

COMPANY REGISTRATION NUMBER 05344517

**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**



**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 2017**

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**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**OFFICERS AND PROFESSIONAL ADVISERS**

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**THE BOARD OF DIRECTORS**

BJ Muir  
SL Carmel  
P Jassal

**COMPANY SECRETARY**

A Abioye

**REGISTERED OFFICE**

364-366 Kensington High Street  
London  
W14 8NS

**AUDITOR**

Deloitte LLP  
Statutory Auditor  
Mountbatten House  
1 Grosvenor Square  
Southampton  
SO15 2BZ  
United Kingdom

# **UNIVERSAL MUSIC HOLDINGS LIMITED**

## **STRATEGIC REPORT**

### **YEAR ENDED 31 DECEMBER 2017**

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The directors present their strategic report for the company for the year ended 31 December 2017.

#### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

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

The result of the company for the year ended 31 December 2017 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 9, 10 and 11 respectively. The result and position of the company were in line with directors' expectations.

#### **RESULTS AND DIVIDENDS**

The company's loss for the financial year was £19,569,000, (2016 - loss £39,535,000). The retained loss for the year has been transferred to reserves.

The directors do not recommend a dividend payment for the year ended 31 December 2017 (2016 - £Nil).

#### **KEY PERFORMANCE INDICATORS**

Since the principal activity of the company is to act as a holding 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 company, primarily the impact of interest rate fluctuations on intercompany payable balances, and the effects of market forces on the performance and position of subsidiaries which could impact the carrying value of investments.

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

#### **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.

# **UNIVERSAL MUSIC HOLDINGS LIMITED**

## **STRATEGIC REPORT (continued)**

**YEAR ENDED 31 DECEMBER 2017**

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### **DISABLED EMPLOYEES**

The company gives full consideration to applications for employment from disabled persons where the requirements of the job can be adequately fulfilled by a handicapped or disabled person. Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training, career development and promotion to disabled employees wherever appropriate.

### **EMPLOYEE INVOLVEMENT**

During the year, the policy of providing employees with information about the company has been continued through internal media methods in which employees have also been encouraged to present their suggestions and views. Regular meetings are held between local management and employees to allow a free flow of information and ideas.

By order of the board



P Jassal  
Director

Date: 18 May 2018

# **UNIVERSAL MUSIC HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

### **YEAR ENDED 31 DECEMBER 2017**

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The directors present their report, together with the financial statements and the auditor's report of the company for the year ended 31 December 2017.

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

- Results and dividends;
- Financial risk management objectives and policies;
- Principal risks and uncertainties; and
- Future developments.

#### **DIRECTORS**

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

BJ Muir  
RM Constant  
A Brown  
SL Carmel  
P Jassal

SL Carmel was appointed as a director on 31 March 2017.

A Brown resigned as a director on 31 March 2017.

RM Constant resigned as a director on 28 July 2017.

#### **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.

# UNIVERSAL MUSIC HOLDINGS LIMITED

## DIRECTORS' REPORT (continued)

YEAR ENDED 31 DECEMBER 2017

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### AUDITOR

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
- each director has taken all steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Deloitte LLP were appointed as the company's auditor during the financial period. Pursuant to Section 487 of the Companies Act 2006, they will be deemed to be reappointed and Deloitte LLP will therefore continue in office.

### DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the annual 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 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: 18 May 2018

Company Registration Number: 05344517

# **UNIVERSAL MUSIC HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC HOLDINGS LIMITED**

**YEAR ENDED 31 DECEMBER 2017**

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### **REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

#### **Opinion**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Universal Music Holdings Limited (the 'company') which comprise:

- the statement of comprehensive income;
- the statement of financial position;
- the statement of changes in equity; and
- the related notes 1 to 14.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Conclusions relating to going concern**

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.



# **UNIVERSAL MUSIC HOLDINGS LIMITED**

## **INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC HOLDINGS LIMITED (continued)**

**YEAR ENDED 31 DECEMBER 2017**

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### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in respect of these matters.

### **Responsibilities of directors**

As explained more fully in the director's responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### **Use of our report**

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.

# UNIVERSAL MUSIC HOLDINGS LIMITED

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC HOLDINGS LIMITED (continued)

**YEAR ENDED 31 DECEMBER 2017**

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### REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

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 the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

#### 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.

We have nothing to report in respect of these matters:

*C. Siviter*

Claire Siviter, FCA (Senior Statutory Auditor)

For and on behalf of Deloitte LLP, Statutory Auditor

Southampton, United Kingdom

18 May 2018

Company Registration Number: 05344517

**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 DECEMBER 2017**

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	<b>Note</b>	<b>2017 £'000</b>	<b>2016 £'000</b>
Administrative expenses		<b>(142,172)</b>	(132,751)
Other operating income	<b>4</b>	<b>146,436</b>	136,733
<b>OPERATING PROFIT</b>		<b>4,265</b>	3,982
Interest payable and similar charges	<b>7</b>	<b>(28,499)</b>	(53,401)
<b>LOSS BEFORE TAXATION</b>		<b>(24,235)</b>	(49,419)
Tax on loss	<b>8</b>	<b>4,665</b>	9,884
<b>LOSS FOR THE FINANCIAL YEAR</b>		<b>(19,569)</b>	(39,535)
<b>TOTAL COMPREHENSIVE LOSS</b>		<b>(19,569)</b>	(39,535)

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

**The notes on pages 12 to 23 form part of these financial statements**

**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2017**

	Note	2017 £'000	2016 £'000
<b>FIXED ASSETS</b>			
Investments	9	2,451,890	2,451,890
		<u>2,451,890</u>	<u>2,451,890</u>
<b>CURRENT ASSETS</b>			
Debtors: Amounts falling due within one year	10	10,223	10,166
		<u>10,223</u>	<u>10,166</u>
<b>CREDITORS: Amounts falling due within one year</b>	11	(2,474,636)	(2,455,010)
<b>NET CURRENT LIABILITIES</b>		<u>(2,464,413)</u>	<u>(2,444,844)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(12,523)</u>	<u>7,046</u>
<b>NET (LIABILITIES)/ASSETS</b>		<u>(12,523)</u>	<u>7,046</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	12	-	-
Share premium account		623,447	623,447
Profit and loss account		<u>(635,970)</u>	<u>(616,401)</u>
<b>EQUITY SHAREHOLDERS' (DEFICIT)/FUNDS</b>		<u>(12,523)</u>	<u>7,046</u>

These financial statements were approved by the board of directors and authorised for issue on 18 May 2018 and are signed on their behalf by:

  
P Jassal  
Director

Company Registration Number: 05344517

**The notes on pages 12 to 23 form part of these financial statements**

**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**YEAR ENDED 31 DECEMBER 2017**

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	Share capital £'000	Share premium £'000	Profit & loss account £'000	Total shareholders' funds £'000
Balance brought forward 1 January 2016	-	623,447	(576,866)	46,581
<b>Total comprehensive income</b>				
Loss for the financial year	-	-	(39,535)	(39,535)
	<hr/>	<hr/>	<hr/>	<hr/>
Balance brought forward 1 January 2017	-	623,447	(616,401)	7,046
<b>Total comprehensive income</b>				
Loss for the financial year	-	-	(19,569)	(19,569)
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance carried forward at 31 December 2017</b>	<hr/> <b>-</b> <hr/>	<hr/> <b>623,447</b> <hr/>	<hr/> <b>(635,970)</b> <hr/>	<hr/> <b>(12,523)</b> <hr/>

The notes on pages 12 to 23 form part of these financial statements

# UNIVERSAL MUSIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2017

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#### 1. GENERAL INFORMATION

Universal Music Holdings 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 364-366 Kensington High Street, London, W14 8NS. The principal activities of the company and the nature of its operations are set out in the strategic report on page 2.

#### 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.

##### **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 entities;
- 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 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 financial statements. As such, these financial statements give information about the company as an individual undertaking and not about its group.

##### **Going concern - continued support from parent undertaking**

The financial statements have been prepared on the going concern basis as the company has received confirmation from Societe d'Investissements et de Gestion 104 S.A.S., the company's intermediate parent undertaking, of its intention to continue to provide financial and other support to the extent necessary to enable the company to continue to pay its liabilities as and when they become due for a period not less than one year from the date of approval of these financial statements. Having regard to this intention, the directors believe it is appropriate to prepare these financial statements on a going concern basis, notwithstanding the deficit on net current liabilities at 31 December 2017.

**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2017**

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**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.

***Interest-bearing loans classified as basic financial instruments***

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.

***Equity instruments***

Equity instruments issued by the company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2017**

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**3. ACCOUNTING POLICIES (continued)**

**Fair value measurement**

The best evidence of fair value is a quoted price for an identical asset in an active market. When quoted prices are unavailable, the price of a recent transaction for an identical asset provides evidence of fair value as long as there has not been a significant change in economic circumstances or a significant lapse of time since the transaction took place. If the market is not active and recent transactions of an identical asset on their own are not a good estimate of fair value, the fair value is estimated by using a valuation technique.

**Impairment**

*Impairment of assets*

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet 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.

**Management charges receivable**

Management charges are based on administrative expenses incurred, plus a fixed markup. They are recognised in the statement of comprehensive income in the same period as the relevant administrative expenses.

**Interest payable**

Interest payable relates to amounts due to group undertakings and is recognised in the statement of comprehensive income as it accrues under the effective interest method.



**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2017**

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**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 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 Group's accounting policies**

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

**Key source of estimation uncertainty**

The key assumptions concerning the future, and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below:

***Impairment of investments***

The directors assess investments for indicators of impairment at each reporting date. This involves reviewing financial forecasts, the preparation of which involves an element of estimation. The carrying value of the assets potentially subject to this uncertainty is disclosed in note 9.

**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2017**

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**4. OTHER OPERATING INCOME**

	2017 £'000	2016 £'000
Management charges receivable	<u>146,436</u>	<u>136,733</u>

**5. AUDITOR'S REMUNERATION**

The auditor's remuneration for the year ended 31 December 2017 was £5,000 (2016 - £10,000) and was borne by another group company in both years.

**6. PARTICULARS OF EMPLOYEES**

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

	2017 No	2016 No
Artist and repertoire	92	80
Marketing	316	303
Commercial affairs	74	75
Supply chain	105	110
General administration	647	630
	<u>1,233</u>	<u>1,198</u>

The aggregate payroll costs of the above were:

	2017 £'000	2016 £'000
Wages and salaries	115,748	107,687
Social security costs	14,597	13,661
Other pension costs	4,008	4,355
	<u>134,353</u>	<u>125,703</u>

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 (2016 - 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.

**7. INTEREST PAYABLE AND SIMILAR CHARGES**

	2017 £'000	2016 £'000
Interest payable to group undertakings	<u>28,499</u>	<u>53,401</u>

**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2017**

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**8. TAX ON LOSS**

**(a) Analysis of tax credit in the year**

	2017 £'000	2016 £'000
<b>Current tax:</b>		
<b>UK Taxation</b>		
Group relief receivable for losses surrendered to other group undertakings	<u>(4,679)</u>	<u>(9,884)</u>

**(b) Factors affecting tax credit**

The tax assessed on the loss for the year is the same as the standard rate of corporation tax in the UK of 19.25% (2016 - 20.00%).

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.

	2017 £'000	2016 £'000
Loss before taxation	<u>(24,235)</u>	<u>(49,419)</u>
Loss at the standard rate of UK Corporation tax of 19.25% (2016 - 20.00%)	<u>(4,679)</u>	<u>(9,884)</u>
Current tax credit for the financial year	<u>(4,679)</u>	<u>(9,884)</u>

**(c) Factors that may affect future tax charges**

The company has a total unutilised tax losses carried forward estimated at £2,155,119 (2016 - £553,366), 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.

**UNIVERSAL MUSIC HOLDINGS LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**YEAR ENDED 31 DECEMBER 2017**

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**9. INVESTMENTS**

	<b>Shares in subsidiaries £'000</b>	<b>Total £'000</b>
<b>COST</b>		
At 1 January 2017	2,739,844	2,739,844
<b>At 31 December 2017</b>	<b>2,739,844</b>	<b>2,739,844</b>
<b>PROVISION FOR IMPAIRMENT</b>		
At 1 January 2017	287,954	287,954
<b>At 31 December 2017</b>	<b>287,954</b>	<b>287,954</b>
<b>NET BOOK VALUE</b>		
<b>At 31 December 2017</b>	<b>2,451,890</b>	<b>2,451,890</b>
At 31 December 2016	2,451,890	2,451,890

The directors have considered the remaining carrying value of investments as at 31 December 2017 and are of the opinion that the aggregate value of the company's investments in subsidiary undertakings, including amounts owned by subsidiary undertakings, is not less than the amount at which they are stated in the accounts.

# UNIVERSAL MUSIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2017

### 9. INVESTMENTS (continued)

#### Subsidiary Undertakings

The subsidiaries of Universal Music Holdings Limited as at 31 December 2017 are listed below. Those marked with an asterisk are 100% directly owned. All other companies are held through subsidiary undertakings which are 100% owned.

The following subsidiaries are all incorporated in England and Wales and have the registered address of 364-366 Kensington High Street, London, W14 8NS:

Name	Ordinary share holding	Nature of business
Abstract Sounds Music Limited*	100%	Dormant company
Backcite Limited	66.31% direct	Finance and holding company
Makeback Limited	33.69% indirect	Dormant company
Calderstone Productions Limited*	66.31%	Marketing and distribution of recorded music
Eagle Rock Entertainment Group Limited*	100%	Finance and holding company
Eagle Rock Holdings Limited	100%	Finance and holding company
Eagle Rock Entertainment Limited	100%	Media production company
Eagle Media Productions Limited	100%	Media production company
Eagle Rock Film Productions Limited	100%	Media production company
Eagle Vision Limited	100%	Media production company
Tanglade Limited*	100%	Marketing and distribution of recorded music
Universal - MCA Music (UK) Limited*	100%	Dormant company
Universal Music (UK) Holdings Limited*	100%	Finance and holding company
Universal Music Leisure Limited	100%	Finance and holding company
A & M Records Limited	100%	Dormant company
Decca Music Group Limited	100%	Marketing and distribution of recorded music
Globe Productions Limited	100%	Television production company
Ulive Portfolio Limited	100%	Dormant company
Go! Discs Limited	100%	Dormant company
Island Records Limited	100%	Dormant company
Soundproof Records Limited	100%	Dormant company
Island Visual Arts Limited	100%	Dormant company
Mercury Records Limited	100%	Dormant company
Polydor Limited	100%	Dormant company
Know Existence Limited	100%	Dormant company
Quicksilver Recording Company Limited	100%	Dormant company
Systemtactic Limited	100%	Dormant company
Universal Music Arts & Entertainment Limited	100%	Live events company
Love Supreme Festival Limited	62.5%	Live events company
Norma Opera Touring Limited	100%	Live events company
Sundown Festival Limited	51%	Live events company
Universal Music Group International Limited	100%	Management services company
Universal Music Operations Limited	100%	Marketing and distribution of recorded music
Closer Recordings Limited	51%	Marketing and distribution of recorded music
Composed Technology International Limited	80%	Music software company

# UNIVERSAL MUSIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2017

### 9. INVESTMENTS (continued)

#### Subsidiary Undertakings (continued)

Name	Ordinary share holding	Nature of business
Fiction Records Limited	100%	Dormant company
Naughty Records Limited	51%	Marketing and distribution of recorded music
Serious Records Ltd	100%	Dormant company
The Wild Card Label Limited	100%	Dormant company
Vice Versa Limited	100%	Dormant company
Universal SRG Group Limited*	100%	Finance and holding company
Angel Books Limited	100%	Dormant company
April Music Limited	100%	Dormant company
Bravado International Group Limited	100%	Merchandising of licensed products
Concessions Management International Limited	100%	Merchandising of licensed products
Estupendo Records Limited	100%	Merchandising of licensed products
Helter Skelter Agency Limited	100%	Musician agency
Trinifold Management Limited	100%	Music industry management services
Trinifold Music Limited	100%	Music publishing company
Twenty-First Artists Limited	100%	Artist services company
Universal SRG Music Publishing Copyrights Limited	100%	Music publishing company
Universal SRG Music Publishing Limited	100%	Music publishing company
Universal SRG (W.A.R.) Limited	100%	Music publishing company
Universal SRG Studios Limited	100%	Property rental company
Unload Limited*	100%	Dormant company
V2 Music Group Limited*	100%	Marketing and distribution of recorded music
Centenary UK Limited	100%	Finance and holding company
JBO Limited	100%	Dormant company
Timbuktu Music Limited	80%	Dormant company
V2 Music Limited	100%	Marketing and distribution of recorded music
Caroline Music International Limited	100%	Marketing and distribution of recorded music
ZTT Records Limited	100%	Marketing and distribution of recorded music
Stiff Records Limited	100%	Marketing and distribution of recorded music
All Around the World Limited	100%	Holding company
All Around the World Productions Limited	100%	Marketing and distribution of recorded music
Penny Street TV Limited	100%	TV production company
AATW Limited	100%	Dormant company
All Around the World Reproductions Limited	100%	Dormant company
All Around the World TV Limited	100%	Dormant company
Clubland Productions Limited	100%	Dormant company
TV Two Limited	100%	Dormant company
Ultimate...Hits Limited	100%	Dormant company
RG2016 Limited	100%	Marketing and distribution of recorded music
Universal Music UK Limited	100%	Dormant company

# UNIVERSAL MUSIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2017

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### 9. INVESTMENTS (continued)

#### Subsidiary Undertakings (continued)

The following subsidiaries are all incorporated in England and Wales and have the registered address of 20 Fulham Broadway, London, SW6 1AH:

Name	Ordinary share holding	Nature of business
Universal Music Publishing Europe Limited	100%	Music publishing company
Universal Music Publishing International Limited	100%	Music publishing company
Universal Music Publishing Limited	100%	Music publishing company
Universal Music Publishing BL Limited	100%	Music publishing company
Universal Music Publishing PGM Limited	100%	Music publishing company
Universal/Anxious Music Limited	100%	Music publishing company
Universal/Island Music Limited	100%	Music publishing company
Universal/Momentum Music Limited	100%	Music publishing company
Universal/Momentum Music 2 Limited	100%	Music publishing company
Universal/Dick James Music Limited	100%	Music publishing company
This Record Co. Limited	99%	Dormant company
D. J. M. Records Limited	99%	Dormant company
Universal Music Publishing MGB Holding UK Limited*	100%	Music publishing company
Universal Music Publishing MGB Limited	100%	Music publishing company
Complete Music Limited	100%	Dormant company
Fiction Songs Limited	100%	Dormant company
G. Ricordi & Co. (London) Limited	100%	Music publishing company
Mucho Loco Music Limited	100%	Dormant company
Universal Music Publishing International MGB Limited	100%	Music publishing company
Universal Publishing Production Music Limited	100%	Music publishing company
Focus Music (Publishing) Limited	100%	Music publishing company
Perfect Songs Limited	100%	Music publishing company
Astasio Music Limited	100%	Music publishing company
Pebworth Music Limited	100%	Music publishing company

# UNIVERSAL MUSIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2017

### 9. INVESTMENTS (continued)

#### Subsidiary Undertakings (Overseas)

Name	Country of Incorporation	Registered office address	Ordinary share holding	Nature of business
Universal Music LLC	Japan	8-5-30 Akasaka,	100%	Recorded music business
Mix. K.K.	Japan	Minato-ku, Tokyo,	100%	Recorded music business
Universal Music Publishing LLC	Japan	107-8583	100%	Music publishing company
Universal Music and EMI Artists LLC	Japan	5-30 Akasaka, 8-Chome, Minato-ku	100%	Development and Management of Artists
CMHL B.V*	Netherlands	Gerrit van der Veenlaan 4, 3743 DN, Baarn	100%	Finance and holding company
Eagle Rock Entertainment Inc	USA	c/o The Corporation Trust Company, 1209 Orange Street, Wilmington DE 19801	100%	Music distribution company
V2 Records Australia Pty Limited	Australia	15 Northcliff Street, Milsons Point New South Wales 2061, Australia	100%	Recording, marketing & Sales

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.

### 10. DEBTORS: Amounts due within one year

	2017 £'000	2016 £'000
Amounts owed by group undertakings	<u>10,223</u>	<u>10,166</u>

All amounts owed by group undertakings are due from UK group undertakings and are interest free, unsecured and repayable on demand.

### 11. CREDITORS: Amounts falling due within one year

	2017 £'000	2016 £'000
Amounts owed to group undertakings	2,474,357	2,454,731
Other creditors	<u>279</u>	<u>279</u>
	<u>2,474,636</u>	<u>2,455,010</u>

All amounts owed to fellow group undertakings are classified as current as they are repayable on demand. Interest rates are agreed between the parties on a case by case basis.



# UNIVERSAL MUSIC HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

YEAR ENDED 31 DECEMBER 2017

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### 12. SHARE CAPITAL

Allotted, called up and fully paid:

	2017		2016	
	No	£'000	No	£'000
Ordinary shares of £1 each	7	-	7	-

The company has one class of ordinary shares which have attached to them full voting, dividend and capital distribution (including on winding up) rights. They do not confer any rights of redemption.

### 13. RESERVES

#### *Profit and loss reserve*

The profit and loss 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 issued, less transaction costs.

### 14. ULTIMATE PARENT COMPANY

The immediate parent undertaking is Universal International Music B.V.. The ultimate parent undertaking and controlling party is 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