

Sony Music Entertainment International Limited

Directors' report and financial statements

Registered number 2019657

31 March 2013

MONDAY



L2NU3TWA

L13

23/12/2013

#20

COMPANIES HOUSE

Contents

Pages

Directors' report	1 - 2
Statement of Directors' responsibilities	2
Independent auditors' report to the members of Sony Music Entertainment International Limited	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 - 16

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2013

Principal activities and review of business

The principal activity of the company is to provide high level consultancy services and advice in the areas of management, marketing, production, export, copyright, financing and other commercial and industrial areas to the Sony Music Entertainment companies operating within the music and entertainment industry in Europe and Africa

Business Review

Results

The company's turnover during the year ended 31 March 2013 was £20,451,000 (2012 £18,757,000) and operating profit was £850,000 (2012 loss of £17,000)

The company made a loss on ordinary activities before taxation of £12,536,000 (2012 profit of £8,550,000) after restructuring costs of £232,000 (2012 £181,000) and fixed asset investment impairment of £14,126,000 (2012 £30,000,000)

The company received no dividends during the year (2012 £37,957,000)

The company made a loss for the financial year of £13,478,000 (2012 profit of £8,279,000) The directors do not recommend the payment of a dividend (2012 *£nil*)

Key risks, uncertainties, opportunities and future prospects

The company and its subsidiaries are engaged in the music and entertainment industry which is undergoing a period of rapid change with a move away from distribution via physical media towards broader exploitation through digital and other business models The directors believe that the company and its subsidiaries are well placed to face the challenges and to take advantage of the opportunities which exist in the markets where they operate

Key performance indicators (KPIs)

Given the straightforward nature of the business, the company's directors are of the opinion that analysis using KPIs is not necessary for an understanding of the development, performance or position of the business

Employees

Sony Music Entertainment International Limited is committed to employment policies which follow best practice, based on equal opportunities for all employees irrespective of sex, race, national origin, religion, colour, disability, sexual orientation, age or marital status

The company systematically provides employees with information on matters of concern to them, consulting them or their representatives regularly, so that their views can be taken into account when making decisions that are likely to affect their interests Employee involvement in the company is encouraged, as achieving a common awareness on the part of all employees of the financial and economic factors affecting the company plays a major role in maintaining its

The company encourages the involvement of employee's by means of company and team meetings, internal communications and opinion surveys Employee development and discretionary bonus schemes are also in operation for all staff to develop their understanding of the business' performance and encourage further contribution to the business

Directors

The directors of the company who were in office during the year and up to the date of signing the financial statements were

William Rowe
Julie Swidler
Edgar Berger (appointed 31 July 2012)

Directors' report (continued)

Stuart Levene (appointed 24 October 2012)
Bert Schorer (appointed 24 October 2012)
Michael Paull (resigned 24 October 2012)

In accordance with articles 112, 113 and 117 of the Company's Articles of Association, all the directors, save for the Chairman are required to retire at annual general meetings. Notwithstanding this the company has dispensed with the requirement to hold annual general meetings.

Company Secretary

S Jenkins acted as company secretary throughout the year.

Charitable donations

Charitable donations for the year amounted to £1,000 (2012: £nil).

Disclosure of information to auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the 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 auditors are aware of that information.

Statement of directors' responsibilities

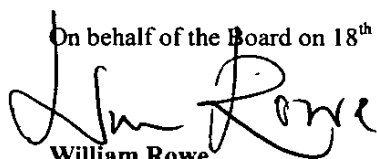
The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared 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 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 its 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.

On behalf of the Board on 18th December 2013



William Rowe
Director

Independent auditors' report to the members of Sony Music Entertainment International Limited

We have audited the financial statements of Sony Music Entertainment International Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2 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.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' Report and financial statements to identify material inconsistencies with the audited financial statements. 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 March 2013 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.

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



Matthew Mullins (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
St Albans

18 December 2013

Profit and loss account

for the year ended 31 March 2013

	<i>Note</i>	Year ended 31 March 2013	Year ended 31 March 2012
		£'000	£'000
Turnover	2	20,451	18,757
Restructuring costs	7	(232)	(181)
Other operating charges	3	(19,369)	(18,593)
Total administrative expenses		(19,601)	(18,774)
Operating profit / (loss)		850	(17)
Income from other fixed assets investments		-	37,957
Amounts written off - investments		(14,126)	(30,000)
Interest receivable and similar income	8	872	745
Interest payable and similar charges	9	(132)	(135)
(Loss)/profit on ordinary activities before taxation		(12,536)	8,550
Tax on (loss)/ profit on ordinary activities	10	(942)	(271)
(Loss)/profit for the financial year	17	(13,478)	8,279

Turnover and (loss) / profit on ordinary activities before taxation for the year and prior year relate exclusively to continuing operations

There is no difference between the result as disclosed in the profit and loss account and result on a historical cost basis

A statement of total recognised gains and losses has not been presented as there are no gains or losses other than those dealt with in the profit and loss account

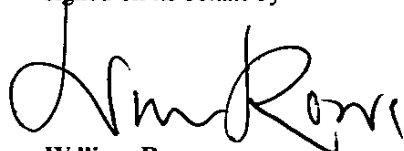
The notes on pages 6 to 16 form part of these financial statements

Balance sheet

as at 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 £'000
Fixed assets			
Tangible assets	11	178	407
Investments	12	259,498	284,020
		<hr/> 259,676	<hr/> 284,427
Current assets			
Debtors	13	72,402	52,853
Creditors: amounts falling due within one year	14	(54,552)	(26,847)
		<hr/> 17,850	<hr/> 26,006
Net current assets			
		<hr/> 277,526	<hr/> 310,433
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	14	-	(19,429)
		<hr/> 277,526	<hr/> 291,004
Net assets			
Capital and reserves			
Called up share capital	16	46,071	46,071
Share premium account	17	192,757	192,757
Merger reserve	17	86,648	86,648
Profit and loss account	17	(47,950)	(34,472)
		<hr/> 277,526	<hr/> 291,004
Total shareholders' funds	18	<hr/> 277,526	<hr/> 291,004

The financial statements on pages 4 to 16 were approved by the Board of Directors on 18th December 2013 and signed on its behalf by



William Rowe
Director

The notes on pages 6 to 16 form part of these financial statements.

Registered Number 2019657

Notes to the financial statements

(forming part of the financial statements)

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material to the financial statements

Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below

The company is exempt from the requirement of Financial Reporting Standard (Revised) 1996, 'Cash flow statements', being a wholly owned subsidiary of Sony Corporation, a company incorporated in Japan and which prepares consolidated financial statements in English containing a consolidated cash flow statement dealing with the cash flows of the group and of the company

The financial statements contain information about Sony Music Entertainment International Limited as an individual company and do not contain consolidated financial information as the parent of a group. The results of the company and its subsidiaries are included in the consolidated financial statements of Sony Corporation, a company incorporated in Japan. The directors consider the financial statements of Sony Corporation, prepared under US Generally Accepted Accounting Practices, to be equivalent to the requirements of the 7th EU Directive in all material respects and have therefore taken advantage of Companies Act 2006, section 401 as revised, and not prepared consolidated financial statements

The nature of the business is primarily investment in Sony Music Entertainment subsidiaries across Europe. The Directors are satisfied these investments will provide sufficient income in the future and therefore have prepared the financial statements on a going concern basis

Fixed asset investments

Fixed asset investments are stated at cost less provision for any impairment

Where these fixed asset investments are impaired the impairment charge is recognised in the profit and loss account. A transfer between the merger reserve and the profit and loss account reserve is made to reflect the impairment of the fair value of these fixed asset investments in excess of the nominal value of the shares issued

Impairment reviews

Impairment reviews are undertaken on fixed assets when there are indicators that their carrying amounts may not be recoverable

Tangible fixed assets

Tangible fixed assets are stated at cost, net of accumulated depreciation

No depreciation is provided on assets in the course of construction. Depreciation commences once the asset has been completed

Depreciation is provided at rates calculated to write off the cost, less the estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows

Leasehold improvements	-	shorter of useful life / term of lease
Computer equipment	-	33.3%
Office equipment	-	20%
Furniture and Fixtures & Fittings	-	14.3%

Notes to the financial statements *(continued)*

1. Accounting policies *(continued)*

Taxation

Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard No 19 Deferred Tax

Sony Music entities which include this company are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. Such losses will be purchased and paid for by the recipient company. Where there is reasonable certainty that taxable losses can be utilised the group relief receivable is included in the taxation charge or credit for the year.

Foreign currencies

Normal trading activities denominated in foreign currencies are recorded in sterling at the exchange rates as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

Turnover

Turnover represents amounts, excluding value added tax, recharged to group companies to which consultancy services and advice are provided and is recognised as the service is performed. All turnover is generated within the UK.

Pensions

The company participates in the Sony Music Entertainment UK Pension Plan, a defined benefit pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The directors are unable to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reliable basis so accounts for the scheme on a defined contribution basis. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

2 Turnover

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<i>Geographical split of turnover by destination:</i>		
United Kingdom	5,217	3,387
Rest of World	15,234	15,370
	<u>20,451</u>	<u>18,757</u>

3 Other operating charges

Operating charges consist of third party legal and consultancy costs together with salary costs borne by the company necessary to provide the services to Sony Music Entertainment operating companies within the music industry in Europe and Africa.

Notes to the financial statements (continued)

4 (Loss)/profit on ordinary activities before taxation

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<i>(Loss)/ profit on ordinary activities before taxation is stated after charging/ (crediting).</i>		
Auditors' remuneration		
Audit services	16	16
Depreciation of owned fixed assets	169	158
Staff costs	10,696	9,242
Income from fixed asset investments	-	(37,957)
Exchange losses/(gains)	114	(213)
	<u> </u>	<u> </u>

5 Remuneration of directors

The directors received emoluments from the company for their services. Their total emoluments charged in the financial statements of the company were as follows:

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Aggregate emoluments	3,278	709
Pension scheme contributions	26	12
	<u> </u>	<u> </u>
	3,304	721
	<u> </u>	<u> </u>

The total emoluments, including pension contributions of £14,000 (2012: £nil), of the highest paid director were £2,556,000 (2012: £416,000).

6 Staff numbers and costs

The monthly average number of persons employed by the company (including directors), analysed by category, was as follows:

	Year ended 31 March 2013 Number	Year ended 31 March 2012 Number
Administration	63	79
	<u> </u>	<u> </u>

Notes to the financial statements *(continued)*

6. Staff numbers and costs *(continued)*

The aggregate payroll costs of these persons were as follows

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Wages and salaries	9,640	8,309
Social security costs	886	742
Other pension costs (note 19)	170	191
	<u>10,696</u>	<u>9,242</u>

7 Restructuring costs

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<i>Restructuring costs:</i>		
Restructuring	<u>232</u>	<u>181</u>

Restructuring costs in the current and prior year relate to a number of restructuring programmes initiated to develop and adapt the consultancy services provided by the company to the rapidly changing business environment of the music and entertainment industry. The costs incurred relate to employee severance payments.

8 Interest receivable and similar income

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Interest receivable from group companies	869	743
Other loans	3	2
	<u>872</u>	<u>745</u>

Intercompany balances carried a rate of interest of 1.40% in the year (2012: 1.75%)

Notes to the financial statements *(continued)*

9 Interest payable and similar charges

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Interest payable to group undertakings	132	135
	<u>132</u>	<u>135</u>

Intercompany balances carried a rate of interest of 1.40% in the year (2012: 1.75%)

10 Tax on (loss)/ profit on ordinary activities

Analysis of tax (credit)/ charge for the year:

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<i>Current tax</i>		
<i>United Kingdom</i>		
Corporation tax at 24% (2012: 26%)	586	(309)
Adjustments in respect of prior years	99	(59)
Total current tax	<u>685</u>	<u>(368)</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	259	42
Adjustment in respect of prior years	(2)	55
Total deferred tax	<u>257</u>	<u>97</u>
Tax on (loss)/ profit on ordinary activities	<u>942</u>	<u>(271)</u>

The tax assessed for the year is higher (2012: lower) than the standard rate of corporation tax in the UK of 24% (2012: 26%) applied to the pre-tax profit of the company. The differences are explained below:

Notes to the financial statements *(continued)*

10 Tax on (loss)/ profit on ordinary activities *(continued)*

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
(Loss)/ profit on ordinary activities before tax	(12,536)	8,550
(Loss)/ profit on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 24% (2012 26%)	(3,009)	(2,223)
<i>Effects of</i>		
(Income not chargeable) / expenses not deductible for tax purposes	3,588	1,956
Depreciation in excess of capital allowances	-	(47)
Short term timing differences	-	-
Adjustments in respect of prior years	99	(59)
Short term differences	-	5
Total current tax (credit)/ charge	678	(368)

Factors affecting current and future tax charges

Legislation to reduce the main rate of corporation tax to 23% from 1 April 2013 was included in the Finance Act 2012. The Finance Act 2012 was substantively enacted at the balance sheet date. Legislation to reduce the corporation tax rate further to 21% from 1 April 2014 and 20% from 1 April 2015 is included in the Finance Act 2013. The Finance Act was substantively enacted on 2 July 2013 and received Royal Assent on 17 July 2013. The rate reductions to 21% and 20% had not been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

Notes to the financial statements (continued)

11 Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Office equipment £000	Furniture and fittings £000	Total £000
Cost					
At 1 April 2012	113	600	63	21	797
Disposals	-	(197)	-	(1)	(198)
At 31 March 2013	113	403	63	20	600
Accumulated depreciation					
At 1 April 2012	5	349	26	10	390
Charged in the year	19	138	1	11	169
Disposals	-	(137)	-	(1)	(138)
At 31 March 2013	24	350	27	20	421
Net book value					
At 31 March 2013	89	53	36	-	178
At 31 March 2012	108	252	37	10	407

12 Investments

	Market investments £000	Associate undertakings £000	Subsidiary undertakings £000	Total £000
Cost				
At 1 April 2012	4,252	1,104	430,332	435,688
Additions	-	-	14,126	14,126
Disposals	-	(56)	-	-
Revaluation	-	-	(1,714)	(1,714)
Capital repayments of investment in subsidiary	-	-	(22,808)	(22,808)
At 31 March 2013	4,252	1,048	419,936	425,292
Provisions for permanent diminution in value				
At April 2012	-	1,104	150,564	151,668
Charge in year	-	-	14,126	14,126
Writeback of provision	-	(56)	-	-
At 31 March 2013	-	1,048	164,690	165,794
Net book value				
At 31 March 2013	4,252	-	255,246	259,498
At 31 March 2012	4,252	-	279,768	284,020

Notes to the financial statements (continued)

12 Investments (continued)

Investments in subsidiary undertakings

During the year a capital investment of £14,126,000 was made in Sony Music Entertainment Greece S A and a repayment of a capitalised loan was made by Sony Music Entertainment Italy SPA of £22,808,000

During the year the directors undertook a review of the company's investments to identify any circumstances that would suggest the carrying amounts were no longer recoverable

The impairment review recognised a change in circumstances of certain investments. Accordingly the directors have recognised an impairment of £14,126,000

The directors believe that the remaining carrying value of the investments is supported by their underlying business and assets

Subsidiary undertakings	Country of Incorporation	Class and percentage of shares held
Sony Music Entertainment Austria GmbH	Austria	100% ordinary share capital
Sony Music Entertainment Belgium N V	Belgium	99.99% ordinary share capital
Sony Music Entertainment Czech Republic Sro	Czech Republic	80% ordinary share capital
Sony Music Entertainment Denmark AS	Denmark	100% ordinary share capital
Sony Music Entertainment Finland OY	Finland	100% ordinary share capital
Sony Music Entertainment Germany GmbH	Germany	100% ordinary share capital
Sony Music Entertainment Greece S A	Greece	99.99% ordinary share capital
Sony Music Entertainment Hungary KFT	Hungary	99.99% ordinary share capital
Sony Music Entertainment Italy SPA	Italy	100% ordinary share capital
Sony Music Entertainment Norway AS	Norway	100% ordinary share capital
Sony Music Entertainment Poland Sp Zoo	Poland	100% ordinary share capital
Sony Music Entertainment Portugal LDA	Portugal	100% ordinary share capital
Sony Music Entertainment Sweden AB	Sweden	100% ordinary share capital
Sony Music Entertainment Switzerland GmbH	Switzerland	100% ordinary share capital
Sony Music Entertainment Turkey AS	Turkey	99.99% ordinary share capital
Sony Music Entertainment France SAS	France	100% ordinary share capital
Zomba Records Italia Srl	Italy	100% ordinary share capital
Sony Music Entertainment Taiwan	Taiwan	100% ordinary share capital
SBX Entertainment Limited	UK	100% ordinary share capital

Associate undertakings

Duzy Dom Dystrybucyjny Sp Z O O *	Poland	33.3% ordinary share capital
8 Ball Music B V	Netherlands	33% ordinary share capital

Market investments

Spotify Technology SA	Luxembourg
Omnifone Limited	UK

All subsidiaries and associated undertakings are engaged in record production and promotion except those marked with an * which are engaged in warehousing and distribution services

Notes to the financial statements (continued)

13 Debtors

	31 March 2013 £'000	31 March 2012 £'000
<i>Amounts falling due within one year.</i>		
Trade debtors	9,735	7,686
Amounts owed by group undertakings	62,013	42,483
Other debtors	3	2,065
Prepayments and accrued income	396	107
	<hr/>	<hr/>
	72,147	52,341
<i>Amounts falling due after more than one year:</i>		
Deferred tax asset (see note 15)	255	512
	<hr/>	<hr/>
	72,402	52,853
	<hr/>	<hr/>

Intercompany balances carried a rate of interest of 1 40% in the year (2012 1 75%) They are unsecured and are repayable on demand

14 Creditors

	31 March 2013 £'000	31 March 2012 £'000
<i>Amounts falling due within one year.</i>		
Trade creditors	2,376	3,671
Amounts owed to group undertakings	41,626	13,147
Group relief payable	988	1,159
Other creditors	-	28
Taxation and social security	3,920	1,809
Accruals and deferred income	5,642	7,033
	<hr/>	<hr/>
	54,552	26,847
	<hr/>	<hr/>
<i>Amounts falling due after more than one year:</i>		
Amounts owed to group undertakings	-	19,429
	<hr/>	<hr/>

Intercompany balances carried a rate of interest of 1 40% in the year (2012 1 75%) They are unsecured and are repayable on demand

Notes to the financial statements (continued)

15 Deferred taxation

	Year ended 31 March 2013 £000	Year ended 31 March 2012 £000
At start of the year	512	415
Credit in profit and loss account	(259)	97
Asset at end of year	255	512
Asset at end of year		
Accelerated capital allowances	251	512
Other short term timing differences	4	-
Undiscounted deferred tax asset	255	512

The overall effect of these changes in the tax rate to 20% by 1 April 2015, if applied to the deferred tax balance as at 31 March 2013, would reduce the deferred tax asset by £33,000 (being £22,000 recognised in 2014 and £11,000 recognised in 2015)

16 Called up share capital

	31 March 2013 £'000	31 March 2012 £'000
<i>Authorised</i>		
75,000,000 (2012 75,000,000) ordinary shares of £1 each	75,000	75,000
<i>Allotted, called up and fully paid</i>		
£46,071,166 (2012 £46,071,166) ordinary shares of £1 each	46,071	46,071

17 Reserves

	Share premium account £'000	Merger reserve £'000	Profit and loss account £'000	Total £'000
Opening balance	192,757	86,648	(34,472)	244,933
(Loss) for the financial year	-	-	(13,478)	(13,478)
Closing balance	192,757	86,648	(47,950)	231,455

Notes to the financial statements *(continued)*

18 Reconciliation of movements in shareholders' funds

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Opening shareholders' funds	291,004	282,725
(Loss)/profit for the financial year	(13,478)	8,279
Closing shareholders' funds	277,526	291,004

19 Pensions

The company participates in the Sony Music Entertainment UK Pension Plan, a defined benefit pension scheme. The directors are unable to identify the company's share of the underlying assets and liabilities in the scheme on a consistent and reasonable basis and accounts for the scheme on a defined contribution basis.

The assets of the pension plan are held separately from the assets of any group company. The latest actuarial valuation of the plan was carried out as at year ended 31 March 2009. Details of this valuation are included in the financial statements of Sony Music Entertainment UK Limited.

The total cost of pension benefits for all schemes, charged to the profit and loss account, amounted to £170,000 (2012 £191,000).

20 Related Party Transactions

The company is exempt under the terms of Financial Reporting Standard No. 8 from disclosing related party transactions with entities that are part of the Sony group of companies. The company had no other related party transactions.

21 Immediate and ultimate holding company

The company's immediate holding company is Sony Music Entertainment UK Holdings Limited, a company incorporated in England and Wales. The ultimate parent undertaking and controlling party is Sony Corporation, which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of the Sony Corporation financial statements can be obtained from 7-1, Konan 1-chome, Minato-ku, Tokyo, 108-0075.