

COMPANY REGISTRATION NUMBER 00229231

EMI GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015



EMI GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

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EMI GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

RM Constant
A Brown
BJ Muir

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

364-366 Kensington High Street
London
W14 8NS

AUDITOR

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

EMI GROUP LIMITED
STRATEGIC REPORT
YEAR ENDED 31 DECEMBER 2015

The directors present their strategic report for the company for the result for the year ended 31 December 2015 and the position as at 31 December 2015.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a holding company for investments. This activity is unlikely to change in the foreseeable future.

The result and position of the company for the year ended as at 31 December 2015 are set out in the statement of comprehensive income, statement of financial position and statement of changes in equity pages 7,8 and 9 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 £37,590,000 (2014 - profit £33,484,000). The retained profit for the year has been transferred to reserves.

The directors do not recommend a dividend for the year ended 31 December 2015 (2014 - £Nil).

PRINCIPAL RISKS AND UNCERTAINTIES

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

- competition from alternative entertainment products;
- price pressure from the increased presence of supermarkets in the music market and their threat to survival of independent music retailers;
- 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; 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.

By order of the board

A Brown
Director



07 OCT 2016

EMI GROUP LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2015

The directors present their report, the strategic report and the financial statements of the company for the year ended 31 December 2015.

DIRECTORS

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

RM Constant
A Brown
BJ Muir

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.

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.

EMI GROUP LIMITED

DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2015

DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the directors' report, the strategic 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, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (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 year. In preparing these financial statements, the directors are required to:

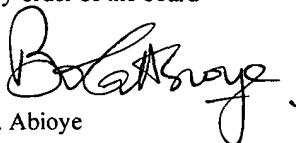
- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;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

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



A Abioye

Company Secretary

Company Registration Number: 00229231

07 OCT 2016

EMI GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMI GROUP LIMITED

YEAR ENDED 31 DECEMBER 2015

We have audited the financial statements of EMI Group Limited for the year ended 31 December 2015, which comprise the statement of comprehensive income, the statement of financial position and statement of changes in equity and the related notes 1 to 24. 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, including Financial Reporting Standard 102).

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 4, 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 2015 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; 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.

EMI GROUP LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMI GROUP LIMITED (continued)

YEAR ENDED 31 DECEMBER 2015

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

13 October 2016

Company Registration Number: 00229231

EMI GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	Total 2015 £'000	Total 2014 £'000
TURNOVER	4	1,112	44,789
GROSS PROFIT		1,112	44,789
Administrative expenses		4,138	(36,876)
Other operating income	5	11,672	13,641
OPERATING PROFIT	6	16,922	21,554
Impairment loss on investment in subsidiaries	9	(34,908)	(613)
Cost of restructuring the company	10	-	(510)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE INVESTMENT INCOME, INTEREST AND TAXATION		(17,986)	20,431
Income from participating interests	11	35,418	-
Interest receivable and similar income	12	55,010	53,151
Interest payable and similar charges	13	(32,135)	(36,523)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		40,307	37,059
Tax on profit on ordinary activities	14	(2,717)	(3,575)
PROFIT FOR THE FINANCIAL YEAR		37,590	33,484
Other comprehensive income			
Unrealised gain on available for sale investments		14,407	-
Total other comprehensive gain		14,407	-
Tax on other comprehensive gain		-	-
TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR		51,997	33,484

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

The notes on pages 10 to 28 form part of these financial statements

EMI GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2015

	Note	2015 £'000	2014 £'000
FIXED ASSETS			
Intangible assets	15	-	1,112
Property, plant & equipment (Tangible Assets)	16	2,019	5,039
Financial assets (Investments)	17	464,104	186,926
		<u>466,123</u>	<u>193,077</u>
CURRENT ASSETS			
Debtors: Amounts falling due within one year	18	2,633,618	3,783,702
Cash at bank		130	130
		<u>2,633,748</u>	<u>3,783,832</u>
CREDITORS: Amounts falling due within one year	19	<u>(1,492,799)</u>	<u>(2,417,040)</u>
NET CURRENT ASSETS		<u>1,140,949</u>	<u>1,366,792</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,607,072</u>	<u>1,559,869</u>
PROVISIONS FOR LIABILITIES			
Provisions for liabilities and charges	20	(1,000)	(5,794)
NET ASSETS		<u>1,606,072</u>	<u>1,554,075</u>
CAPITAL AND RESERVES			
Called-up equity share capital	21	128,851	128,851
Share premium account	22	355,786	355,786
Capital Redemption reserves	22	495,856	495,856
Available for sale investment reserves	22	14,407	-
Other	22	408,664	408,664
Profit and loss account	22	202,508	164,918
EQUITY SHAREHOLDERS' FUNDS		<u>1,606,072</u>	<u>1,554,075</u>

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

07 OCT 2016



A Brown
Director

The notes on pages 10 to 28 form part of these financial statements

EMI GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2015

	Share capital £'000	Share Premium £'000	Capital Redemption Reserve £'000	Available For Sale Investments Reserves £'000	Other Reserves £'000	Profit & Loss Account £'000	Total share-holde rs' funds £'000
Balance brought forward at 1 January 2014	128,851	355,786	495,856	-	408,664	131,434	1,520,591
Balance at 1 January 2014 restated	128,851	355,786	495,856	-	408,664	131,434	1,520,591
Total comprehensive income for the period							
Profit for the year	-	-	-	-	-	33,484	33,484
Balance brought forward at 1 January 2015	128,851	355,786	495,856	-	408,664	164,918	1,554,075
Balance at 1 January 2015 restated	128,851	355,786	495,856	-	408,664	164,918	1,554,075
Total comprehensive income for the period							
Profit for the year	-	-	-	-	-	37,590	37,590
Other comprehensive income result	-	-	-	14,407	-	-	14,407
Balance carried forward at 31 December 2015	128,851	355,786	495,856	14,407	408,664	202,508	1,606,072

The notes on pages 10 to 28 form part of these financial statements

EMI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

1. STATUTORY INFORMATION

EMI Group Limited is a company limited by shares and incorporated and domiciled in the UK. The registered office is 364-366 Kensington High Street, London, W14 8NS.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in compliance with FRS 102 as it applies at 31 December 2015.

The company transitioned from previously UK GAAP to FRS 102 as at 1 January 2014. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 24.

3. ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements for the year ended 31 December 2015 are the first financial statements that comply with FRS 102. The presentation currency of these financial statements is sterling and rounded to the nearest £'000.

In the transition to FRS 102 from old UK GAAP, the company has made no measurement and recognition adjustments.

FRS 102 grants certain first-time adoption exemptions from the full requirements of FRS 102. The following exemptions have been taken in these financial statements:

First time adoption exemptions taken

- The company has elected to use the previous GAAP valuation of tangible and intangible fixed assets at the date of transition to FRS 102 as its deemed cost at the transition date.
- Separate financial statements - The company has measured the value of its investments in subsidiaries, associates, and jointly controlled entities at cost less impairment. The deemed cost shall be the carrying amount at the date of transition as determined under the entity's previous GAAP.

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

EMI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3. ACCOUNTING POLICIES (continued)

FRS 102 - Qualifying exemptions

- The company's ultimate parent undertaking, Vivendi SA includes the company in its consolidated financial statements. The consolidated financial statements of Vivendi SA are prepared in accordance with International Financial Reporting Standards as adopted by the EU and are available to the public and may be obtained from 42 Avenue de Friedland, 75380 Paris, Cedex 08, France. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:
- Reconciliation of the number of shares outstanding from the beginning to end of the period.
- Cash Flow Statement and related notes;
- Related party disclosures; and
- Key Management Personnel compensation.

As the consolidated financial statements of Vivendi SA include the equivalent disclosures, the company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- Certain disclosures required by FRS 102.26 *Share Based Payments*; and
- The disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments Issues* in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

Other qualifying exemptions

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.

EMI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3. ACCOUNTING POLICIES (continued)

Measurement convention

The financial statements are prepared on the historical cost basis, with the exception of financial instruments which are classified at fair value through other comprehensive income.

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. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Revenue recognition

Turnover represents goods sold less returns, the invoiced value of services and royalty income, excluding VAT. Turnover is attributable to one activity; the marketing and distribution of recorded music.

United Kingdom digital and 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 digital and 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

Intangible assets relate to a licencing agreement, intangible assets are stated at cost less accumulated amortisation and less accumulated impairment losses.

Amortisation

Amortisation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets.

Intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Licensing Agreement - over the life of the agreement

The company reviews the amortisation period and method when events and circumstances indicate that the useful life may have changed since the last reporting date.

Intangible assets are tested for impairment in accordance with Section 27 Impairment of assets when there is an indication that an intangible asset may be impaired.

EMI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3. ACCOUNTING POLICIES (continued)

Property, plant and equipment

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation

Depreciation 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:

Land & Buildings	- 25 years straight line
Software	- 5 years straight line

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing loans borrowings classified as basic financial instruments

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.

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.

EMI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3. ACCOUNTING POLICIES (continued)

Available for sale investments

Available for sale investments are carried at fair value with changes recognised in other comprehensive income.

Other financial instruments

Financial instruments not considered to be Basic financial instruments (Other financial instruments)

Other financial instruments not meeting the definition of Basic Financial Instruments are recognised initially at fair value. Subsequent to initial recognition other financial instruments are measured at fair value with changes recognised in profit or loss except as follows:

- investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably shall be measured at cost less impairment.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the company's non-financial assets, other than stock and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

EMI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3. ACCOUNTING POLICIES (continued)

Employee benefits

Termination benefits

Termination benefits are recognised as an expense when the company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is possible that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

Expenses

Interest receivable and Interest payable

Interest payable and similar charges include interest payable, finance charges on 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. Dividend income is recognised in the statement of comprehensive income on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

EMI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

3. ACCOUNTING POLICIES (continued)

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.

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.

EMI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

4. TURNOVER

Turnover by activity is as follows:	2015	2014
	£'000	£'000
Sales of goods	1,112	1,112
Management charges	-	43,677
	<u>1,112</u>	<u>44,789</u>

Turnover by destination is as follows:

	2015	2014
	£'000	£'000
United States of America	-	43,677
Rest of World	1,112	1,112
	<u>1,112</u>	<u>44,789</u>

5. OTHER OPERATING INCOME

	2015	2014
	£'000	£'000
Release of unused provisions	3,286	13,641
Other	8,386	-
	<u>11,672</u>	<u>13,641</u>

Other operating income of £8,044,126 relates to the repayment of capital by EMIG 6 Limited, a subsidiary which was fully impaired in previous years; with a further £341,253 relating to a foreign exchange adjustment for other entities struck off in the year.

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

6. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2015 £'000	2014 £'000
Amortisation of intangible assets	1,112	1,988
Depreciation of owned fixed assets	48	3,821
Net gain on foreign currency translation	(6,623)	(8,891)
Management charges payable	-	17,319
Other operating income (Note 5)	(11,672)	(13,641)

The gain from foreign exchange has been recorded in admin expenses, the impact of this has led to positive admin expenses in 2015.

7. AUDITORS' REMUNERATION

The auditors' remuneration for the year ended 31 December 2015 was £12,000 (2014 - £12,000 restated) and was borne by another group company in both years.

8. PARTICULARS OF EMPLOYEES

The company had no employees during the year ended 31 December 2015 (2014 - Nil)

The emoluments of the directors of the company were borne by other group companies in both years.

The average number of staff employed by the company during the financial year amounted to:

	2015 No	2014 No
Number of administrative staff	-	25

The aggregate payroll costs of the above were:

	2015 £'000	2014 £'000
Wages and salaries	-	261
Social security costs	-	106
Other pension costs	-	148
	-	515

Staff costs were transferred to Universal Music Group International Limited during 2014.

EMI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

9. IMPAIRMENT LOSS ON INVESTMENT IN SUBSIDIARIES

	2015 £'000	2014 £'000
Impairment loss on investment in subsidiaries	<u>34,908</u>	<u>613</u>

10. COST OF REORGANISATION OR RESTRUCTURING

	2015 £'000	2014 £'000
Cost of restructuring company	<u>-</u>	<u>510</u>

11. INCOME FROM PARTICIPATING INTERESTS

	2015 £'000	2014 £'000
Income from participating interests	<u>35,418</u>	<u>-</u>

12. INTEREST RECEIVABLE AND SIMILAR INCOME

	2015 £'000	2014 £'000
Interest receivable from group undertakings	<u>55,010</u>	<u>53,151</u>
	<u>55,010</u>	<u>53,151</u>

13. INTEREST PAYABLE AND SIMILAR CHARGES

	2015 £'000	2014 £'000
Interest payable to group undertakings	<u>32,135</u>	<u>36,523</u>
	<u>32,135</u>	<u>36,523</u>

EMI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2015

14. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of tax charge in the year

	2015	2014
	£'000	£'000
Group relief payable/(receivable) for losses claimed from/surrendered to other group undertakings	<u>2,717</u>	<u>3,575</u>
Tax on profit on ordinary activities	<u><u>2,717</u></u>	<u><u>3,575</u></u>

	2015	2015	2014	2014
	£'000	£'000	£'000	£'000
	Current Tax	Total Tax	Current Tax	Total Tax
Recognised in Profit and loss	<u>2,717</u>	<u>2,717</u>	<u>3,575</u>	<u>3,575</u>
Total Tax	<u><u>2,717</u></u>	<u><u>2,717</u></u>	<u><u>3,575</u></u>	<u><u>3,575</u></u>

EMI GROUP LIMITED
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14. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting tax charge

The Finance Act 2013 enacted reductions in the UK corporate tax rate to 21% from 1 April 2014 and 20% from 1 April 2015. As announced in the Budget on 8 July 2015, the Corporation Tax main rate will be reduced to 19% from 1 April 2017 and 18% from 1 April 2020, which were enacted by the Finance (No. 2) Act 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.

	2015	2014
	£'000	£'000
Profit on ordinary activities before taxation	40,307	37,059
Profit on ordinary activities at the standard rate of UK Corporation tax of 20.25% (2014: 21.50%)	8,162	7,968
Expenses not deductible for tax purposes	(1,282)	1,076
Utilisation of tax losses	-	(2,824)
Movement in timing differences (no deferred tax provided)	(4,163)	(2,645)
Current tax charge for the financial year	2,717	3,575

(c) Factors that may affect future tax charges

The company has a total unutilised tax losses carried forward estimated at £140,569,128 (2014 - £140,569,128), which may reduce future tax charges. No deferred tax asset has been recognised in respect of these losses due to uncertainty as to their future recoverability.

EMI GROUP LIMITED
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YEAR ENDED 31 DECEMBER 2015

15. INTANGIBLE FIXED ASSETS

	Other Intangible £'000	Total £'000
COST		
At 1 January 2015	4,400	4,400
At 31 December 2015	<u>4,400</u>	<u>4,400</u>
AMORTISATION		
At 1 January 2015	3,288	3,288
Charge for the year	1,112	1,112
At 31 December 2015	<u>4,400</u>	<u>4,400</u>
NET BOOK VALUE		
At 31 December 2015	<u>-</u>	<u>-</u>
At 31 December 2014	<u>1,112</u>	<u>1,112</u>

Intangible fixed assets relate to the assignment to EMI Group Limited of the Digital Distribution contract with China Music Corporation.

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16. PROPERTY, PLANT & MACHINERY (TANGIBLE ASSETS)

	Land & Buildings	Software	Total
	£'000	£'000	£'000
COST			
At 1 January 2015	2,175	10,328	12,503
Transfers	-	(7,564)	(7,564)
At 31 December 2015	2,175	2,764	4,939
DEPRECIATION			
At 1 January 2015	108	7,356	7,464
Charge for the year	48	-	48
On transfers	-	(4,592)	(4,592)
At 31 December 2015	156	2,764	2,920
NET BOOK VALUE			
At 31 December 2015	2,019	-	2,019
At 31 December 2014	2,067	2,972	5,039

Software assets were transferred to Universal Music Group International Limited during the year, another group company.

EMI GROUP LIMITED
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YEAR ENDED 31 DECEMBER 2015

17. FINANCIAL ASSETS (INVESTMENTS)

	Shares In Subs/Grp £'000	Loans To Grp Participating Companies £'000	Interest £'000	Fixed Assets Available-for- sale £'000	Total £'000
COST/FAIR VALUE					
At 1 January 2015	2,904,366	551,969	613	4,931	3,461,879
Movement in the year	-	297,212	-	14,874	312,086
At 31 December 2015	2,904,366	849,181	613	19,805	3,773,965
PROVISION FOR IMPAIRMENT					
At 1 January 2015	2,785,425	488,915	613	-	3,274,953
Written off in year	34,908	-	-	-	34,908
At 31 December 2015	2,820,333	488,915	613	-	3,309,861
NET BOOK VALUE					
At 31 December 2015	84,033	360,266	-	19,805	464,104
At 31 December 2014	118,941	63,054	-	4,931	186,926

The movement in the year within Group Companies relates to the ongoing Group legal rationalisation, the movement within available for sale investments relates to the revaluation of China Music Corporation shares held by the Group.

Subsidiary Undertakings

The principal subsidiaries of EMI Group Limited, all incorporated in England and Wales as at 31 December 2015 were as follows:

Name	Country of Incorporation	Ordinary share holding	Nature of business
Virgin Music Group	UK	100%	Holding Company
EMI Group Finance Limited	UK	100%	Treasury
EMI Group (MPR) Limited	UK	100%	Holding Company
EMI Group Senior Executive Pensions Trust Limited	UK	100%	Holding Company
EMI (IP) Limited	UK	100%	Holding Company
UMG Supply Chain Limited	UK	100%	Trading Company
Lamp Caps Limited	UK	100%	Holding Company
Thorn EMI Limited	UK	100%	Holding Company
Lamp Metals Limited	UK	50%	Holding Company
British Sealed Beams Limited	UK	40%	Holding Company
The In Good Company Co Limited	UK	25%	Trading Company
China Music Corporation	China	1.95%	Trading Company

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18. DEBTORS: Amounts due within one year

	2015 £'000	2014 £'000
Amounts owed by group undertakings	2,633,592	3,783,158
VAT recoverable	3	-
Other debtors	-	171
Prepayments and accrued income	23	373
	<u>2,633,618</u>	<u>3,783,702</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.

19. CREDITORS: Amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	-	1
Amounts owed to group undertakings	1,484,570	2,396,500
Other creditors	8,189	17,252
Accruals and deferred income	40	3,287
	<u>1,492,799</u>	<u>2,417,040</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.

EMI GROUP LIMITED

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YEAR ENDED 31 DECEMBER 2015

20. PROVISIONS FOR LIABILITIES AND CHARGES

	Other Provisions £'000	Total £'000
At 1 January 2015	5,794	5,794
Additions	-	-
Amounts charged against provision	(1,508)	(1,508)
Unused amounts released	(3,286)	(3,286)
At 31 December 2015	<u>1,000</u>	<u>1,000</u>

The other provisions amount represents probable amounts to be paid out on leases guaranteed by the company

EMI GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2015

21. SHARE CAPITAL

Authorised:

	2015		2014	
	No	£'000	No	£'000
Ordinary shares of £0.14 each	1,134,206,498	158,789	1,134,206,498	158,789
Ordinary B shares of £1.145 each	419,054,387	479,817	419,054,387	479,817
	<u>1,553,260,885</u>	<u>638,606</u>	<u>1,553,260,885</u>	<u>638,606</u>

Allotted, called up and fully paid:

	2015		2014	
	No	£'000	No	£'000
Ordinary shares of £0.14 each	920,361,759	128,851	920,361,759	128,851
	<u>920,361,759</u>	<u>128,851</u>	<u>920,361,759</u>	<u>128,851</u>

	2015	2014
	£'000	£'000
Amounts presented in equity:		
920,361,759 of Ordinary shares of £0.14 each	128,851	128,851
	<u>128,851</u>	<u>128,851</u>

22. RESERVES

Share premium: The reserve records the amount above the nominal value received for shares sold, less transaction costs.

Capital redemption reserve: The capital redemption reserve represents a historical reduction in distributable reserves for the amount paid to redeem preference B shares as part of a share capital reorganisation.

Other reserves: Other reserves of the company contain a special reserve which reflects the share premium account reduction of July 1988 and unrealised profits on disposal of investments.

AFS reserve: Includes amounts on revaluation for investments classified as available for sale.

EMI GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS
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23. ULTIMATE PARENT COMPANY

The immediate parent undertaking is EMI Group (Newco) 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 SA
42 Avenue de Friedland
75380 Paris
Cedex 08
France

24. EXPLANATION OF TRANSITION TO FRS 102 FROM OLD UK GAAP

As stated in note 2, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended 31 December 2015 and the comparative information presented in these financial statements for the year ended 31 December 2014.

On transition to FRS 102 the Company has not made any adjustments.