA, a company incorporated in France. Copies of its annual report in English may be obtained from:

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:

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