

CLUBLAND PRODUCTIONS LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS

FOR THE YEAR ENDED 29 DECEMBER 2012

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CLUBLAND PRODUCTIONS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 29 DECEMBER 2012

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CLUBLAND PRODUCTIONS LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

J C Nuttall
M G Cadman
A M Barker
DRJ Sharpe

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

364-366 Kensington High Street
London
W14 8NS

AUDITORS

Ernst & Young LLP
Statutory Auditor
1 More London Place
London
SE1 2AF

CLUBLAND PRODUCTIONS LIMITED

DIRECTORS' REPORT

YEAR ENDED 29 DECEMBER 2012

The directors present their report and the financial statements of the company for the year ended 29 December 2012

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company operates in the field of royalty collection on the sales of music compilations

The result and position of the company as at and for the year ended 29 December 2012 are set out in the profit and loss account and balance sheet on pages 7 and 8 respectively. The result and position of the company were in line with directors' expectations.

Turnover increased by £151,660 compared to the prior year primarily due to a new source of income derived from advertising revenue. There was an increase in operating profit of £26,440 as a result of the increase in revenue.

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.

RESULTS AND DIVIDENDS

The company's profit on ordinary activities after taxation for the year was £273,140 (2011 £246,535).

The directors paid no dividend (2011 £500,000) during the year. The retained profit for the year has been transferred to reserves.

PRINCIPAL RISKS AND UNCERTAINTIES

The company is faced with similar risks and uncertainties as other companies operating in the recorded music business, broadly:

- competition from other major and independent record companies that license recorded music,
- competition from alternative entertainment products,
- the threat of a devalued product due to piracy and the illegal use of music,

All risks and uncertainties are regularly monitored by the Board of Directors of the company.

DIRECTORS

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

J C Nuttall
M G Cadman
D T Bryant
A M Barker
DRJ Sharpe

DRJ Sharpe was appointed as a director on 20 January 2012.

D T Bryant resigned as a director on 19 January 2012.

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.

CLUBLAND PRODUCTIONS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 29 DECEMBER 2012

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

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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and 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.

In so far as each of the directors at the date of approving this report are aware

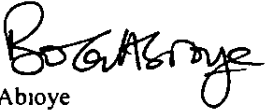
- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

CLUBLAND PRODUCTIONS LIMITED

DIRECTORS' REPORT *(continued)*

YEAR ENDED 29 DECEMBER 2012

By order of the board


A Abioye
Company Secretary

Company Registration Number 04939285

28 March 2013

CLUBLAND PRODUCTIONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLUBLAND PRODUCTIONS LIMITED

YEAR ENDED 29 DECEMBER 2012

We have audited the financial statements of Clubland Productions Limited for the year ended 29 December 2012 which comprise Profit and Loss Account, the Balance Sheet and the related notes 1 to 13. 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 DIRECTORS AND AUDITORS

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 Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 29 December 2012 and of its profit for the year then ended, and
- 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.

CLUBLAND PRODUCTIONS LIMITED


INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CLUBLAND PRODUCTIONS LIMITED *(continued)*

YEAR ENDED 29 DECEMBER 2012

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


Paul Gordon (Senior Statutory Auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor

London



Company Registration Number 04939285

CLUBLAND PRODUCTIONS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 29 DECEMBER 2012

	Note	2012 £	2011 £
TURNOVER	2	1,102,236	950,576
Cost of sales		(551,117)	(475,288)
GROSS PROFIT		551,119	475,288
Administrative expenses		(164,898)	(140,085)
OPERATING PROFIT		386,221	335,203
Interest receivable and similar income	5	131	237
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		386,352	335,440
Tax on profit on ordinary activities	6	(94,656)	(88,905)
PROFIT FOR THE FINANCIAL YEAR		291,696	246,535

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 9 to 13 form part of these financial statements

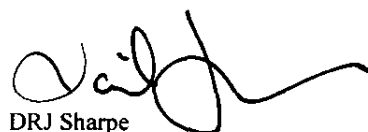
CLUBLAND PRODUCTIONS LIMITED

BALANCE SHEET

AS AT 29 DECEMBER 2012

	Note	2012 £	2011 £
CURRENT ASSETS			
Debtors	8	7,940,802	6,532,099
Cash at bank		5,607	342,861
		<u>7,946,409</u>	<u>6,874,960</u>
CREDITORS: Amounts falling due within one year	9	(6,689,533)	(5,909,780)
NET CURRENT ASSETS		<u>1,256,876</u>	<u>965,180</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,256,876</u>	<u>965,180</u>
CAPITAL AND RESERVES			
Called-up equity share capital	10	1	1
Profit and loss account	11	1,256,875	965,179
EQUITY SHAREHOLDERS' FUNDS	11	<u>1,256,876</u>	<u>965,180</u>

These financial statements were approved by the board of directors and authorised for issue on 28 March 2013 and are signed on their behalf by


DRJ Sharpe
Director

The notes on pages 9 to 13 form part of these financial statements.

CLUBLAND PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 DECEMBER 2012

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

Cash flow statement and related party disclosures

The company is a wholly owned subsidiary of All Around The World Limited who controls 100% of the voting rights and prepares consolidated financial statements, which are publicly available. Consequently, the company has taken advantage of the exemption in FRS 1 from preparing a cash flow statement

Revenue recognition

Turnover is recognised to the extent that the group obtains the right to consideration in exchange for its performance. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty

Taxation

The charge/(credit) for taxation is based on the profit/(loss) 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 that result in an obligation to pay more tax in the future or a right to pay less tax in future have occurred at the balance sheet date

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 at the balance sheet date are translated at the market rates of exchange ruling at that date. Transactions in foreign currencies are recorded using the rates of exchange ruling at the date of the transaction. All differences are included in the profit and loss account

CLUBLAND PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 DECEMBER 2012

2 TURNOVER

Turnover by destination is as follows

	2012 £'000	2011 £'000
United Kingdom	1,102,236	950,576

All turnover by destination and source arises in the UK

3. OPERATING PROFIT

Auditors remuneration of £4,000 for their services for the current year were borne by Universal Music Operations Limited, our joint venture partner

4. PARTICULARS OF EMPLOYEES

There were no employees during the year ended 29 December 2012 (2011 nil)

The emoluments of four directors (2011 four) were paid and borne by fellow group undertakings and they received no remuneration for their services to the Company

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	2012 £	2011 £
Bank interest receivable	131	237

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

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

	2012 £	2011 £
Current tax		
UK Corporation tax based on the results for the year at 24.50% (2011 - 26.50%)	-	88,905
Group relief payable for losses surrendered from other group undertakings	94,656	-
Total current tax	94,656	88,905

CLUBLAND PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 DECEMBER 2012

6 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES *(continued)*

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 24.50% (2011 - 26.50%)

The Finance Act 2012, which includes a reduction in the UK corporate tax rate to 24% from April 2012 and 23% from April 2013 has been enacted. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the period when the asset is realised or the liability is settled, based on the rates that have been enacted at the balance sheet date. Therefore, at 31 December 2012, deferred tax assets and liabilities have been calculated based on the rates that have been enacted by the balance sheet date.

	2012 £	2011 £
Profit on ordinary activities before taxation	386,352	335,440
Profit on ordinary activities at the standard rate of UK Corporation tax of 24.50% (2011 - 26.50%)	94,656	88,892
Rounding on tax charge	-	13
Current tax charge for the financial year	94,656	88,905

(c) Factors that may affect future tax charges

The UK Government intends to reduce the UK corporate income tax further, to 20% from 1 April 2015. The future reductions have not been enacted at the balance sheet date so the effect of these has not been reflected in this financial statement, however it is not expected that these changes would have a significant effect on the value of the company's deferred tax balances at the balance sheet date.

7. DIVIDENDS

Equity dividends

	2012 £	2011 £
Paid during the year		
Dividends on equity shares	-	500,000

8. DEBTORS

	2012 £	2011 £
Trade debtors	372,923	175,649
Amounts owed by group undertakings	7,512,942	6,356,450
Prepayments and accrued income	54,937	-
	7,940,802	6,532,099

Amounts due from related undertakings through the normal course of business are unsecured, interest free and repayable on demand.

CLUBLAND PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 DECEMBER 2012

9 CREDITORS' Amounts falling due within one year

	2012	2011
	£	£
Amounts owed to group undertakings	6,573,290	5,856,795
VAT	103,368	40,110
Other creditors	5,875	5,875
Accruals and deferred income	7,000	7,000
	<u>6,689,533</u>	<u>5,909,780</u>

Amounts due to related undertakings through the normal course of business are unsecured, interest free and repayable on demand

10. SHARE CAPITAL

Authorised share capital:

	2012	2011
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2012		2011	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital	Profit and loss account	Total share-holders' funds
	£	£	£
Balance brought forward at 30 December 2010	1	1,218,644	1,218,645
Profit for the year	—	246,535	246,535
Equity dividends	—	(500,000)	(500,000)
Balance brought forward at 30 December 2011	<u>1</u>	<u>965,179</u>	<u>965,180</u>
Profit for the year	—	291,696	291,696
Balance carried forward at 29 December 2012	<u>1</u>	<u>1,256,875</u>	<u>1,256,876</u>

12. RELATED PARTY TRANSACTIONS

The company is a wholly owned subsidiary included in the consolidated financial statement of its immediate parent company. These financial statements are publicly available, therefore, the company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosure of transactions with entities that are part of the group of investees of the group qualifying as related parties.

CLUBLAND PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 29 DECEMBER 2012

13. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of All Around The World Limited, registered in England and Wales. The smallest group in which the results of the company are consolidated is All Around The World Limited. Copies of All Around The World Limited's financial statements can be obtained from 364-366 Kensington High Street, London W14 8NS.

All Around The World Limited is owned 50% by Universal Music Operations Limited and 50% by J C Nuttall and M G Cadman.

J C Nuttall and M G Cadman, who are directors of the company, manage the company on a day to day basis.

The ultimate parent undertaking and controlling party is Vivendi SA, a company incorporated in France. The largest group in which the results of the company are consolidated is Vivendi SA. Copies of its annual report in English may be obtained from Vivendi SA, 42 Avenue de Friedland, 75380 Paris, Cedex 08, France.