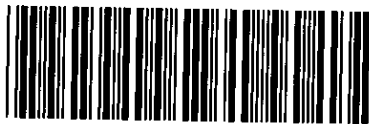


V2 MUSIC GROUP LIMITED
ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

THURSDAY



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V2 MUSIC GROUP LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2018

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V2 MUSIC GROUP LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

AM Barker
DRJ Sharpe

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

4 Pancras Square
London
N1C 4AG

V2 MUSIC GROUP LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2018

The directors present their strategic report for the company for the year ended 31 December 2018.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was to act as a holding and finance company.

The result of the company for the year ended 31 December 2018 and its position as at that date are set out in the statement of comprehensive income, statement of financial position and statement of changes in equity on pages 6, 7 and 8 respectively. The result and position of the company were in line with directors' expectations.

RESULTS AND DIVIDENDS

The company's profit for the financial year was £16,059,000 (2017 - profit £12,082,000). The retained profit for the year has been transferred to reserves.

The directors do not recommend a dividend payment for the year ended 31 December 2018 (2017 - £Nil).

KEY PERFORMANCE INDICATORS

Since the principal activity of the company is to act as a holding and finance company, the directors do not consider there are any Key Performance Indicators which require disclosure.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The directors are of the view that the main risk arising from the company's financial instruments is interest rate risk, as summarised below:

Interest rate risk

Fluctuations in interest rates have an impact on intercompany receivables and payables. The company does not have any significant external borrowings and as such the directors consider the interest rate risk to be minimal at this stage.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties faced by the company relate to its activities as a holding and finance company, primarily the impact of interest rate fluctuations on intercompany payable balances.

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

Brexit

Following the referendum held on 23rd June 2016 the United Kingdom is expected to leave the European Union ("Brexit"). At this stage the directors do not consider that the effects of Brexit pose a significant risk to the company's operations.

Climate change

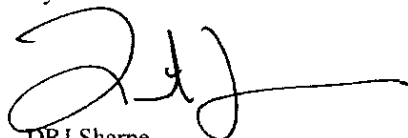
At this stage the directors do not consider that the effects of climate change pose a significant risk to the company's operations.

V2 MUSIC GROUP LIMITED
STRATEGIC REPORT (continued)
YEAR ENDED 31 DECEMBER 2018

FUTURE DEVELOPMENTS

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

By Order of the board

A handwritten signature in black ink, appearing to be 'DRJ Sharpe', written over a horizontal line.

DRJ Sharpe
Director

Date: 30 MAY 2019

V2 MUSIC GROUP LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2018

The directors present their report, together with the financial statements of the company, for the year ended 31 December 2018.

They have included the following matters within the strategic report, otherwise required to be disclosed in the directors' report, as they are considered to be of strategic importance to the company.

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

DIRECTORS

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

AM Barker
DRJ Sharpe

DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision remains in force as at the date of approving the directors' report, subject to the provisions of section 236 of the Companies Act 2006. Vivendi SA, headed by Bolloré Group, the ultimate parent undertaking, maintains a Directors & Officers Liability Programme which indemnifies directors' personal liabilities resulting from alleged wrongful acts committed in the line of their employment.

POLICY ON THE PAYMENT OF CREDITORS

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

DONATIONS

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

V2 MUSIC GROUP LIMITED
DIRECTORS' REPORT (continued)
YEAR ENDED 31 DECEMBER 2018

DIRECTORS' RESPONSIBILITIES STATEMENT

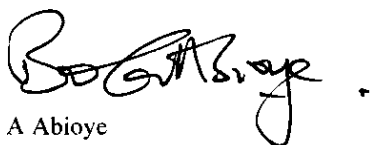
The directors are responsible for preparing the annual report and financial statements in accordance with applicable law and regulations.

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), including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



A Abioye

Company Secretary

Date: **30 MAY 2019**

Company Registration Number: 03205625

V2 MUSIC GROUP LIMITED
STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2018

	Note	2018 £'000	2017 £'000
<i>Administrative expenses</i>		-	(492)
OPERATING PROFIT/(LOSS)		-	(492)
Interest receivable and similar income	5	19,796	15,533
Interest payable and similar charges	6	(2)	(1)
PROFIT BEFORE TAXATION		19,794	15,040
Tax on profit	7	(3,735)	(2,958)
PROFIT FOR THE FINANCIAL YEAR		16,059	12,082

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

The notes on pages 9 to 17 form part of these financial statements

V2 MUSIC GROUP LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2018

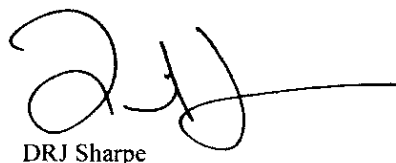
	Note	2018 £'000	2017 £'000
FIXED ASSETS			
Investments	8	-	-
		<u>-</u>	<u>-</u>
CURRENT ASSETS			
Debtors: Amounts falling due within one year	9	1,061,286	1,008,476
		<u>1,061,286</u>	<u>1,008,476</u>
CREDITORS: Amounts falling due within one year	10	(103,030)	(66,279)
NET CURRENT ASSETS		<u>958,256</u>	<u>942,197</u>
NET ASSETS		<u>958,256</u>	<u>942,197</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	100	100
Share premium account		773,647	773,647
Profit and loss account		184,509	168,450
EQUITY SHAREHOLDERS' FUNDS		<u>958,256</u>	<u>942,197</u>

For the year ended 31 December 2018 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies.

Directors' responsibilities:

- The members have not required the company to obtain an audit of its accounts for the year in question in accordance with section 476; and
- The directors acknowledge their responsibilities for complying with the requirements of the Act with respect to accounting records and the preparation of accounts.

These accounts were approved by the board of directors and authorised for issue on **30 MAY 2019** and are signed on their behalf by:



DRJ Sharpe

Company Registration Number: 03205625

The notes on pages 9 to 17 form part of these financial statements

V2 MUSIC GROUP LIMITED
STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2018

	Share capital £'000	Share premium £'000	Profit & loss account £'000	Total shareholders' funds £'000
Balance brought forward at 1 January 2017	100	773,647	156,368	930,115
Total comprehensive income				
Profit for the financial year	-	-	12,082	12,082
	<u>100</u>	<u>773,647</u>	<u>168,450</u>	<u>942,197</u>
Balance brought forward at 1 January 2018	100	773,647	168,450	942,197
Total comprehensive income				
Profit for the financial year	-	-	16,059	16,059
	<u>100</u>	<u>773,647</u>	<u>184,509</u>	<u>958,256</u>
Balance carried forward at 31 December 2018	100	773,647	184,509	958,256

The notes on pages 9 to 17 form part of these financial statements

V2 MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2018

1. GENERAL INFORMATION

V2 Music Group Limited is a private company limited by shares and incorporated in the UK under the Companies Act 2006 and registered in England and Wales. The registered office is 4 Pancras Square, London, N1C 4AG.

The principal activities of the company and the nature of its operations are set out in the strategic report on pages 2 to 3.

2. STATEMENT OF COMPLIANCE

The company's financial statements have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. ACCOUNTING POLICIES

Basis of preparation of financial statements

These financial statements have been prepared on a going concern basis, under the historical cost convention. The financial statements are prepared in sterling, which is the functional currency of the company, and have been rounded to the nearest £'000. The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

FRS 102 - Qualifying exemptions

The company meets the definition of a qualifying entity under FRS 102 and has therefore taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102:

- from preparing a statement of cash flows and related notes;
- from preparing a reconciliation of the number of shares outstanding from the beginning to the end of the financial year;
- from disclosing related party transactions with wholly owned group companies;
- from disclosing key management personnel compensation; and
- from certain financial instrument disclosures required by FRS 102.11 *Basic Financial Instruments* and FRS 102.12 *Other Financial Instruments*.

This information is included in the consolidated financial statements of the company's parent undertaking, Vivendi SA, copies of which can be obtained from 42 Avenue de Friedland, 75380 Paris, Cedex 08, France.

Other qualifying exemptions

As the ultimate parent undertaking prepares publicly available consolidated financial statements and is incorporated within the European Union, the company has taken advantage of the exemption under section 400 of the Companies Act 2006 from preparing consolidated accounts. As such, these financial statements give information about the company as an individual undertaking and not about its group.

Going concern

The Company's business activities, together with the factors likely to affect future developments, its financial exposures and its risk exposures, are described above.

After making enquiries, the directors have a reasonable expectation that the company has adequate resources available to it to continue in operational existence for the foreseeable future. Accordingly, they continue to adapt the going concern basis in preparing the financial statements.

V2 MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

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

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

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

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

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

Financial liabilities are derecognised only when the obligation specified in the contract is discharged, cancelled or expires.

Investments in subsidiaries

Investments in subsidiaries are carried at cost less impairment.

V2 MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES (continued)

Impairment

Impairment of assets

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

Non-financial assets

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

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

Financial assets

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

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

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

Interest receivable and Interest payable

Interest receivable and payable relate to balances due from and to group undertakings, and are recognised in profit or loss in the statement of comprehensive income as they accrue.

V2 MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2018

3. ACCOUNTING POLICIES (continued)

Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised through profit or loss in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries, associated and joint ventures to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference. Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the statement of financial position date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Critical accounting judgements and key sources of estimation uncertainty

The directors may make judgements in the application of the accounting policies above that have a significant impact on the amounts recognised, and may make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the company's accounting policies

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

Key sources of estimation uncertainty

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

V2 MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2018

4. PARTICULARS OF EMPLOYEES

The company had no employees during the year ended 31 December 2018 (2017 - none).

Emoluments for the directors of the company are paid for by a fellow group company. The fellow group company has not recharged any amount to the company (2017 - nil) on the basis that they are unable to make a reasonable apportionment of the portion of these total emoluments that relate to qualifying services provided by directors of the company.

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2018 £'000	2017 £'000
Interest receivable from group undertakings	<u>19,796</u>	<u>15,533</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2018 £'000	2017 £'000
Interest payable to group undertakings	<u>2</u>	<u>1</u>

7. TAX ON PROFIT

(a) Analysis of tax charge in the year

	2018 £'000	2017 £'000
Current tax:		
UK Taxation		
Group relief payable for losses surrendered from other group undertakings	<u>3,735</u>	<u>2,958</u>
Tax on profit	<u>3,735</u>	<u>2,958</u>

V2 MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2018

7. TAX ON PROFIT (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19.00% (2017 - 19.25%).

Under the Finance (No.2) Act 2015, the main rate of corporation tax was reduced from 20% to 19% effective from 1 April 2017. A further reduction to 17% from 1 April 2020 will apply by virtue of the Finance Act 2016 s46 which was enacted on 15 September 2016. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates.

	2018 £'000	2017 £'000
Profit before taxation	19,794	15,040
Profit at the standard rate of UK Corporation tax of 19.00% (2017 - 19.25%)	3,761	2,895
Expenses not deductible for tax purposes	-	95
Movement in timing differences	(26)	(32)
Current tax charge for the financial year	3,735	2,958

(c) Factors that may affect future tax charges

The company has total unutilised tax losses carried forward estimated at £7,673,638 (2017 - £7,673,638), which may reduce future tax charges. No deferred tax asset has been recognised in respect of these losses due to uncertainty as to their future recoverability.

V2 MUSIC GROUP LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
YEAR ENDED 31 DECEMBER 2018

8. INVESTMENTS

	Shares in subsidiaries £'000
COST	
At 1 January 2018 and 31 December 2018	455
	<u>455</u>
PROVISION FOR IMPAIRMENT	
At 1 January 2018 and 31 December 2018	455
	<u>455</u>
NET BOOK VALUE	
At 31 December 2017 and 31 December 2018	-
	<u>-</u>

Subsidiary Undertakings

The principal subsidiaries of V2 Music Group Limited as at 31 December 2018 are listed below.

The following subsidiaries are all incorporated in England and Wales and have the registered address of 4 Pancras Square, London, N1C 4AG:

Name	Shareholding type	%	Principal activity
JBO Limited	Ordinary	100%	Dormant company
Timbuktu Music Limited	Ordinary	80%	Dormant company
V2 Music Limited	Ordinary	100%	Marketing and distribution of recorded music

The company is exempt from disclosure of the aggregate amount of capital and reserves, and profit or loss for each subsidiary undertaking by virtue of section 400 of the Companies Act 2006.

V2 MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2018

9. DEBTORS: Amounts due within one year

	2018 £'000	2017 £'000
Amounts due from group undertakings	1,060,091	1,007,281
Accruals and deferred income	1,195	1,195
	<u>1,061,286</u>	<u>1,008,476</u>

All amounts due from group undertakings are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis.

10. CREDITORS: Amounts falling due within one year

	2018 £'000	2017 £'000
Amounts owed to group undertakings	103,028	66,277
Other creditors	2	2
	<u>103,030</u>	<u>66,279</u>

All amounts owed to group undertakings are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis.

11. SHARE CAPITAL

Allotted, called up and fully paid:

	2018 No	£'000	2017 No	£'000
Ordinary shares of £1 each	<u>100,000</u>	<u>100</u>	<u>100,000</u>	<u>100</u>

12. RESERVES

Profit and loss account

This reserve reflects cumulative profits or losses, net of dividends and other adjustments.

Share premium account

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

V2 MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2018

13. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Universal Music Holdings Limited. The ultimate parent undertaking and controlling party as at 31 December 2018 was Bolloré Group.

The smallest group in which the results of the company are consolidated is that headed by Vivendi SA, a company incorporated in France. Copies of its annual report in English may be obtained from its registered office at:

42 Avenue de Friedland
75380 Paris
Cedex 08
France

The largest group in which the results of the company are consolidated is that headed by Bolloré Group, a company incorporated in France. Copies of its annual report in English may be obtained from its registered office at:

Tour Bolloré
31-32 quai de Dion Bouton
92 811 Puteaux
France