

COMPANY REGISTRATION NUMBER 01588900

**TWENTY-FIRST ARTISTS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL**  
**STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

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**TWENTY-FIRST ARTISTS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

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# **TWENTY-FIRST ARTISTS LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **THE BOARD OF DIRECTORS**

RM Constant  
A Brown  
BJ Muir

### **COMPANY SECRETARY**

A Abioye

### **REGISTERED OFFICE**

364-366 Kensington High Street  
London  
W14 8NS

### **AUDITORS**

Grant Thornton UK LLP  
Chartered Accountants  
Statutory Auditor  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

# **TWENTY-FIRST ARTISTS LIMITED**

## **DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2012**

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The directors present their report and the financial statements of the company for the year ended 31 December 2012

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

The principal activity of the company during the period was the management of entertainers and the provision of management and consultancy services within the music industry

The financial statements have been prepared on a going concern basis as the company has received confirmation from Societe d'investissements et de Gestion 104, the company's intermediate parent undertaking of its intention to continue to provide financial and other support to the extent necessary to enable the company to pay its liabilities when they become due for a period not less than twelve months from the date of the approval of these financial statements. Having regard to this intention, the directors believe it is appropriate to prepare these financial statements on a going concern basis, notwithstanding the net liabilities at 31 December 2012

### **FUTURE DEVELOPMENTS**

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

### **RESULTS AND DIVIDENDS**

The loss on ordinary activities before taxation for the year to 31 December 2012 was £405,292 (2011 - £493,974). The directors are precluded from paying a dividend.

### **DIRECTORS**

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

RM Constant  
A Brown  
BJ Muir

### **DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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.

# TWENTY-FIRST ARTISTS LIMITED

## DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2012

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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:

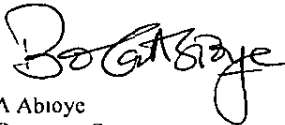
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### AUDITOR

The auditors, Grant Thornton UK LLP, are deemed to be reappointed in accordance with section 489 of the Companies Act 2006 by virtue of an elective resolution passed by the members.

In preparing the report, the directors have taken advantage of the small companies exemption provided by section 415A of the Companies Act 2006.

By order of the board



A Abioye  
Company Secretary

28 March 2013

# **TWENTY-FIRST ARTISTS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWENTY-FIRST ARTISTS LIMITED**

**YEAR ENDED 31 DECEMBER 2012**

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We have audited the financial statements of Twenty-First Artists Limited for the year ended 31 December 2012 which comprise Profit and Loss Account, Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' Responsibilities Statement set out on pages 2 to 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **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 2012 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

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

## TWENTY-FIRST ARTISTS LIMITED

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TWENTY-FIRST ARTISTS LIMITED *(continued)*

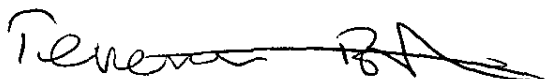
YEAR ENDED 31 DECEMBER 2012

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#### 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, or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report



**Terence Back**  
Senior Statutory Auditor  
For and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
London

28/3/2013

Company Registration Number 01588900

**TWENTY-FIRST ARTISTS LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 DECEMBER 2012**

	Note	2012 £	2011 £
<b>TURNOVER</b>	<b>2</b>	152,284	156,784
Cost of sales		(3 688)	(32,371)
<b>GROSS PROFIT</b>		148,596	124,413
Administrative expenses		(684,134)	(872,385)
<b>OPERATING LOSS</b>	<b>3</b>	(535,538)	(747,972)
Interest receivable and similar income	<b>5</b>	262,141	263,945
Interest payable and similar charges	<b>6</b>	(131,895)	(9 947)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(405,292)	(493 974)
Tax on loss on ordinary activities	<b>7</b>	—	—
<b>LOSS FOR THE FINANCIAL YEAR</b>		(405 292)	(493,974)

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

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

The notes on pages 8 to 13 form part of these financial statements



# TWENTY-FIRST ARTISTS LIMITED

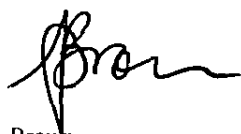
## BALANCE SHEET

AS AT 31 DECEMBER 2012

	Note	2012 £	£	2011 £	£
<b>CURRENT ASSETS</b>					
Debtors	8	20,121,794		20,417,785	
Cash at bank		227		3,022	
		<u>20,122,021</u>		<u>20,420,807</u>	
<b>CREDITORS: Amounts falling due within one year</b>					
	9	<u>(20,560,449)</u>		<u>(20,453,943)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(438,428)</u>		<u>(33,136)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>(438,428)</u>		<u>(33,136)</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	11		101		101
Share premium account	12		20,999,999		20,999,999
Profit and loss account	12		<u>(21,438,528)</u>		<u>(21,033,236)</u>
<b>DEFICIT</b>			<u>(438,428)</u>		<u>(33,136)</u>

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

28 March 2013



A Brown  
Director

Company Registration Number 01588900

The notes on pages 8 to 13 form part of these financial statements

# **TWENTY-FIRST ARTISTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31 DECEMBER 2012**

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#### **1 ACCOUNTING POLICIES**

##### **Basis of preparation**

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

The company is exempt by virtue of s 400 of Companies Act 2006, from the requirement to prepare group accounts if it is itself a wholly owned subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly owned subsidiary of Vivendi SA, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with entities which form part of the group.

The financial statements have been prepared on a going concern basis as the company has received confirmation from Societe d'investissements et de Gestion 104, the company's intermediate parent undertaking of its intention to continue to provide financial and other support to the extent necessary to enable the company to pay its liabilities when they become due for a period not less than twelve months from the date of the approval of these financial statements. Having regard to this intention, the directors believe it is appropriate to prepare these financial statements on a going concern basis, notwithstanding the net liabilities at 31 December 2012.

##### **Cash flow statement**

Under I RS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the company in its own published consolidated financial statements.

##### **Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenues can be reliably measured.

##### **Management commission**

Management commission income is recognised when a right to consideration has been established, the commissions can be reliably quantified and receipt of such commissions is first considered certain. In normal circumstances, this results in revenue being recognised in the period in which the managed artist realises income from their contractual arrangements with third parties, thus triggering the manager's right to commission.

##### **Commission on recording, publishing, merchandising and similar artist income**

Where an artist has contracted with a third party to receive staged payments of advances, commission income is recognised when the artist receives, or becomes contractually due to receive these payments, for example where a managed artist has a contract with a record company.

##### **Commission on tour income**

Commission is recognised on concerts played in the period. Where a tour straddles the end of the period, commission income is recognised only in respect of those concerts played before the period end. Where final accountings for concerts played in the period are not available, the amount of commissionable income to be recognised is assessed based on the contractual terms and the best information available as to concert attendances and takings. In the absence of better information, this estimate is based on the minimum level of income guaranteed to the managed artist by the promoter.

# **TWENTY-FIRST ARTISTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **YEAR ENDED 31 DECEMBER 2012**

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#### **1 ACCOUNTING POLICIES *(continued)***

##### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

##### **Pension costs**

During the year the company participated in a pension scheme in the UK, ultimately operated by Vivendi S A the Universal Music Group Pension Scheme ("UMGPS" or "the Scheme") The Scheme is a mixed defined benefit and defined contribution Scheme and operates on a pre-funded basis

Contributions in respect of employees of the Company to the defined contribution section are charged to the profit and loss account as they become payable in accordance with the rules of the Scheme

FRS 17 requires that the Scheme's underlying assets and liabilities can be allocated to the entities sponsoring the Scheme This allocation could not be done on a consistent and reasonable basis for Twenty First Artists Limited alone As a result, the defined benefit membership of the Scheme has been accounted for on a defined contribution basis in these financial statements

Full disclosures relating to the underlying assets and liabilities of the UMGPS can be found in the financial statements of Universal Music Operations Limited for the year ended 31 December 2012

The company's contributions amounted to £8,775 for the year ended 31 December 2012 (2011 £25,245)

##### **Taxation**

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

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

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

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

##### **Foreign currencies**

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

#### **2 TURNOVER**

The company's turnover and loss before taxation were derived from its principal business the management of entertainers and the provisions of management and consultancy services within the music industry, carried out in the United Kingdom

**TWENTY-FIRST ARTISTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

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**3 OPERATING LOSS**

Operating loss is stated after charging/(crediting)

	2012 £	2011 £
Auditor's remuneration - audit of the financial statements	8,660	3,990
Operating lease costs		
- Land and buildings	25,000	—
Net profit on foreign currency translation	(1,225)	—
	<u>          </u>	<u>          </u>

**4 PARTICULARS OF EMPLOYEES**

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

	2012 No	2011 No
Number of administrative staff	<u>4</u>	<u>5</u>

The aggregate payroll costs of the above were

	2012 £	2011 £
Wages and salaries	366,612	506,070
Social security costs	53,368	53,088
Other pension costs	8,775	25,245
	<u>428,755</u>	<u>584,403</u>

The emoluments of the directors were paid and borne by other fellow group undertakings

**5 INTEREST RECEIVABLE AND SIMILAR INCOME**

	2012 £	2011 £
Other similar income receivable	<u>262,141</u>	<u>263,945</u>

**6 INTEREST PAYABLE AND SIMILAR CHARGES**

	2012 £	2011 £
Other similar charges	<u>131,895</u>	<u>9,947</u>

**TWENTY-FIRST ARTISTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

**7 TAX ON LOSS ON ORDINARY ACTIVITIES**

**(a) Factors affecting current tax charge**

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 24.50% (2011 - 26.50%)

The UK Government announced a phased reduction in the main UK corporation tax rate from 28% to 22%, with the first 2% reduction taking effect from 1 April 2011. A further 1% reduction was enacted on 5 July 2011, reducing the rate to 25% from 1 April 2012. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted or substantively enacted at the balance sheet date. Therefore, at 31 December 2011, deferred tax assets and liabilities have been calculated based on the rates that have been substantively enacted by the balance sheet date.

	2012 £	2011 £
Loss on ordinary activities before taxation	(405,292)	(493,974)
Loss on ordinary activities at the standard rate of UK Corporation tax of 24.50% (2011 - 26.50%)	(99,296)	(130,903)
Expenses not deductible for tax purposes	1,593	2,240
Impact of group relief claimed/surrendered for no compensation	98,349	129,607
Movement in timing differences	(646)	(944)
Current tax charge for the financial year	-	-

**(b) Factors that may affect future tax charges**

The company has total unutilised tax losses carried forward estimated at £12,084,761 (2011 - £12,084,761) which may reduce future tax charges. No deferred tax asset has been provided on these losses due to the uncertainty of future recoverability.

The UK Government intends to reduce the UK corporate income tax further, to 20% from 1 April 2015. The future reduction has not been enacted at the balance sheet date so the effect of this has not been reflected in this financial statement, however it is not expected that this change would have a significant effect on the value of the company's deferred tax balances at the balance sheet date.

**8 DEBTORS**

	2012 £	2011 £
Trade debtors	67,425	119,259
Amounts owed by group undertakings	20,023,430	20,159,075
Other debtors	19,763	103,252
Prepayments and accrued income	11,176	36,199
	20,121,794	20,417,785

All amounts owed by group undertakings are unsecured and repayable on demand. Interest accrues on these amounts excluding group relief at rates between 1 month LIBOR and 1 month plus 0.1%.

**TWENTY-FIRST ARTISTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

**9 CREDITORS** Amounts falling due within one year

	2012 £	2011 £
Trade creditors	14,846	20,855
Amounts owed to group undertakings	20,434,573	20,273,690
Amounts owed to undertakings in which the company has a participating interest	—	58,375
Other creditors including taxation and social security	8,098	1,148
Other taxation and social security	—	3,260
	<u>20,457,517</u>	<u>20,357,328</u>
Accruals and deferred income	102,932	96,615
	<u>20,560,449</u>	<u>20,453,943</u>

All amounts owed to group undertakings are unsecured and repayable on demand. Interest accrues on these amounts excluding group relief at rates between 1 month LIBOR and 1 month plus 0.1%.

**10 PENSIONS**

The company operates a defined contribution scheme. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £8,775 (2011: £25,245). There were no outstanding pension liabilities at year end.

**11 SHARE CAPITAL**

Allotted, called up and fully paid

	2012 No	£	2011 No	£
Ordinary shares of £1 each	<u>101</u>	<u>101</u>	<u>101</u>	<u>101</u>

**12 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES**

	Share capital £	Share premium account £	Profit and loss account £	Total share- holders' funds £
Balance brought forward at 1 January 2011	101	20,999,999	(20,539,262)	460,838
Loss for the year	—	—	(493,974)	(493,974)

**TWENTY-FIRST ARTISTS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2012**

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**12 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES** *(continued)*

	Share capital £	Share premium account £	Profit and loss account £	Total share- holders' funds £
Balance brought forward at 1 January 2012	101	20,999,999	(21 033,236)	(33,136)
Loss for the year	–	–	(405,292)	(405,292)
Balance carried forward at 31 December 2012	101	20,999,999	(21,438 528)	(438,428)

**13 ULTIMATE PARENT COMPANY**

The immediate parent company is Twenty-First Artists Management Limited, a company incorporated and operating in England. 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