

COMPANY REGISTRATION NUMBER 00806281

EMI GROUP FINANCE LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020



EMI GROUP FINANCE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020

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EMI GROUP FINANCE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
FOR THE YEAR ENDED 31 DECEMBER 2020

THE BOARD OF DIRECTORS

AM Barker
BJ Muir
DRJ Sharpe
SL Carmel

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
United Kingdom

EMI GROUP FINANCE LIMITED

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their strategic report for the company for the year ended 31 December 2020.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year continued to be that of a finance company.

The company is part of Universal Music Group's UK operations.

The result of the company for the year ended 31 December 2020 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 10, 11 and 12 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 £97,529,000 (2019 - profit £128,658,000). 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 2020 (2019 - £Nil).

KEY PERFORMANCE INDICATORS

Given that the company operates as a finance company holding only intercompany loans, the directors do not consider that there are any Key Performance Indicators which require disclosure.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The company uses a variety of financial instruments including cash, equity and intercompany receivables and payables in its activity as a finance company. The directors are of the view that the main risks arising from the company's financial instruments are exchange rate risk and interest rate risk, as summarised below:

Exchange rate risk

Exchange rate fluctuation presents a risk because some loans are denominated in currencies other than Sterling. 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

Fluctuations in interest rates have an impact on intercompany receivables and payables. However any impact on receivables will to a large extent be offset by the impact on payables. Given that the company does not have any external borrowings the directors consider the interest rate risk to be minimal.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is faced with similar risks and uncertainties as other finance companies, primarily the impact of interest rate fluctuations on amounts receivable from and payable to group undertakings.

All risks and uncertainties are regularly monitored by the directors, including the following:

Brexit

On 31 January 2020, the United Kingdom (UK) left the European Union (EU) and entered a transition period. On 31 December 2020, the transition period ended and the UK left the EU single market and customs union.

Since the company's principal activity is that of a finance company, there has not been any impact on the company. The directors will continue to monitor the situation for any future impacts.

EMI GROUP FINANCE LIMITED

STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

COVID-19

Given the company's principal activity is that of a finance company, the impact of COVID-19 and the related restrictions introduced by the UK government has been minimal. The directors will continue to monitor the situation for any future impact on the company.

FUTURE DEVELOPMENTS

On 13 February 2021 the company's indirect majority shareholder, Vivendi SE, announced its intention to distribute 60% of the share capital of Universal Music Group ("UMG") to Vivendi shareholders in the form of an exceptional distribution ("special dividend"). Additionally, a Vivendi SE press release on 18 May 2021 stated that the listing of the shares of Universal Music Group N.V., the holding company of the UMG Group, is intended to be applied for on the regulated market of Euronext NV in Amsterdam, with the listing expected on September 27, 2021 at the latest. The Vivendi SE press release of 18 May 2021 further noted that prior to the distribution of 60% of the UMG shares to Vivendi SE shareholders, the Vivendi group is analysing the opportunity to sell 10% of UMG shares to an American investor or initiating a public offering of at least 5% and up to 10% of UMG shares. The directors do not anticipate any significant change in the activities and results of the company in the foreseeable future due to this transaction.

This report was approved by the Board and signed on their behalf.

DocuSigned by:

David Sharpe

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DRJ Sharpe

Director

Date: 27 May 2021

EMI GROUP FINANCE LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2020

The directors present their report, together with the financial statements and the auditor's report of the company, for the year ended 31 December 2020.

They 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.

- Financial risk management objectives and policies; and
- Future developments.

DIRECTORS

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

AM Barker
BJ Muir
DRJ Sharpe
SL Carmel

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.

DONATIONS

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

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.

EMI GROUP FINANCE LIMITED

DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

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.

Pursuant to Section 487 of the Companies Act 2006, Deloitte LLP will be deemed to be reappointed and will therefore continue in office.

This report was approved by the Board and signed on their behalf.

DocuSigned by:
Bala Abioye
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A Abioye

Company Secretary

Date: 27 May 2021

Company Registration Number: 00806281

EMI GROUP FINANCE LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMI GROUP FINANCE LIMITED FOR THE YEAR ENDED 31 DECEMBER 2020

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

In our opinion the financial statements of EMI Group Finance Limited (the 'company'):

- give a true and fair view of the state of the company's affairs as at 31 December 2020 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 13.

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

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

EMI GROUP FINANCE LIMITED

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

FOR THE YEAR ENDED 31 DECEMBER 2020

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. 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.

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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 this regard.

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 FRC's website at: www.frc.org.uk/auditorsresponsibilities This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the company's industry and its control environment, and reviewed the company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities.

EMI GROUP FINANCE LIMITED

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

FOR THE YEAR ENDED 31 DECEMBER 2020

We obtained an understanding of the legal and regulatory framework that the company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included Companies Act 2006, UK tax legislation, Companies, Partnerships and Group Regulations 2015, UK GAAP as issued by the Financial Reporting Council ; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the company's ability to operate or to avoid a material penalty. These included UK Bribery Act, Data Protection Regulation, Money Laundering and Proceeds of Crime Act 2006.

We discussed among the audit engagement team including relevant internal specialists such as tax, and IT regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management and in-house legal counsel concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.

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.

EMI GROUP FINANCE LIMITED

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

FOR THE YEAR ENDED 31 DECEMBER 2020

Matters on which we are required to report by exception

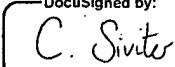
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- 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, United Kingdom

Date: 27 May 2021

Company Registration Number: 00806281

EMI GROUP FINANCE LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
Foreign exchange gains/(losses)		<u>3,515</u>	<u>(5,210)</u>
OPERATING PROFIT/(LOSS)	4	3,515	(5,210)
Interest receivable and similar income	7	180,893	269,666
Interest payable and similar charges	8	(64,146)	(107,006)
PROFIT BEFORE TAXATION		120,262	157,450
Tax on profit	9	(22,733)	(28,792)
PROFIT FOR THE FINANCIAL YEAR		97,529	128,658
Total other comprehensive income		-	-
TOTAL COMPREHENSIVE INCOME		97,529	128,658

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

The notes on pages 13 to 20 form part of these financial statements

EMI GROUP FINANCE LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2020

	Note	2020 £'000	2019 £'000
CURRENT ASSETS			
Debtors: Amounts falling due within one year	10	6,353,970	6,217,926
Cash at bank		184	7
		<u>6,354,154</u>	<u>6,217,933</u>
CREDITORS: Amounts falling due within one year	11	<u>(5,422,639)</u>	<u>(5,383,947)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>931,515</u>	<u>833,986</u>
NET ASSETS		<u>931,515</u>	<u>833,986</u>
CAPITAL AND RESERVES			
Called-up share capital	12	83,936	83,936
Profit and loss account		847,579	750,050
EQUITY SHAREHOLDERS' FUNDS		<u>931,515</u>	<u>833,986</u>

These financial statements were approved by the board of directors and authorised for issue on 27 May 2021 and are signed on their behalf by:

DocuSigned by:

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DRJ Sharpe
Director

Company Registration Number: 00806281

The notes on pages 13 to 20 form part of these financial statements

EMI GROUP FINANCE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2020

	Called-up share capital £'000	Profit & loss account £'000	Total shareholders' funds £'000
Balance brought forward 1 January 2019	83,936	621,392	705,328
Total comprehensive income			
Profit for the financial year	-	128,658	128,658
Balance brought forward 1 January 2020	83,936	750,050	833,986
Total comprehensive income			
Profit for the financial year	-	97,529	97,529
Balance carried forward at 31 December 2020	83,936	847,579	931,515

The notes on pages 13 to 20 form part of these financial statements

EMI GROUP FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2020

1. GENERAL INFORMATION

EMI Group Finance 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

These financial statements have been prepared on a going concern basis, under the historical cost convention. The financial statements are prepared in sterling, which is the functional currency of the company, and have been 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 subsidiary 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 preparing a reconciliation of the number of shares outstanding from the beginning to the end of the financial year;
- from disclosing related party transactions with wholly owned group companies;
- from disclosing key management personnel compensation; and
- from certain financial instrument disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments*.

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.

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.

EMI GROUP FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

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.

Financial assets and liabilities are only offset in the statement of financial position when, and only when there exists a legally enforceable right to set off the recognised amounts and the company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Debt instruments which meet the following conditions of being 'basic' financial instruments as defined in paragraph 11.9 of FRS 102 are subsequently measured at amortised cost using the effective interest method.

Debt instruments that have no stated interest rate (and do not constitute financing transaction) and are classified as payable or receivable within one year are initially measured at an undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.

Other debt instruments not meeting conditions of being 'basic' financial instruments are measured at fair value through profit or loss.

Financial assets are derecognised when and only when a) the contractual rights to the cash flows from the financial asset expire or are settled, b) the company transfers to another party substantially all of the risks and rewards of ownership of the financial asset, or c) the company, despite having retained some, but not all, significant risks and rewards of ownership, has transferred control of the asset to another party. Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

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.

EMI GROUP FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

3. ACCOUNTING POLICIES (continued)

Impairment

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss as described below.

Non-financial assets

An asset is impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Where indicators exist for a decrease in impairment loss previously recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Financial assets

For financial assets carried at amortised cost, the amount of an impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were to be sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had no impairment been recognised.

Interest receivable and Interest payable

Interest receivable relates to amounts due from group undertakings and interest payable relates to amounts due to group undertakings. They are recognised in the statement of comprehensive income as they accrue under the effective interest method.

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. Foreign currency gains and losses are reported on a net basis.

EMI GROUP FINANCE LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2020

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 the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

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 company's accounting policies

The directors have concluded there are no critical judgements to disclose.

Key source of estimation uncertainty

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

EMI GROUP FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

4. OPERATING PROFIT

Operating profit is stated after (crediting)/charging:

	2020 £'000	2019 £'000
Net (gains)/losses on foreign currency translation	<u>(3,515)</u>	<u>5,210</u>

5. AUDITOR'S REMUNERATION

The auditor's remuneration for the year ended 31 December 2020 was £3,250 (2019 - £3,100) and was borne by Universal Music Operations Limited in both years.

6. PARTICULARS OF EMPLOYEES

The company had no employees during the year ended 31 December 2020 (2019 - none).

Emoluments for the directors of the company are paid for by fellow group subsidiary, Universal Music Operations Limited. That fellow group company has not recharged any amount to the company (2019 - £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.

7. INTEREST RECEIVABLE AND SIMILAR INCOME

	2020 £'000	2019 £'000
Interest receivable from group undertakings	<u>180,893</u>	<u>269,666</u>
	<u>180,893</u>	<u>269,666</u>

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2020 £'000	2019 £'000
Other finance charges	-	2
Interest payable to group undertakings	<u>64,146</u>	<u>107,004</u>
	<u>64,146</u>	<u>107,006</u>

EMI GROUP FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

9. TAX ON PROFIT

(a) Analysis of tax charge in the year

	2020 £'000	2019 £'000
Current tax:		
In respect of the year		
UK Corporation tax based on the results for the year at 19.00% (2019 - 19.00%)	16,406	-
Adjustments in respect of previous years	(117)	(1,123)
Group relief payable for losses claimed from other group undertakings	6,444	29,915
	<u>22,733</u>	<u>28,792</u>
Tax on profit	<u>22,733</u>	<u>28,792</u>

(b) Factors affecting tax charge

The tax assessed on the profit for the year is less than the standard rate of corporation tax in the UK of 19.00% (2019 - 19.00%).

Under the Finance Act 2016, the main rate of corporation tax was reduced from 19% to 17% effective from 1 April 2020. However, a change to the main UK corporation tax rate, announced in the Budget on 11 March 2020, was substantively enacted for IFRS and UK GAAP purposes on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. 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. An increase to the main rate of corporation tax to 25% for large businesses was announced in the Spring Budget but has not yet been substantively enacted.

	2020 £'000	2019 £'000
Profit before taxation	120,262	157,450
Profit at the standard rate of UK Corporation tax of 19.00% (2019 - 19.00%)	22,850	29,915
Adjustments in respect of previous periods	(117)	(1,123)
Current tax charge for the financial year	<u>22,733</u>	<u>28,792</u>

10. DEBTORS: Amounts due within one year

	2020 £'000	2019 £'000
Amounts due from group undertakings	6,353,970	6,217,926
	<u>6,353,970</u>	<u>6,217,926</u>

Within amounts due from group undertakings, £1,742,895,000 (2019: £1,714,964,000) is due from parent companies, and £4,611,075,000 (2019: £4,502,962,000) is due from other group companies.

All amounts due from fellow group undertakings are classified as current as they are repayable on demand. They are unsecured and interest rates are linked to LIBOR.

EMI GROUP FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

11. CREDITORS: Amounts falling due within one year

	2020 £'000	2019 £'000
Amounts owed to group undertakings	5,406,233	5,383,947
Corporation tax	16,406	-
	<u>5,422,639</u>	<u>5,383,947</u>

Within amounts owed to group undertakings, £2,130,105,000 (2019: £2,090,116,000) is owed to parent companies, and £3,276,128,000 (2019: £3,293,831,000) is owed to other group companies.

All amounts owed to fellow group undertakings are classified as current as they are repayable on demand. They are interest free and unsecured.

12. SHARE CAPITAL AND RESERVES

Allotted, called up and fully paid:

	2020 No	£'000	2019 No	£'000
Ordinary shares of £1 each	83,936,000	83,936	83,936,000	83,936
	<u>83,936,000</u>	<u>83,936</u>	<u>83,936,000</u>	<u>83,936</u>

The company has one class of ordinary shares which have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

The profit and loss reserve represents cumulative profits or losses, net of dividends paid and other adjustments.

EMI GROUP FINANCE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2020

13. ULTIMATE PARENT COMPANY

The immediate parent undertaking is EMI Group 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