

**SONY/ATV MUSIC PUBLISHING (UK) LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**Registered number: 03431011**



# **SONY/ATV MUSIC PUBLISHING (UK) LIMITED**

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## **ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017**

<b>Contents</b>	<b>Pages</b>
Strategic report	1-2
Directors' report	3-6
Independent auditors' report to the members of Sony/ATV Music Publishing (UK) Limited	7-8
Statement of comprehensive income	9
Balance sheet	10
Statement of changes in equity	11
Statement of cash flows	12
Notes to the financial statements	13-22

# **SONY/ATV MUSIC PUBLISHING (UK) LIMITED**

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## **STRATEGIC REPORT**

### **Principal activities and business review**

The principal activities of the Company continued to be that of music publishing. No material change in the activities of the business is contemplated.

During the financial year, the Company experienced a rise in turnover of 1.6% on prior year. The Company made a profit before taxation of £3,358k (2016: £2,298k).

The turnover of the Company is generated from usage of the songs written by the Company's composers and will vary in any given year alongside the market conditions and popularity of various genres of music. Direct costs attributed to the turnover are the writer's share of the royalties earned on their compositions.

The company employs no staff and has no separate facilities or overheads, except for those recharged for services rendered by other Sony companies and EMI Music Publishing Limited.

Key performance indicators are designed to indicate how the company had performed on key ratios, and the company uses NPS margin and operating margin as they key performance indicators which are most appropriate.

### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Company concern the value of the worldwide market for recorded music which increased by 5.9% in 2017 according to data from IFPI. As physical sales and digital downloads have declined, revenues from digital subscription services have increased and have subsidised this loss as well as fuelling the growth in the whole market. As this change from both physical sales and downloads to streaming occurs, we still remain dependent on identifying, signing and retaining talented songwriters whose new releases and song catalogues are well received and whose music will continue to generate revenues for years to come. Competition for such talent is intense and our financial results would be adversely affected if we fail to identify, sign and retain songwriters.

External bodies such as local third-party collection societies, have a significant influence on some of our revenues. Mechanical and Performance rates as well as distribution rules are usually set by performing rights societies through board approval and as such may result in the setting of rates at levels lower than we would wish and may therefore adversely affect our ability to increase profitability

# SONY/ATV MUSIC PUBLISHING (UK) LIMITED

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## STRATEGIC REPORT (continued)

### Key performance indicators

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.

On behalf of the board



Guy Moot  
Director

30 Golden Square  
London  
W1F 9LD

7 December 2017

# **SONY/ATV MUSIC PUBLISHING (UK) LIMITED**

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## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017**

The directors present herewith the audited financial statements of the company for the year ended 31 March 2017.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company is music publishing.

## **REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS**

### **Business review**

The results and position of the company as at and for the year ended 31 March 2017 are set out in the statement of comprehensive income and balance sheet on pages 9 and 10 respectively. The results are in line with the directors' expectations.

### **Future outlook**

The music industry in the United Kingdom is expected to remain highly competitive in 2017/18 and 2018/19 with further declines expected in physical product sales and digital downloads. Digital streaming revenues are expected to increase and compensate for this decline in physical sales and downloads.

### **Strategy**

The company's strategy is to provide a personalised service to its writers coupled with the financial backing of a multinational corporation. The company continues to invest in a mix of high profile established writers together with new developing acts.

### **Principal risks and uncertainties**

The management of the business and the execution of the company's strategy are subject to a number of risks.

The key business risks and uncertainties affecting the company are considered to relate to competition from other music publishers, piracy and illegal downloading of music and loss of existing high profile writers.

To mitigate the risk of piracy and illegal downloading, the company is working closely with collection societies to help establish effective and efficient licences with on-line service providers.

### **Financial risk management**

The company's operations expose it to certain financial risks, primarily comprised of credit risk.

## **SONY/ATV MUSIC PUBLISHING (UK) LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

#### **Financial risk management (continued)**

Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board. The policies set by the board of directors are implemented by the company's finance department. The department has a policy and procedures manual that sets out specific guidelines to manage credit risk and circumstances where it would be appropriate to use financial instruments to manage these.

#### *Credit risk*

The company has implemented policies that require appropriate credit checks on potential customers before sales are made.

#### **RESULTS AND DIVIDENDS**

The results for the company show a profit on ordinary activities before taxation of £3.4 million (2016: £2.3 million) for the year and total turnover of £54.0 million (2016: £53.1 million). The company has net assets of £5.0 million (2016: £4.0 million). Net cash outflow from operating activities for 2017 was £3.4 million (2016: net cash inflow £14.8 million).

A final dividend for the year ended 31 March 2016 of £1,700 per ordinary share amounting to £1,700k was paid on 15 March 2017.

The directors recommend the payment of a dividend for the year ended 31 March 2017 of £2,000 (2016: £1,500) per ordinary share amounting to £2,000k (2016: £1,500k) and, if approved, this will be paid on 22 December 2017.

#### **Qualifying third party indemnity provisions**

At the time the report is approved and during the financial year there is a qualifying third party indemnity provision in place for the benefit of the directors under a policy taken out by Sony Corporation of America.

#### **Charitable and political donations**

There were no (2016: £nil) charitable or political donations made in the financial year.

# **SONY/ATV MUSIC PUBLISHING (UK) LIMITED**

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## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

### **DIRECTORS**

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

Martin Bandier  
Guy Henderson  
Joseph Puzio  
Guy Moot

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Strategic Report, 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, comprising Financial Reporting Standard 102 'The Financial Reporting Standard Applicable in the United Kingdom and Republic of Ireland' (FRS 102), 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 comprising FRS 102 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.

# **SONY/ATV MUSIC PUBLISHING (UK) LIMITED**

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## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

### **STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and the directors have taken all the steps that they ought to have taken as the directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

### **ANNUAL GENERAL MEETING**

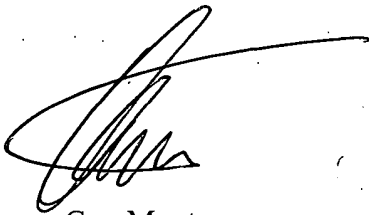
The company has passed a resolution electing to dispense with the obligation to lay financial statements and reports before the company in a general meeting.

The company has passed a resolution electing to dispense with the obligation to hold annual general meetings.

### **INDEPENDENT AUDITORS**

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed.

On behalf of the board



Guy Moot  
**Director**

7 December 2017



## ***Independent auditors' report to the members of Sony/ATV Music Publishing (UK) Limited***

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

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#### **Our opinion**

In our opinion, Sony/ATV Music Publishing (UK) Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 March 2017 and of its profit and cash flows 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.
- 

#### **What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 31 March 2017;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Cash Flows for the year then ended;
- the Statement of Changes in Equity for the year then ended; 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 the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law (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.

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### **Opinions on other matters prescribed by the Companies Act 2006**

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In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic Report and the Directors' Report. We have nothing to report in this respect.

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

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#### **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.

# SONY/ATV MUSIC PUBLISHING (UK) LIMITED

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## 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.

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## Responsibilities for the financial statements and the audit

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### Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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) ("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.

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### What an audit of financial statements involves

We conducted our audit in accordance with 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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. With respect to the Strategic Report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



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

7 December 2017

## SONY/ATV MUSIC PUBLISHING (UK) LIMITED

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £'000	2016 £'000
<b>TURNOVER</b>	5	<b>54,016</b>	<b>53,146</b>
Cost of Sales		(37,557)	(37,430)
<b>GROSS PROFIT</b>		<b>16,459</b>	<b>15,716</b>
Administrative expenses		(13,149)	(13,457)
<b>OPERATING PROFIT</b>	6	<b>3,310</b>	<b>2,259</b>
Interest receivable and similar income	9	48	39
<b>PROFIT BEFORE TAXATION</b>		<b>3,358</b>	<b>2,298</b>
Tax on profit	10	(697)	(569)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<b>2,661</b>	<b>1,729</b>
<b>TOTAL COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR</b>		<b>2,661</b>	<b>1,729</b>

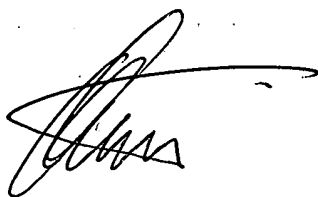
All amounts relate to continuing operations.

# SONY/ATV MUSIC PUBLISHING (UK) LIMITED

## BALANCE SHEET AS AT 31 MARCH 2017

	Note	2017 £'000	2016 £'000
<b>FIXED ASSETS</b>			
Intangible assets	11	906	1,009
Tangible assets	12	67	89
		<b>973</b>	<b>1,098</b>
<b>CURRENT ASSETS</b>			
Debtors	13	42,587	31,338
Cash at bank and in hand		10,041	15,056
		<b>52,628</b>	<b>46,394</b>
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	14	<b>(48,649)</b>	<b>(43,501)</b>
<b>NET CURRENT ASSETS</b>		<b>3,979</b>	<b>2,893</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>4,952</b>	<b>3,991</b>
<b>NET ASSETS</b>		<b>4,952</b>	<b>3,991</b>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	1	1
Profit and loss account		4,951	3,990
<b>TOTAL SHAREHOLDERS' FUNDS</b>		<b>4,952</b>	<b>3,991</b>

The financial statements on pages 9 to 22 were approved by the board of directors on 7 December 2017 and signed on its behalf by



Guy Moot  
Director

Registered number: 03431011

## SONY/ATV MUSIC PUBLISHING (UK) LIMITED

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Called up share capital £'000	Profit and loss account £'000	Total shareholders' funds £'000
Balance as at 1 April 2015	1	4,261	4,262
Profit for the financial year	-	1,729	1,729
Other comprehensive income for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	1,729	1,729
Dividends	-	(2,000)	(2,000)
<b>Total transactions with owners, recognised directly in equity</b>	-	(2,000)	(2,000)
Balance as at 31st March 2016	1	3,990	3,991
Balance as at 1st April 2016	1	3,990	3,991
Profit for the financial year		2,661	2,661
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		2,661	2,661
Dividends		(1,700)	(1,700)
<b>Total transactions with owners, recognised directly in equity</b>		961	961
Balance as at 31 March 2017	1	4,951	4,952

## SONY/ATV MUSIC PUBLISHING (UK) LIMITED

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 £'000	2016 £'000
Net cash from operating activities	17	(2,719)	15,341
Taxation paid		(644)	(575)
Net cash (used in)/generated from operating activities		(3,363)	14,766
Cash flow from investing activities			
Interest received		48	39
Net cash generated from investing activities		48	39
Cash flow from financing activities			
Dividends paid	16	(1,700)	(2,000)
Net cash used in financing activities		(1,700)	(2,000)
Net (decrease)/increase in cash and cash equivalents		(5,015)	12,805
Cash and cash equivalents at the beginning of the year		15,056	2,251
Cash and cash equivalents at the end of the year		10,041	15,056
Cash and cash equivalents consists of:			
Cash at bank and in hand		10,041	15,056
Cash and cash equivalents		10,041	15,056

# SONY/ATV MUSIC PUBLISHING (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 1 GENERAL INFORMATION

Sony/ATV Music Publishing (UK) Limited is a music publisher which owns and administers copyrights.

The company is a private company limited by shares and is incorporated and registered in England. The address for the registered office is 30 Golden Square, London, W1F 9LD.

### 2 STATEMENT OF COMPLIANCE

The individual financial statements of Sony/ATV Music Publishing (UK) Limited have been prepared in compliance with the United Kingdom Accounting Standards, comprising 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### a) Basis of preparation

These financial statements are prepared on a going concern basis, under the historical cost convention. The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process to apply the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in note 4.

#### b) Going concern

The company meets its day to day working capital requirements through its bank facilities. The company's forecasts and projections show that the company should be able to operate within the level of its current reserves. After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its financial statements.

#### c) Exemptions for qualifying entities under FRS 102

The company has taken advantage of the following exemption:

- (i) the requirements of Section 33 Related Party Disclosures paragraph 33.7.

# SONY/ATV MUSIC PUBLISHING (UK) LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### d) Turnover

Turnover represents copyright royalties receivable and music publishing administration fees excluding value added tax. Copyright royalties are recognised at the point at which the relevant copyright is exploited. Advances in respect of future revenues are treated as deferred revenue and recognised as revenue when earned.

#### e) Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

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

A net deferred tax asset is recognised as recoverable, and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on an undiscounted basis.

#### f) Intangible fixed assets – song catalogues

Song catalogues are stated at the lower of cost and net realisable value and amortised over their useful economic life, between five to forty years, on a straight line basis. The directors review the song catalogues for triggering events for impairments on a regular basis and provision is made to write down the cost of a song catalogue where the directors consider that there is an impairment in the value of those catalogues. Assets with a useful economic life of more than 20 years are subject to annual impairment reviews. Amortisation of intangible assets is included in administrative expenses.

#### g) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost, net of accumulated depreciation and any provision for impairment. Cost includes the original purchase price of the assets and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are: Fixtures and fittings - 10%.



## **SONY/ATV MUSIC PUBLISHING (UK) LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)**

#### **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**h) Writers' advances**

The company pays advances to its writers which are recoverable from their future royalty earnings. If the advance is for a new unproven writer with no track record it is expensed at the time the payment is made. All other advance payments are capitalised and reviewed on a regular basis as to their recoverability.

**i) Related parties transactions**

The company discloses transactions with related parties which are not wholly owned within the same group. It does not disclose transactions with members of the same group that are wholly owned.

**j) Cash and cash equivalents**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

**k) Financial instruments**

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transactions

**l) Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

**m) Accrued royalties**

A royalty payable, based on historical information and best estimates, is accrued on any income which has not been processed through the royalty system at year end.

**n) Share capital**

Ordinary shares are classified as equity.

## SONY/ATV MUSIC PUBLISHING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

#### 4 CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATION UNCERTAINTY

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Estimates and judgements are applied to the treatment of writer advances, accrued royalties and intangible assets.

#### 5 TURNOVER

Turnover represents copyright royalties receivable and music publishing administration fees. A geographical analysis by origin is as follows:

	2017 £'000	2016 £'000
United Kingdom	35,295	35,833
Rest of the world	18,721	17,313
	<b>54,016</b>	<b>53,146</b>

#### 6 OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2017 £'000	2016 £'000
Amortisation of song catalogues	103	103
Depreciation of tangible assets	22	22
Auditors' remuneration – audit of the annual financial statements	29	25
Auditors' remuneration – fees payable for non-audit assurance services	-	14
Foreign exchange (gains) / losses	(212)	9

#### 7 DIRECTORS' EMOLUMENTS

During the year none (2016: none) of the directors received any remuneration from Sony ATV Music Publishing (UK) Limited in respect of their services to the company as directors. One director is remunerated by SM Publishing UK Limited.

#### 8 EMPLOYEE INFORMATION

During the year the company had no employees (2016: none). Administrative duties and management functions are primarily performed by staff who are employees of SM Publishing (UK) Limited. The costs incurred for these duties are recharged to the company as incurred.

# SONY/ATV MUSIC PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

### 9 INTEREST RECEIVABLE AND SIMILAR INCOME

	2017 £'000	2016 £'000
Bank interest received	5	13
Interest receivable on group borrowing	43	26
	<b>48</b>	<b>39</b>

### 10 TAX ON PROFIT

	2017 £'000	2016 £'000
United Kingdom corporation tax charge on profit of the year at 20% (2016: 20%)	701	486
Adjustments in respect of prior periods	-	84
Total tax	<b>701</b>	<b>570</b>
Origination and reversal of timing differences	(4)	(1)
Total deferred tax	<b>(4)</b>	<b>(1)</b>
Tax on profit on ordinary activities	<b>697</b>	<b>569</b>

The tax assessed for the year is higher (2016: higher) than the standard rate of corporation tax in the UK of 20% (2016: 20%) applied to the pre-tax profit of the company. The differences are explained below:

	2017 £'000	2016 £'000
<b>Profit on ordinary activities before tax</b>	<b>3,358</b>	<b>2,298</b>
Tax on profit on ordinary activities at standard corporation tax rate of 20% (2016: 20%)	672	459
Effects of:		
Fixed asset differences	-	3
Expenses not deductible for tax purposes	24	23
Adjustments in respect of prior periods	-	84
Deferred tax: rate adjustment	1	-
Total tax charge for the year	<b>697</b>	<b>569</b>

## SONY/ATV MUSIC PUBLISHING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

#### *Factors which may affect future tax charges:*

Changes to UK corporation tax rates were substantively enacted as part of Finance Bill 2016 (on 6 September 2016). These include reductions to main rate, to reduce the rate from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020.

Deferred taxes on the balance sheet date have been measured using these enacted tax rates and reflected in these financial statements.

## 11 INTANGIBLE ASSETS

	Song catalogues £'000
<b>Cost</b>	
At 1 April 2016	5,690
<b>At 31 March 2017</b>	<b>5,690</b>
<b>Accumulated amortisation</b>	
At 1 April 2016	4,681
Charge for the year	103
<b>At 31 March 2017</b>	<b>4,784</b>
<b>Net book amount</b>	
<b>At 31 March 2017</b>	<b>906</b>
At 31 March 2016	1,009

## SONY/ATV MUSIC PUBLISHING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

#### 12 TANGIBLE ASSETS

	Fixtures and fittings £'000
<b>Cost</b>	
At 1 April 2016	124
Additions	-
<b>At 31 March 2017</b>	<b>124</b>
<b>Accumulated depreciation</b>	
At 1 April 2016	35
Charge for year	22
<b>At 31 March 2017</b>	<b>57</b>
<b>Net book amount</b>	
<b>At 31 March 2017</b>	<b>67</b>
At 31 March 2016	89

#### 13 DEBTORS

	2017 £'000	2016 £'000
Trade debtors	13,444	11,502
Amounts owed by group undertakings	1,619	2,930
Short term deposits with related parties	12,000	4,359
Value added tax receivable	672	45
Deferred tax	8	5
Capitalised advances	14,516	12,332
Prepayments and accrued income	328	165
	<b>42,587</b>	<b>31,338</b>

Included within capitalised advances to writers and publishers are certain amounts that due to their nature may not be recouped within a year.

Short term deposits with related parties represent overnight deposits with Sony Global Treasury Services, which are swept back to the bank accounts of the company as/when needed for cash management purposes. Interest is not charged on amounts owed by group undertakings.

# SONY/ATV MUSIC PUBLISHING (UK) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

### 14 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017 £'000	2016 £'000
Trade creditors	6,960	4,177
Amounts owed to group undertakings	16,478	16,044
Corporation tax	74	16
Other creditors	195	372
Accruals and deferred income	24,942	22,892
	<b>48,649</b>	<b>43,501</b>

Amounts owed to group undertakings are unsecured, have no fixed date of repayment and are interest free in general.

Amounts owed to other creditors are unsecured and interest free.

### 15 CALLED UP SHARE CAPITAL

	2017 £'000	2016 £'000
Allotted, issued and fully paid 1,000 (2016: 1,000) ordinary shares of £1 each	<b>1</b>	<b>1</b>

There are no restrictions to the distribution of dividends and the repayment of capital.

### 16 DIVIDENDS PAID

	2017 £'000	2016 £'000
Final paid (2016) £2,000 per £1 share	-	2,000
Final paid (2017) £1,700 per £1 share	<b>1,700</b>	-
Total dividends	<b>1,700</b>	<b>2,000</b>

## SONY/ATV MUSIC PUBLISHING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

#### 17 NET CASH FLOW FROM OPERATING ACTIVITIES

	2017	2016
	£'000	£'000
Profit for the financial year	2,661	1,729
Tax on profit	697	569
Interest receivable and similar income	(48)	(39)
<b>Operating profit</b>	<b>3,310</b>	<b>2,259</b>
Amortisation of intangible assets	103	103
Depreciation of tangible assets	22	22
Working capital movements:		
- (Increase)/decrease in debtors	(11,244)	5,441
- Increase in creditors	5,090	7,516
<b>Cash flow from operating activities</b>	<b>(2,719)</b>	<b>15,341</b>

#### 18 FINANCIAL COMMITMENTS AND CONTINGENCIES

At 31 March the company had annual commitments and contingencies related to future artist advances expiring as follows:

	2017	2016
	£'000	£'000
Within one year	24,325	4,412
Within two to five years	9,388	2,623
	<b>33,713</b>	<b>7,035</b>

## SONY/ATV MUSIC PUBLISHING (UK) LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (continued)

#### 19 RELATED PARTIES

The FRS 102 exemption for not disclosing transactions between wholly-owned members of a group has been taken and, as Sony/ATV Music Publishing (UK) Limited is a wholly owned member of Sony Corporation, no transactions between them have been disclosed.

	Transaction value		Outstanding balance	
	Income/(Expense)		Debtor/(Creditor)	
	2017	2016	2017	2016
	£'000	£'000	£'000	£'000
Sony Global Treasury Services PLC	-	-	-	4,359
Sony Pictures Home Entertainment Limited	-	-	(7,424)	(7,359)
EMI Music Publishing Limited	(1,511)	(1,215)	(4,240)	(2,361)

The transactions with EMI Music Publishing Limited relate to admin fee income and recharge of overheads.

Balances with related parties are unsecured.

#### 20 ULTIMATE PARENT UNDERTAKINGS AND CONTROLLING PARTY

As of 31 March 2017, the immediate parent entity is SM Publishing (UK) Limited

Sony Corporation is the parent undertaking of the largest and smallest groups of undertakings to consolidate these financial statements at 31 March 2017. The consolidated financial statements of Sony Corporation are available from 1-7-1 Konan Minato-ku, Tokyo, 108-0075 Japan.

Prior to 31 March 2017, the immediate parent entity was Sony/ATV Music Publishing LLC, a Delaware (United States) limited liability company.

Sony/ATV Music Publishing LLC was a joint venture, with 50% owned by trusts formed by Michael Jackson (now within his Estate), 40% owned by Sony Music Holdings Inc. (a Delaware corporation) through its wholly-owned subsidiaries, and 10% owned by SMEJ (USA) Inc (a Delaware corporation).

On 30 September 2016, Sony Corporation and the Estate of Michael Jackson announced that Sony Corporation of America, Sony Corporation's wholly owned subsidiary, has completed on the purchase of the remaining 50% interest in Sony/ATV Music Publishing LLC from the Estate of Michael Jackson.