

COMPANY REGISTRATION NUMBER 3384487

UNIVERSAL MUSIC LEISURE LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2014



UNIVERSAL MUSIC LEISURE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

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UNIVERSAL MUSIC LEISURE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

RM Constant
BJ Muir
A Brown

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

364-366 Kensington High Street
London
W14 8NS

UNIVERSAL MUSIC LEISURE LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their strategic report for the company for the period ended 31 December 2014

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was to act as a holding and finance company and to provide management and other services to other group companies. The result and position of the company as at and for the year ended 31 December 2014 are set out in the profit and loss account and balance sheet on pages 4 and 5 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 £25,339,000 (2013 - £25,077,000 profit). The retained profit for the year has been transferred to reserves. The directors do not recommend the payment of a dividend for the year (2013 - £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The company is exposed to interest rate risk. Part of the company's income and expense is derived from interest receivable and payable on loans with group undertakings. The interest is an agreed percentage above London Inter-bank Offered Rate ("LIBOR").

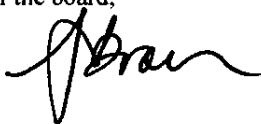
The company is exposed to a risk in relation to the carrying value of its subsidiary undertakings and undertakes a review of these on an annual basis, or earlier if there are indicators of impairment.

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 Brown



16 SEP 2015

UNIVERSAL MUSIC LEISURE LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

The directors present their report and the unaudited financial statements of the company for the year ended 31 December 2014

DIRECTORS

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

RM Constant
BJ Muir
A Brown

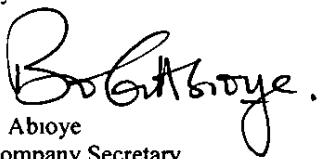
DIRECTORS' QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision remains in force as at the date of approving the directors' report, subject to the provisions of s236 CA 2006 Vivendi SA, 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

DONATIONS

The company made no political or charitable donations in either year

By order of the board



A Abioye
Company Secretary

Company Registration Number 3384487

16 SEP 2015

UNIVERSAL MUSIC LEISURE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
TURNOVER	2	42,603	27,127
Cost of sales		<u>(42,603)</u>	<u>(27,126)</u>
GROSS PROFIT		–	1
Administrative expenses		<u>(729)</u>	–
OPERATING (LOSS)/PROFIT	3	<u>(729)</u>	<u>1</u>
Interest receivable and similar income	6	33,104	32,960
Interest payable and similar charges	7	<u>(298)</u>	<u>(291)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>32,077</u>	<u>32,670</u>
Tax on profit on ordinary activities	8	<u>(6,738)</u>	<u>(7,593)</u>
PROFIT FOR THE FINANCIAL YEAR		<u><u>25,339</u></u>	<u><u>25,077</u></u>

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

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

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

The notes on pages 6 to 11 form part of these financial statements

UNIVERSAL MUSIC LEISURE LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investments	9	<u>123,228</u>	<u>123,228</u>
CURRENT ASSETS			
Debtors	10	818,787	793,150
CREDITORS: Amounts falling due within one year	12	<u>(63,693)</u>	<u>(63,395)</u>
NET CURRENT ASSETS		<u>755,094</u>	<u>729,755</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>878,322</u>	<u>852,983</u>
CAPITAL AND RESERVES			
Called-up equity share capital	13	886,158	886,158
Profit and loss account	14	<u>(7,836)</u>	<u>(33,175)</u>
EQUITY SHAREHOLDERS' FUNDS	14	<u>878,322</u>	<u>852,983</u>

For the year ended 31 December 2014 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

Approved by the Board for issue on **16 SEP 2015**

On behalf of the Board of Directors


A Brown

The notes on pages 6 to 11 form part of these financial statements.

UNIVERSAL MUSIC LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES

Basis of preparation

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

The financial statements have been prepared on a going concern basis

As the ultimate parent undertaking prepares publicly available consolidated accounts 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

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of Vivendi S A who control 90% or more of the voting rights and is included in the consolidated financial statements of the group, which are publicly available. Consequently, the company has taken advantage of the exemption in FRS 1 from preparing a cash flow statement and the exemption of FRS 8 from disclosing transactions with entities that are part of the Vivendi S A group of investees of that group

Revenue recognition

Turnover represents the invoiced value of services and royalty income, excluding VAT

Investments

Investments in subsidiary and associated undertakings are stated at cost less provision for impairment

Taxation

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

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

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

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

Foreign currencies

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

UNIVERSAL MUSIC LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES *(continued)*

Interest-bearing loans and borrowings

All interest-bearing loans and borrowings are initially recognised at net proceeds. Interest bearing debt is increased by the finance cost in respect of the reporting period and reduced by any settlement made. Interest is charged and earned on a fixed element of the debt at an arms length rate.

2. TURNOVER

Turnover is derived from one continuing activity, the provision of services to other group undertakings. All turnover is exclusively derived in the United Kingdom.

3 OPERATING (LOSS)/PROFIT

Operating (loss)/profit is stated after charging

	2014 £'000	2013 £'000
Net loss on foreign currency translation	<u>729</u>	<u>—</u>

4. OPERATING PROFIT

Auditors remuneration of £nil (2013 - £nil) and certain other administrative costs were borne by the United Kingdom fellow group undertakings in both years. No costs were incurred in respect of non-audit services in either year.

5 DIRECTORS EMOLUMENTS AND EMPLOYEE INFORMATION

The directors received no remuneration in respect of their services to the company during the year (2013 - £nil). The company had no employees during the year (2013 - nil).

6 INTEREST RECEIVABLE AND SIMILAR INCOME

	2014 £'000	2013 £'000
Interest receivable from group undertakings	<u>33,104</u>	<u>32,960</u>

7 INTEREST PAYABLE AND SIMILAR CHARGES

	2014 £'000	2013 £'000
Interest payable to group undertakings	<u>298</u>	<u>291</u>

UNIVERSAL MUSIC LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

(a) Analysis of (credit) / charge in the year

	2014 £'000	2013 £'000
Current tax		
UK Corporation tax on profit/loss for the year	-	-
Adjustments in respect of previous years	1,505	(674)
Group relief payable for losses surrendered from other group undertakings	7,099	5,458
Total current tax	8,604	4,784
Deferred tax		
Origination and reversal of timing differences (note 11)		
Losses	(1,866)	2,809
Tax on profit on ordinary activities	<u>6,738</u>	<u>7,593</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 21 50% (2013 - 23 25%)

The Finance Act 2013 enacted reductions in the UK corporate tax rate to 21% from April 2014 and 20% from April 2015. 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

	2014 £'000	2013 £'000
Profit on ordinary activities before taxation	<u>32,077</u>	<u>32,670</u>
Profit on ordinary activities at the standard rate of UK Corporation tax of 21 50% (2013 - 23 25%)	7,053	7,596
Non-taxable items	46	32
Adjustments in respect of previous periods	1,505	(674)
Movement in timing differences	(140)	(2,170)
Impact of statutory effective rate change	140	-
Current tax charge for the financial year	<u>8,604</u>	<u>4,784</u>

(c) Factors that may affect future tax charges

The company has total unutilized tax losses carried forward estimated at £9,328,443(2013 -£nil) which may reduce future tax charges

UNIVERSAL MUSIC LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

9 INVESTMENTS

	Total £'000
COST	
At 1 January 2014 and 31 December 2014	<u>195,113</u>
PROVISION FOR IMPAIRMENT	
At 1 January 2014 and 31 December 2014	<u>71,885</u>
NET BOOK VALUE	
At 31 December 2014 and 31 December 2013	<u>123,228</u>

The directors have considered the carrying value of the investments and are of the opinion that the aggregate value of the company's investments in subsidiary undertakings, including amounts owed by subsidiary undertakings, is not less than the amount at which they are stated in the accounts at 31 December 2012

The group has the following principal investments in subsidiary undertakings

Name	Ordinary share holdings	Nature of business
A&M Records Limited* (note a)	100%	Dormant
Decca Music Group Limited* (note b)	100%	Marketing and distribution of recorded music
GoDiscs Limited*	100%	Dormant
Universal Music Group International Limited	100%	Holding company
Mercury Records Limited*	100%	Dormant
Polydor Limited*	100%	Dormant
Universal - Island Records Limited	100%	Dormant
Universal/MCA Music Limited	100%	Music publishing
Universal/Dick James Music Limited*	100%	Music publishing
Universal/Island Music Limited	100%	Music publishing
Universal Music Operations Limited*	100%	Marketing and distribution of recorded music
Universal Music Publishing Limited*	100%	Music publishing

The investment in the above companies is in 100% of the ordinary share capital except where indicated in notes (a) and (b) below. Those marked with an asterisk are directly owned, all other companies are held through subsidiary undertakings.

Notes

(a) Shareholder consists of 100% of the 100,000 ordinary shares of £1 each and 100% of the 33,000 preference shares of £1 each

(b) Shareholder consists of 100% of the 1,000 ordinary shares of £1 each and 100% of the 100 5% non-cumulative preference shares of £1 each

UNIVERSAL MUSIC LEISURE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

10 DEBTORS

	2014 £'000	2013 £'000
Amounts owed by group undertakings	816,921	793,150
Deferred taxation (note 11)	<u>1,866</u>	<u>-</u>
	<u>818,787</u>	<u>793,150</u>

Included within amounts owed by group undertakings is £525,000,000 in respect of an intercompany loan with Universal Music Operations Limited. Interest accrues on the loan at 6%.

All other amounts owed by group undertakings are due from UK group undertakings, are unsecured and repayable on demand. Interest accrues on these amounts at 1 month LIBOR plus 0.1%.

11. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2014 £'000	2013 £'000
Included in debtors (note 10)	<u>1,866</u>	<u>-</u>

The movement in the deferred taxation account during the year was

	2014 £'000	2013 £'000
Balance brought forward	-	2,809
Profit and loss account movement arising during the year	<u>1,866</u>	<u>(2,809)</u>
Balance carried forward	<u>1,866</u>	<u>-</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2014 £'000	2013 £'000
Tax losses available	<u>1,866</u>	<u>-</u>
	<u>1,866</u>	<u>-</u>

12. CREDITORS: Amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed to group undertakings	58,294	57,996
Other creditors	<u>5,399</u>	<u>5,399</u>
	<u>63,693</u>	<u>63,395</u>

All amounts owed to group undertakings are due to UK group undertakings, are unsecured and repayable on demand. Interest accrues on these amounts at 1 month LIBOR plus 0.1%.

UNIVERSAL MUSIC LEISURE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

13. SHARE CAPITAL

Authorised share capital:

	2014 £'000	2013 £'000
900,000,000 Ordinary shares of £1 each	<u>900,000</u>	<u>900,000</u>

Allotted, called up and fully paid:

	2014 No	£'000	2013 No	£'000
Ordinary shares of £1 each	<u>886,158,002</u>	<u>886,158</u>	<u>886,158,002</u>	<u>886,158</u>

14 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £'000	Profit and loss account £'000	Total share- holders' funds £'000
Balance brought forward at 1 January 2013	886,158	(58,252)	827,906
Profit for the year	<u>—</u>	<u>25,077</u>	<u>25,077</u>
Balance brought forward at 1 January 2014	886,158	(33,175)	852,983
Profit for the year	<u>—</u>	<u>25,339</u>	<u>25,339</u>
Balance carried forward at 31 December 2014	<u>886,158</u>	<u>(7,836)</u>	<u>878,322</u>

15. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Universal Music (UK) Holdings Limited. The ultimate parent undertaking and controlling party is Vivendi SA, a company incorporated in France. The smallest and largest group in which the results of the company will be consolidated will be that headed by Vivendi SA, incorporated in France. Copies of its annual report in English may be obtained from

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