

# **Sony Music Entertainment International Limited**

Annual report and financial statements

Registered number 2019657

31 March 2014



## **Contents**

### **Pages**

Directors' report	1 - 2
Strategic report	3
Independent auditors' report to the members of Sony Music Entertainment International Limited	4 - 5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 - 17

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 2014.

### Principal activities and review of business

The principal activity of the Company is investment holding. The Company also provides 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, Africa, Asia, Australasia and Latin America.

During the year, the Company also entered into the production and exploitation of musical recordings.

### 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  
Stuart Levene  
Bert Schorer

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 (2013: £1,000).

### Financial risk management

The company is exposed to various financial risks that arise as a normal part of its trading activities. The main such risks are considered to be foreign exchange risk, credit risk and liquidity risk.

#### *Market risk – Foreign exchange risk*

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to Euros and US Dollars. Management monitor exchange rate movements closely and ensure adequate funds are maintained in appropriate currencies to meet known foreign currency liabilities.

#### *Credit risk*

The company's credit risk is primarily attributable to its trade receivables. The amounts presented in the balance sheet are net of allowances for doubtful receivables, estimated by management based on prior experience and the current economic environment. The company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history.

#### *Liquidity risk*

Management monitors rolling forecasts of the company's cash flow requirements and maintains committed credit facilities to cover its expected needs.

## **Directors' report** *(continued)*

### **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;
- 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.

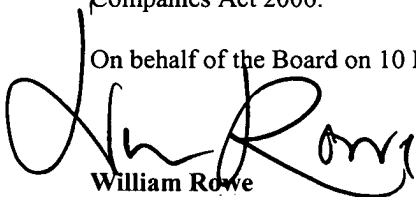
### **Statement as to disclosure of information to auditors**

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.

### **Independent Auditors**

PricewaterhouseCoopers LLP offer themselves for reappointment as auditors in accordance with section 487 of the Companies Act 2006.

On behalf of the Board on 10 December 2014



**William Rowe**  
Director

## Strategic Report

### Strategic report for the year ended 31 March 2014

The directors present their strategic report for the year ended 31 March 2014.

#### Business Review

##### *Results*

The company's turnover during the year ended 31 March 2014 was £21,201,000 (2013: £20,451,000) and operating profit was £1,586,000 (2013: £850,000).

The company made a profit on ordinary activities before taxation of £866,000 (2013: £12,536,000 loss) after fixed asset investment impairment of £1,783,000 (2013: £14,126,000) and in the prior year after restructuring costs of £232,000.

The company made a profit for the financial year of £32,000 (2013: £13,478,000 loss). The directors do not recommend the payment of a dividend (2013: *£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.

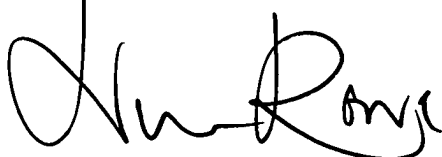
##### **Employees**

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.

On behalf of the Board on 10 December 2014



**William Rowe**  
Director

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

### **Report on the financial statements**

#### *Our opinion*

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its profit 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.

This opinion is to be read in the context of what we say in the remainder of this report.

#### *What we have audited*

The financial statements, which are prepared by Sony Music Entertainment International Limited, comprise:

- the Profit and loss account for the year then ended;
- the Balance sheet as at 31 March 2014; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

#### *What an audit of financial statements involves*

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). 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 Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

## **Independent auditors' report to the members of Sony Music Entertainment International Limited** *(continued)*

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Other matters on which we are required to report by exception**

#### *Adequacy of accounting records and information and explanations received*

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

#### *Directors' remuneration*

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

### **Responsibilities for the financial statements and the audit**

#### *Our responsibilities and those of the directors*

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 ISAs (UK & 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.



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

11 December 2014

## Profit and loss account

for the year ended 31 March 2014

	<i>Note</i>	<b>Year ended 31 March 2014</b>	<b>Year ended 31 March 2013</b>
		<b>£'000</b>	<b>£'000</b>
<b>Turnover</b>	<b>2</b>	<b>21,201</b>	<b>20,451</b>
Cost of sales		(95)	-
<b>Gross profit</b>		<b>21,106</b>	<b>20,451</b>
Restructuring costs	7	-	(232)
Administrative expenses	3	(19,520)	(19,369)
Total administrative expenses		(19,520)	(19,601)
<b>Operating profit</b>		<b>1,586</b>	<b>850</b>
Amounts written off investments	12	(1,783)	(14,126)
Interest receivable and similar income	8	1,140	872
Interest payable and similar charges	9	(77)	(132)
<b>Profit / (loss) on ordinary activities before taxation</b>		<b>866</b>	<b>(12,536)</b>
Tax on profit / (loss) on ordinary activities	10	(834)	(942)
<b>Profit / (loss) for the financial year</b>	<b>17</b>	<b>32</b>	<b>(13,478)</b>

Turnover and loss 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 8 to 17 form part of these financial statements.

## Balance sheet

As at 31 March 2014

	Note	31 March 2014 £'000	31 March 2013 £'000
<b>Fixed assets</b>			
Tangible assets	11	101	178
Investments	12	261,918	259,498
		<hr/>	<hr/>
		262,019	259,676
<b>Current assets</b>			
Debtors	13	49,712	72,402
<b>Creditors: amounts falling due within one year</b>	14	(34,173)	(54,552)
		<hr/>	<hr/>
<b>Net current assets</b>		15,539	17,850
		<hr/>	<hr/>
<b>Net assets</b>		277,558	277,526
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	16	46,071	46,071
Share premium account	17	192,757	192,757
Other reserves	17	86,648	86,648
Profit and loss account	17	(47,918)	(47,950)
		<hr/>	<hr/>
<b>Total shareholders' funds</b>	18	277,558	277,526
		<hr/>	<hr/>

The financial statements on pages 6 to 17 were approved by the Board of Directors on 10 December 2014 and signed on its behalf by



**William Rowe**  
Director

The notes on pages 8 to 17 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.

#### *Royalties*

Royalty income is included on a receivable basis calculated on sales of records arising during each financial year as reported by licensees. Royalties payable are expensed on an accruals basis except when they are paid in advance carried forward and recognised as an asset where such advances relate to current released and unreleased products and where it is estimated that sufficient future royalties will be earned for recoupment from those products. Advances for overseas licences received in respect of individual albums are carried forward and recognised as income over the expected life of each individual licence. If advances previously written off are recovered in subsequent years, recoupment is reflected in cost of sales.

#### *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.

## Notes to the financial statements (continued)

### 2 Turnover

The turnover for the year is attributable to the principal activities of the company.

A geographical analysis of turnover is shown below:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
<i>Geographical split of turnover by destination:</i>		
United Kingdom	5,370	5,217
Rest of World	15,831	15,234
	<u>21,201</u>	<u>20,451</u>

### 3 Administrative expenses

Administrative expenses 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, Africa, Asia, Australasia and Latin America.

### 4 Loss on ordinary activities before taxation

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
<i>Loss on ordinary activities before taxation is stated after charging/ (crediting):</i>		
Auditors' remuneration		
Audit services	16	16
Depreciation of owned fixed assets	84	169
Staff costs	11,825	10,696
Exchange (gains)/losses	(958)	114
	<u>11,967</u>	<u>11,095</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 2014 £'000	Year ended 31 March 2013 £'000
Aggregate emoluments	2,865	3,278
Pension scheme contributions	28	26
	<u>2,893</u>	<u>3,304</u>

The total emoluments, including pension contributions of £6,000 (2013: £14,000), of the highest paid director were £1,984,000 (2013: £2,556,000).

## Notes to the financial statements *(continued)*

### 6 Staff numbers and costs

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

	Year ended 31 March 2014 Number	Year ended 31 March 2013 Number
Administration	74	63

The aggregate payroll costs of these persons were as follows:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Wages and salaries	10,343	9,640
Social security costs	1,235	886
Other pension costs (note 19)	247	170
	<b>11,825</b>	<b>10,696</b>

### 7 Restructuring costs

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
<b>Restructuring costs:</b>		
Restructuring	-	232

Restructuring costs in the 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 2014 £'000	Year ended 31 March 2013 £'000
Interest receivable from group undertakings	1,140	869
Other loans	-	3
	<b>1,140</b>	<b>872</b>

Intercompany balances carried a rate of interest of 2.02% in the year (2013: 1.40%).

## Notes to the financial statements *(continued)*

### 9 Interest payable and similar charges

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Interest payable to group undertakings	77	132
	<u>77</u>	<u>132</u>

Intercompany balances carried a rate of interest of 2.02% in the year (2013: 1.40%).

### 10 Tax on loss on ordinary activities

*Analysis of tax charge for the year:*

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
<i>Current tax</i>		
<i>United Kingdom</i>		
Corporation tax at 23% (2013: 24%)	781	586
Adjustments in respect of prior years	(5)	99
<b>Total current tax</b>	<u>776</u>	<u>685</u>
<i>Deferred tax</i>		
Origination and reversal of timing differences	58	259
Adjustment in respect of prior years	-	(2)
<b>Total deferred tax</b>	<u>58</u>	<u>257</u>
<b>Tax on profit / (loss) on ordinary activities</b>	<u>834</u>	<u>942</u>

## Notes to the financial statements (continued)

### 10 Tax on loss on ordinary activities (continued)

The tax assessed for the year is higher (2013: higher) than the standard rate of corporation tax in the UK of 23% (2013: 24%) applied to the pre-tax profit of the company. The differences are explained below:

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
<b>Profit / (loss) on ordinary activities before tax</b>	<b>866</b>	<b>(12,536)</b>
Profit / (loss) on ordinary activities before tax multiplied by standard rate of corporation tax in the UK of 23% (2013: 24%)	<b>199</b>	<b>(3,009)</b>
<i>Effects of:</i>		
Expenses not deductible for tax purposes	<b>602</b>	<b>3,588</b>
Accelerated capital allowances	<b>(20)</b>	<b>-</b>
Adjustments in respect of prior years	<b>(5)</b>	<b>99</b>
<b>Total current tax charge</b>	<b>776</b>	<b>678</b>

*Factors affecting current and future tax charges:*

Legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and from 21% to 20% from 1 April 2015 was substantively enacted on 2 July 2013.

### 11 Tangible fixed assets

	Leasehold improvements £000	Computer equipment £000	Office equipment £000	Furniture and fittings £000	Total £000
<b>Cost</b>					
At 1 April 2013	113	403	63	20	599
Additions	-	-	7	-	7
<b>At 31 March 2014</b>	<b>113</b>	<b>403</b>	<b>70</b>	<b>20</b>	<b>606</b>
<b>Accumulated depreciation</b>					
At 1 April 2013	24	350	27	20	421
Charged in the year	18	53	13	-	84
<b>At 31 March 2014</b>	<b>42</b>	<b>403</b>	<b>40</b>	<b>20</b>	<b>505</b>
<b>Net book value</b>					
<b>At 31 March 2014</b>	<b>71</b>	<b>-</b>	<b>30</b>	<b>-</b>	<b>101</b>
At 31 March 2013	89	53	36	-	178

## Notes to the financial statements (continued)

### 12 Investments

	Market investments £000	Associate undertakings £000	Subsidiary undertakings £000	Total £000
<b>Cost</b>				
At 1 April 2013	4,252	1,048	419,936	425,236
Additions	-	-	4,201	4,201
Disposals	-	-	(1,783)	(1,783)
<b>At 31 March 2014</b>	<b>4,252</b>	<b>1,048</b>	<b>422,354</b>	<b>427,654</b>
<b>Provisions for impairment</b>				
At 1 April 2013	-	1,048	164,690	165,738
Writeback of provision	-	-	(2)	(2)
<b>At 31 March 2014</b>	<b>-</b>	<b>1,048</b>	<b>164,688</b>	<b>165,736</b>
<b>Net book value</b>				
<b>At 31 March 2014</b>	<b>4,252</b>	<b>-</b>	<b>257,666</b>	<b>261,918</b>
At 31 March 2013	4,252	-	255,246	259,498

#### Investments in subsidiary undertakings

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

During the year, the Company took steps to dissolve SBX Entertainment Limited with effect from 1 April 2014. As part of this process, one ordinary share in the capital of the SBX Entertainment Limited was issued to Sony Music Entertainment International Limited on 14 March 2014 for the consideration of £1,781,125. Subsequently, the company wrote down the value of the investment to nil.

The Company made additional capital contributions to SME Hungary and SME Turkey totalling £2,420,000 during the year.

The company has the following principal subsidiary undertakings, associated undertakings and market investments.

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
Sony Music Entertainment Taiwan	Taiwan	100% ordinary share capital
Zomba Records Italia Srl	Italy	100% ordinary share capital

## Notes to the financial statements (continued)

### 12 Investments (continued)

Associate undertakings	Country of Incorporation	Class and percentage of shares held
Duzy Dom Dystrybucyjny Sp Z.O.O. *	Poland	33.3% ordinary share capital
8 Ball Music B.V.	Netherlands	33% ordinary share capital
<b>Market investments</b>		
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.

### 13 Debtors

	31 March 2014 £'000	31 March 2013 £'000
<b>Amounts falling due within one year:</b>		
Trade debtors	3,454	9,735
Amounts owed by group undertakings	45,652	62,013
Taxation and social security	20	-
Other debtors	182	3
Prepayments and accrued income	206	396
	<b>49,514</b>	<b>72,147</b>
<b>Amounts falling due after more than one year:</b>		
Deferred tax asset (see note 15)	198	255
	<b>49,712</b>	<b>72,402</b>

Intercompany balances carried a rate of interest of 2.02% in the year (2013: 1.40%). They are unsecured and are repayable on demand.

### 14 Creditors

	31 March 2014 £'000	31 March 2013 £'000
<b>Amounts falling due within one year:</b>		
Trade creditors	1,450	2,376
Amounts owed to group undertakings	14,619	41,626
Group relief payable	1,753	988
Other taxation and social security	-	3,920
Accruals and deferred income	16,351	5,642
	<b>34,173</b>	<b>54,552</b>

Intercompany balances carried a rate of interest of 2.02% in the year (2013: 1.40%). They are unsecured and are repayable on demand.

## Notes to the financial statements (continued)

### 15 Deferred taxation

	Year ended 31 March 2014 £000	Year ended 31 March 2013 £000
At start of the year	255	512
Credit in profit and loss account	(57)	(259)
Adjustments due to prior year	-	2
Asset at end of year	198	255
Asset at end of year		
Accelerated capital allowances	194	251
Other short term timing differences	4	4
Undiscounted deferred tax asset	198	255

### 16 Called up share capital

	31 March 2014 £'000	31 March 2013 £'000
<i>Allotted, called up and fully paid</i> 46,071,166 (2013: 46,071,166) ordinary shares of £1 each	46,071	46,071

### 17 Reserves

	Share premium account £'000	Other reserves £'000	Profit and loss account £'000	Total £'000
Opening balance	192,757	86,648	(47,950)	231,455
Profit for the financial year	-	-	32	32
Closing balance	192,757	86,648	(47,918)	231,487

## Notes to the financial statements *(continued)*

### 18 Reconciliation of movements in shareholders' funds

	Year ended 31 March 2014 £'000	Year ended 31 March 2013 £'000
Opening shareholders' funds	277,526	291,004
Profit / (loss) for the financial year	32	(13,478)
	<hr/>	<hr/>
Closing shareholders' funds	277,558	277,526
	<hr/>	<hr/>

### 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 2014. 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 £247,000 (2013: £170,000).

### 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.