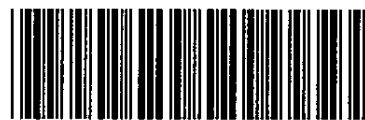


COMPANY REGISTRATION NUMBER 6388809

**EMI RECORDS UK HOLDCO LIMITED
DIRECTORS' REPORT AND FINANCIAL
STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014**

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EMI RECORDS UK HOLDCO LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

CONTENTS	PAGES
Officers and professional advisers	1
Strategic report	2
Directors' report	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 to 10

EMI RECORDS UK HOLDCO LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

THE BOARD OF DIRECTORS

RM Constant
A Brown
BJ Muir

COMPANY SECRETARY

A Abioye

REGISTERED OFFICE

364-366 Kensington High Street
London
W14 8NS

ACCOUNTANTS

Ernst & Young LLP
Chartered Accountants
1 More London Place
London
SE1 2AF

EMI RECORDS UK HOLDCO LIMITED

STRATEGIC REPORT

YEAR ENDED 31 DECEMBER 2014

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

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year continued to be that of an investment holding company. There has not been any change to the principal activity of the Company during the year ended 31 December 2014 or subsequently. The Directors do not anticipate any change to the principal activity of the Company during the next year. The result and position of the company as at and for the year ended 31 December 2014 are set out in the profit and loss account and balance sheet on pages 4 and 5 respectively. The result and position of the company were in line with directors' expectations.

RESULTS AND DIVIDENDS

The loss on ordinary activities before taxation for the year was £9,624,000 (2013: £8,315,000). The directors do not recommend payment of a dividend (2013: £nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The company operates as part of the Vivendi group (the 'group') and all of its transactions are with fellow group undertakings. As such, its activities are dependent on the activities of the group as a whole. The risks and uncertainties facing the company are linked to those of the group. A detailed discussion of the group risks and uncertainties is contained in the Vivendi SA annual report.

FUTURE DEVELOPMENTS

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

By order of the board



A Brown
Director

16 SEP 2015

EMI RECORDS UK HOLDCO LIMITED

DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2014

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

DIRECTORS

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

RM Constant
A Brown
BJ Muir

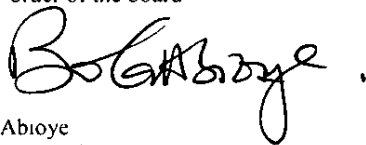
DIRECTORS QUALIFYING THIRD PARTY INDEMNITY PROVISIONS

A qualifying third party indemnity provision remains in force as at the date of approving the directors' report, subject to the provisions of s236 CA 2006 Vivendi SA, the ultimate parent undertaking, maintains a Directors & Officers Liability Programme which indemnifies directors' personal liabilities resulting from alleged wrongful acts committed in the line of their employment

DONATIONS

The company made no political or charitable donations in either the current year or the prior period

By order of the board



A Abioye
Company Secretary

16 SEP 2015

EMI RECORDS UK HOLDCO LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2014

		Year to 31 December 14 £'000	Period from 1 April 13 to 31 December 13 £'000
	Note		
TURNOVER		—	—
OPERATING PROFIT		—	—
Interest payable and similar charges	3	(9 624)	(8,315)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(9,624)	(8,315)
Tax on loss on ordinary activities	4	2,069	—
LOSS FOR THE FINANCIAL YEAR		<u>(7,555)</u>	<u>(8,315)</u>

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

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

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

The notes on pages 6 to 10 form part of these financial statements

EMI RECORDS UK HOLDCO LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2014

	Note	2014 £'000	2013 £'000
FIXED ASSETS			
Investments	5	500,292	500,292
CURRENT ASSETS			
Debtors	6	2,069	—
CREDITORS: Amounts falling due within one year	7	<u>281,461</u>	<u>271,837</u>
NET CURRENT LIABILITIES		<u>(279,392)</u>	<u>(271,837)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>220,900</u>	<u>228,455</u>
CAPITAL AND RESERVES			
Called-up equity share capital	9	200,000	200,000
Share premium account	10	199,218	199,218
Profit and loss account	10	<u>(178,318)</u>	<u>(170,763)</u>
EQUITY SHAREHOLDERS' FUNDS	10	<u>220,900</u>	<u>228,455</u>

For the year ended 31 December 2014 the company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

Directors' responsibilities

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

Approved by the Board for issue on

16 SEP 2015

On behalf of the Board of Directors



A Brown

Company Registration Number 6388809

The notes on pages 6 to 10 form part of these financial statements

EMI RECORDS UK HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES

Basis of preparation

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

The company is exempt by virtue of s 400 of Companies Act 2006, from the requirement to prepare group accounts if it is itself a wholly owned subsidiary undertaking and its immediate parent undertaking is established under the law of an EEA State. These financial statements present information about the company as an individual undertaking and not about its group.

The Company has taken advantage of the exemption under Financial Reporting Standard 8, "Related Party Disclosures" (FRS 8), not to disclose related party transactions between wholly owned group undertakings.

Cash flow statement

Under FRS 1 the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate parent undertaking includes the company in its own published consolidated financial statements.

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 have occurred at that date that result in an obligation to pay more tax in the future or a right to pay less tax in future. Timing differences are differences between the company's taxable profit and loss and its results as stated in the financial statements. No deferred tax is recognised on permanent differences. Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse, based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Foreign currencies

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

Investments

Investments in subsidiary and associated undertakings are stated at cost less provision to reflect any impairment.

Impairment of fixed assets

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its income-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset. An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits. Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost.

EMI RECORDS UK HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

1 ACCOUNTING POLICIES *(continued)*

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use. In assessing value in use, the expected future cash flows are discounted back to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment. For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount. For other fixed assets where the recoverable amount increases as a result of change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Interest bearing intercompany loans

Intercompany interest bearing loans bear interest at a rate agreed by both parties on a loan by loan basis. Accrued interest is added to the loan balance on a quarterly basis.

2 PARTICULARS OF EMPLOYEES

No Director received any remuneration during the current year or prior period in respect of his services to the Company. The Company had no employees during either the current year or prior period.

3 INTEREST PAYABLE AND SIMILAR CHARGES

	Year to 31 December 14 £'000	Period from 1 April 13 to 31 December 13 £'000
Interest payable to group undertakings	9,624	8,315

4 TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

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

	Year to 31 December 14 £'000	Period from 1 April 13 to 31 December 13 £'000
Current tax		
UK Corporation tax on profit/loss for the year	-	-
Group relief payable for losses surrendered from other group undertakings	(2,069)	-
Total current tax	(2,069)	-

EMI RECORDS UK HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

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

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 21.50% (2013 - 23%)

The Finance Act 2013 enacted reductions in the UK corporate tax rate to 21% from April 2014 and 20% from April 2015. Deferred tax assets and liabilities are measured at the rate that is expected to apply to the accounting period when the asset is realised or the liability is settled, based on the above rates

	Year to 31 December 14 £'000	Period from 1 April 13 to 31 December 13 £'000
Loss on ordinary activities before taxation	<u>(9,624)</u>	<u>(8,315)</u>
Loss on ordinary activities at the standard rate of UK Corporation tax of 21.50% (2013 - 23%)	(2,069)	(1,912)
Impact of group relief claimed / surrendered for no compensation	-	1,912
Current tax credit for the financial year	<u>(2,069)</u>	<u>-</u>

5 INVESTMENTS

	Total £'000
COST	
At 1 January 2014 and 31 December 2014	<u>576,218</u>
PROVISION FOR IMPAIRMENT	
At 1 January 2014 and 31 December 2014	<u>75,926</u>
NET BOOK VALUE	
At 31 December 2014 and 31 December 2013	<u>500,292</u>

In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill', the carrying values of the investments have been compared to their recoverable amounts, represented by their net realisable value, and impaired where appropriate. The Directors do not consider value in use to be materially different to the net realisable value of the investment, and therefore use the investment's net realisable value as its recoverable amount. In the opinion of the Directors, the value of the Company's investments at 31 December 2014 is at least equal to their carrying value and no impairment has been made.

PRINCIPAL SUBSIDIARY UNDERTAKINGS

The following were the principal subsidiary undertakings of EMI Records UK Holdco Limited at 31 December 2014

Subsidiary undertakings	Country of Incorporation	Proportion held	Nature of business
Virgin Records Limited*	UK	100%	Holding Company

* Held directly by the Company

EMI RECORDS UK HOLDCO LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2014

6 DEBTORS

	2014 £'000	2013 £'000
Amounts owed by group undertakings	<u>2,069</u>	<u>—</u>

Amounts owed by group undertakings are all owed by UK undertakings. Loans to fellow Group undertakings in the UK are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis.

7 CREDITORS Amounts falling due within one year

	2014 £'000	2013 £'000
Amounts owed to group undertakings	<u>281,461</u>	<u>271,837</u>

Amounts owed to group undertakings are all owed to UK undertakings. Loans from fellow Group undertakings in the UK are classified as current as they are repayable on demand. Interest rates on intercompany loans have been agreed between parties on a loan by loan basis.

8 CAPITAL COMMITMENTS

The company had no capital commitments 31 December 2014.

9 SHARE CAPITAL

Allotted, called up and fully paid

	2014 No	£'000	2013 No	£'000
Ordinary shares of £1 each	<u>200,000,002</u>	<u>200,000</u>	<u>200,000,002</u>	<u>200,000</u>

10 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £'000	Share premium account £'000	Profit and loss account £'000	Total share- holders' funds £'000
Balance brought forward at 1 April 2013	200,000	199,218	(162,448)	236,770
Loss for the period	<u>—</u>	<u>—</u>	<u>(8,315)</u>	<u>(8,315)</u>
Balance brought forward at 1 January 2014	200,000	199,218	(170,763)	228,455
Loss for the year	<u>—</u>	<u>—</u>	<u>(7,555)</u>	<u>(7,555)</u>
Balance carried forward at 31 December 2014	<u>200,000</u>	<u>199,218</u>	<u>(178,318)</u>	<u>220,900</u>

EMI RECORDS UK HOLDCO LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

11 ULTIMATE PARENT COMPANY

The immediate parent company is EMI Group Holdings (UK), a company incorporated and operating in England. The ultimate parent undertaking and controlling party is Vivendi SA, a company incorporated in France.

The smallest and largest group in which the results of the company will be consolidated will be that headed by Vivendi SA, incorporated in France. Copies of its annual report in English may be obtained from:

Vivendi SA
42 Avenue de Friedland
75380 Paris
Cedex 08
France