

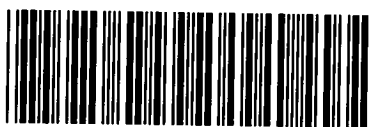
**COMPANY REGISTRATION NUMBER: 03201180**

**PIAS COOPERATIVE LIMITED  
(FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2013**

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**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

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**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**OFFICERS AND PROFESSIONAL ADVISERS**

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**COMPANY INFORMATION**

**THE BOARD OF DIRECTORS**

JD Rackham  
NB Hartley  
KB Gates  
MJ Lambot

**COMPANY SECRETARY**

NB Hartley

**REGISTERED OFFICE**

1 Bevington Path  
London  
SE1 3PW

**AUDITORS**

Nexia Smith & Williamson  
Chartered Accountants & Statutory Auditors  
Portwall Place  
Portwall Lane  
Bristol  
BS1 6NA

# **PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2013**

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The directors present their report and the audited financial statements of the company for the year ended 31 December 2013.

#### **PRINCIPAL ACTIVITY**

The principal activity of the company is the licensing and exploitation of phonographic recordings.

The company ceased to trade on 31 December 2013 when the company's trade, assets and liabilities were transferred to fellow subsidiary [PIAS] Recordings UK Limited.

#### **RESULTS AND DIVIDENDS**

As at 28 March 2013, V2 Records International Limited was sold to [PIAS] Recordings UK Limited as per the share sale and purchase agreement dated 25 February 2013. The effective sale date is 31 December 2012.

On 25 March 2014, the entity changed its name to PIAS Cooperative Limited.

The result and position of the company as at and for the year ended 31 December 2013 are set out in the profit and loss account and balance sheet on pages 6 and 8 respectively. The result and position of the company were in line with directors' expectations.

The directors have not recommended a dividend (2012 - £nil)

#### **DIRECTORS**

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

RM Constant (resigned 27 March 2013)

JD Rackham

NB Hartley (appointed 1 April 2013)

KB Gates (appointed 1 April 2013)

MJ Lambot (appointed 1 April 2013)

AJ Doherty (appointed 27 March 2013, resigned 28 March 2013)

#### **FINANCIAL RISK MANAGEMENT**

PIAS Cooperative Limited is part of the PIAS UK group. The group finances its operations through the generation of cash from operating activities of the Group and has borrowings consisting of an overdraft which bears interest linked to the bank base rate. Liquidity risk is managed through forecasting the Group's future cash flow requirements and maintaining sufficient cash at bank balances at group level.

**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**DIRECTORS' REPORT**

**YEAR ENDED 31 DECEMBER 2013**

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**STATEMENT OF 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 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; 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.

**PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware there is no relevant audit information of which the company's auditor is unaware; and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditor in connection with preparing their report and to establish that the company's auditor is aware of that information.

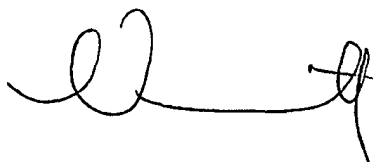
**AUDITORS**

The auditors, Nexia Smith & Williamson, will be proposed for reappointment in accordance with Section 485 of the Companies Act 2006.

**SMALL COMPANY PROVISIONS**

This report has been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006.

By order of the board



NB Hartley  
Director

Date 15 January 2015

Company Registration Number: 03201180

**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIAS COOPERATIVE LIMITED  
(FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**YEAR ENDED 31 DECEMBER 2013**

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We have audited the financial statements of PIAS Cooperative Limited (formerly V2 Records International Limited) for the year ended 31 December 2013 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 14. 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 DIRECTOR AND AUDITOR**

As explained more fully in the Directors Responsibilities Statement set out on page 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 Financial Reporting Council's (FRC'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 FRC's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

**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 2013 and of its profit for the year 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

**EMPHASIS OF MATTER**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure in note 1 to the financial statements concerning the company's ability to continue as a going concern, which is dependent upon the ability of fellow subsidiary companies to continue as going concerns. These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PIAS COOPERATIVE LIMITED  
(FORMERLY V2 RECORDS INTERNATIONAL LIMITED) *(continued)***

**YEAR ENDED 31 DECEMBER 2013**

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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 take advantage of the small companies' exemption from the requirement to prepare a strategic report or in preparing the directors' report.



Jonathan Talbot (Senior Statutory Auditor)  
For and on behalf of  
**Nexia Smith & Williamson**  
Chartered Accountant  
& Statutory Auditor  
Bristol

Date: 16 January 2015

**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31 DECEMBER 2013**

	Note	2013 £'000	2012 £'000 (Restated)
Turnover	2	12,598	-
Cost of sales		(8,159)	-
Gross profit		4,439	-
Administrative expenses		(3,371)	(565)
Other operating income		-	7,569
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	1,068	7,004
Tax on profit on ordinary activities	6	-	-
<b>PROFIT FOR THE FINANCIAL YEAR</b>		1,068	7,004

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

The company ceased to trade on 31 December 2013 when the company's trade, assets and liabilities were transferred to fellow subsidiary [PIAS] Recordings UK Limited. Consequently all activities of the company are classed as discontinued.



**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**YEAR ENDED 31 DECEMBER 2013**

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	2013 £'000	2012 £'000 <i>(restated)</i>
Profit for the financial year	1,068	7,004
Total recognised gains relating to the year	1,068	7,004
Prior year adjustment (as explained in note 1)	(565)	
Total gains and losses recognised since last annual report	503	

The notes on pages 9 to 15 form part of these financial statements

**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

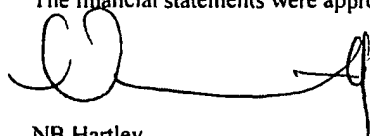
**BALANCE SHEET**

**YEAR ENDED 31 DECEMBER 2013**

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	Note	2013 £'000	2012 £'000 (Restated)
<b>CURRENT ASSETS</b>			
Stocks	7	-	290
Debtors	8	503	2,179
Cash at bank & in hand		-	-
		<u>503</u>	<u>2,469</u>
<b>CREDITORS: Amounts falling due within one year</b>	9	-	(3,034)
<b>NET CURRENT ASSETS / (LIABILITIES)</b>		<u>503</u>	<u>(565)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>503</u>	<u>(565)</u>
<b>CAPITAL AND RESERVES</b>			
Share capital	11	-	-
Profit and loss account	12	503	(565)
<b>EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)</b>	12	<u>503</u>	<u>(565)</u>

The financial statements were approved and authorised for issue by the Board and were signed on its behalf by:



NB Hartley

Director

Date: 15 January 2015

Company number: 03201180

The notes on pages 9 to 15 form part of these financial statements

**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

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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.

As noted in the directors report, on 31 December 2013 the company's trade, assets and liabilities were transferred to fellow subsidiary [PIAS] Recordings UK Limited. Accordingly, the company ceased to trade. The accounts have therefore been prepared on this basis.

**Going concern**

The company has net current assets of £503,000 (2012: net liabilities of £565,000) and a profit of £1,068,000 (2012: £7,004,000) for the year then ended.

The directors have prepared the financial statements on the going concern basis, which assumes the recoverability of amounts owed by group undertakings from PIAS Recordings UK Limited. The ability of PIAS Recordings UK Limited to continue as a going concern is dependent on the immediate parent company, PIAS SPRL and fellow group subsidiaries, PIAS Holdings (UK) Limited, PIAS UK Limited and PIAS France.

However, the ability of all four companies, to continue as going concerns is ultimately dependent on the principal shareholders of PIAS SPRL not requiring reimbursement of loans made to that company.

The directors of PIAS Cooperative Limited have concluded that the above factors constitute a material uncertainty that cast significant doubt upon the company's ability to continue as a going concern. Should PIAS SPRL cease to be a going concern, and its shareholder loan have to be repaid, PIAS Recordings UK Limited and the company would need to try to seek alternative sources of finance, circumstances which may have a material impact on the company's ability to also continue as a going concern.

Notwithstanding these matters, after making enquiries and considering the uncertainties described above, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

**Prior year adjustment**

Following a review of the balance sheet acquired, the board has determined that a trade debtor should not have been recognised as this was not deemed recoverable. Comparative amounts for the prior year have been restated.

The impact of the change on the profit and loss statement for the year ended 31 December 2012 is to decrease profit for the year by £564,517.

The impact on the balance sheet as at 31 December 2012 is to reduce trade debtors and net assets by £564,517. This prior year adjustment has had no impact on the corporation tax liability.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is entitled to the exemption available in the legislation for small companies.

**Turnover**

Turnover represent sales made during the year, net of Value Added Tax.

Turnover from royalties is recognised on the receivable basis. Royalty advances are recognised in the period in which they are received.

**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

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**1 ACCOUNTING POLICIES (CONTINUED)**

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Deferred taxation**

Deferred tax liabilities are recognised on a full provision basis in respect of all timing differences which have originated, but not reversed, at the balance sheet date.

Deferred tax assets are recognised to the extent that the directors consider it more likely than not that the asset is recoverable. The deferred tax balance is not discounted.

**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 transaction. Exchange differences are recorded in the profit and loss account.

**Artists' Advances**

Unrecouped artists' advances are deferred in the accounting period unless it is considered by the directors that all of the advance will not be recouped from royalties arising from future sales at the year end. Artists' advances are reduced as a minimum by the higher of the net balance recouped and 10% of the net brought forward deferred advances plus additional advances made during the year.

**Royalties payable**

Royalties payable are recognised in the same period as the income to which they relate.

**2 TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	Year ended 31 Dec 2013 £'000	Year ended 31 Dec 2012 £'000
United Kingdom	4,670	-
Europe	6,796	-
ROW	1,132	-
	<u>12,598</u>	<u>-</u>

**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

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**3 OPERATING PROFIT**

Operating profit is stated after charging

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Auditor's remuneration – audit of the financial statements	14,750	-

The auditors received £nil (2012: £22,000) remuneration for audit services during the year which has been borne by other UK group undertakings.

**4 DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Aggregate emoluments	70,655	11,000

No directors are accruing retirement benefit under company pension schemes

**5 PARTICULARS OF EMPLOYEES**

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

	Year ended 31 December 2013	Year ended 31 December 2012
	No.	No.
Number of administrative staff	10	1

The aggregate payroll costs of the above were:

	Year ended 31 December 2013	Year ended 31 December 2012
	£	£
Wages and salaries	558,934	11,000
Social security costs	55,580	-
Other pension costs	8,948	-
	623,462	11,000

One director is remunerated through this company and there are no directors to whom retirement benefits are accruing during the year.

No wages and salaries have been paid by the company during the period. The above costs were paid by other UK group undertakings and recharged to PIAS Cooperative Limited.

**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

**6 TAX ON PROFIT ON ORDINARY ACTIVITIES**

**Analysis of charge in the year**

	2013 £'000	2012 £'000
UK corporation tax in respect of the current year at 23.25% (2012: 24.5%)	-	-

**Factors affecting current tax charge**

	2013 £'000	2012 £'000 (restated)
Profit on ordinary activities before taxation	1,068	7,004
Profit on ordinary activities at the average rate of UK corporation tax of 23.25% (2012: 24.5%)	248	1,716
Income not taxable	-	(1,854)
Expenses not deductible	24	-
Losses carried forward	-	138
Utilisation of tax losses	(272)	-
Current tax for the financial year	-	-

**Impact of future tax rate changes**

Finance Act 2013 includes legislation to reduce the main rate of corporation tax from 23% to 21% from 1 April 2014 and to 20% from 1 April 2015.

**7 STOCKS**

	2013 £'000	2012 £'000
Finished goods	-	290

**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

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**8 DEBTORS**

	2013 £'000	2012 £'000 (Restated)
Trade debtors	-	1,152
Amounts owed by group undertakings	503	344
Other debtors	-	514
Prepayments and accrued income	-	169
	<u>503</u>	<u>2,179</u>

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

	2013 £'000	2012 £'000
Trade creditors	-	2,040
Other creditors	-	270
Accruals and deferred income	-	724
	<u>-</u>	<u>3,034</u>

**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

**10 RELATED PARTY TRANSACTIONS**

At midnight on 31 December 2013, the trade, assets and liabilities of the company were transferred into fellow subsidiary [PIAS] Recordings UK Limited at their book values. Following that transaction the company was owed £503,442 by that company (2012: £nil) as shown below.

		Sub- Note	Balance due to/(from) the company 2013 £	Value of transactions income/ (expenses) 2013 £
[PIAS] UK Limited	Sale of compact discs and records	1	-	1,604,426
[PIAS] UK Limited	Purchase of compact discs and records	1	-	(2,260,357)
[PIAS] Holding (UK) Limited	Management charge and interest payable	1	-	(1,596,477)
[PIAS] Digital Limited	Purchase of compact discs and records	1	-	(17,566)
[PIAS] Recordings UK Limited	Purchase of compact discs and records	1	-	(119,641)
[PIAS] Recordings UK Limited	Intercompany loan account	1	503,442	-
[PIAS] SPRL	Sale of compact discs and records	2	-	1,304,850
[PIAS] SPRL	Purchase of compact discs & records	2	-	(176,790)
[PIAS] France	Sale of compact discs & records	3	-	2,394,429
[PIAS] France	Purchase of compact discs and records	3	-	(1,292,007)

**Sub notes:**

1. [PIAS] UK Limited, [PIAS] Holding (UK) Limited, [PIAS] Recordings UK Limited and [PIAS] Digital Limited are fellow group companies in the UK.
2. [PIAS] SPRL is a fellow group company operating in Belgium.
3. [PIAS] France is a fellow group company operating in France.
4. The loan amounts have no fixed repayment terms and have interest charged at the rate of 5% per annum.
5. All of the above transactions were undertaken on normal commercial terms.

Transactions and balances with group companies are disclosed above from the effective date when the company became part of the group. As such, no comparatives are presented.



**PIAS COOPERATIVE LIMITED (FORMERLY V2 RECORDS INTERNATIONAL LIMITED)**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2013**

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**11 SHARE CAPITAL**

**Allotted, called up and fully paid:**

	2013		2012	
	No	£'000	No	£'000
Ordinary shares of £1 each	<u>2</u>	<u>-</u>	<u>2</u>	<u>-</u>

**12 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2013 £'000	2012 £'000 (restated)
Balance brought forward	(565)	(7,569)
Profit for the year	<u>1,068</u>	<u>7,004</u>
Balance carried forward	<u>503</u>	<u>(565)</u>

**13 CONTINGENT ASSETS AND LIABILITIES**

Following the transfer of trade, assets and liabilities from V2 Music Group Limited to PIAS Cooperative Limited an agreement was made between the parties to cover future assets and revenue incurred and received by either party in relation to this sale.

As a result of this agreement PIAS Cooperative Limited have indemnified Universal for any costs incurred by Universal relating to the sale of V2 Records International Limited.

Additionally, Universal have agreed to indemnify PIAS Cooperative Limited in respect of costs they suffer directly or indirectly which should have been borne by Universal as a result of the sale of V2 Records International Limited.

The financial statements include all known costs and revenue arising in relation to this agreement. However, it is not possible to reliably measure additional costs incurred by either party which may arise in relation to the sale of V2 Records International Limited.

**14 ULTIMATE PARENT COMPANY**

PIAS Recordings UK Limited, a company registered in England, was the immediate parent company at the year end.

LGS 2 SPRL is the ultimate parent company and controlling party. Copies of the group financial statements of LGS 2 SPRL are available from 90 Rue de Veeweyde, 1070 Bruxelles, Belgium.