

Loudclothing.com Limited

Directors' Report and Financial Statements

31 March 2013

Registered No 06854812

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COMPANIES HOUSE

Loudclothing com Limited

Registered No 06854812

Directors

A Brown (appointed 28 September 2012)
M R Constant (appointed 28 September 2012)
B J Muir (appointed 28 September 2012)
R C Faxon (resigned 28 September 2012)
D N Kassler (resigned 28 September 2012)
S P Naughton (resigned 28 September 2012)
R C Prior (resigned 28 September 2012)

Secretaries

A Abioye

Auditors

KPMG LLP
15 Canada Square
London
E14 5GL

Registered Office

364-366 Kensington High Street
London
W14 8NS

Directors' Report

The directors present their report and financial statements for the period ended 31 March 2013

Results and dividends

The company made a profit for the period of £249,801 (2012 – £80,395)

The directors do not recommend the payment of a dividend (2012 - £nil)

Principal activities and review of the business

The Company is engaged in the sale and distribution of artist merchandise. This activity is unlikely to change in the foreseeable future.

In April 2013, the trademarks and assets of the company were sold to a third party, Completely Independent Distribution Limited. All of the company's staff were either made redundant or their employment contracts were transferred to Completely Independent Distribution Limited. From April 2013 onwards, the company has therefore effectively ceased to trade.

Financial review

Turnover has decreased by £2,772,838 (43%) compared to the prior year, while the company's operating profit has increased by £169,406 compared to the prior year and net assets have increased by £249,801.

The financial statements are prepared on a going concern basis, which the Directors believe is appropriate as set out in note 1 to these financial statements.

Analysis of key performance indicators

The directors and management of the Company use a number of key performance indicators (KPIs) to assess the ongoing performance of the business. The principal profit KPI used by the directors is EBITDA, which is considered a proxy for cash flow. The directors define EBITDA as the profit from operations stated before depreciation, amortisation, exceptional items (including restructuring costs) and the share of associates' and joint ventures' results. EBITDA for the period ended 31 March 2013 was £253,834 (2012: £80,395).

Key risks and uncertainties

The Company's business faces a number of risks and uncertainties as is normal for a Company of its size and complexity. The directors consider that the principal risks faced by the business include:

- The current uncertainty in global economic conditions would adversely affect the prospects and results of the business, and
- The continuing exposure of music merchandise industry to illegal counterfeit products.

Sale

The company has previously formed part of the Recorded Music division of EMI. On 11 November 2011, EMI Group Global Limited signed a definitive agreement to sell its Recorded Music division to Universal Music Group. The transactions were subject to certain closing conditions, including the approval by relevant regulatory authorities. Regulatory approvals were obtained with the requirement for certain divestments and the Recorded Music business sale completed on 28 September 2012.

The Company was not subject to these divestment requirements and continues to form a part of the Universal Music Group.

Directors' Report

Directors and their interests

The directors who served during the year and to the date of this report are shown below

A Brown (appointed 28 September 2012)
M R Constant (appointed 28 September 2012)
B J Muir (appointed 28 September 2012)
D N Kassler (resigned 28 September 2012)
S P Naughton (resigned 28 September 2012)
R C Faxon (resigned 28 September 2012)
R C Prior (resigned 28 September 2012)

None of the directors had any interests in the shares of the Company during the period

Political and charitable contributions

During the period, the Company made no political or charitable contributions (2012 £nil)

Supplier payment policy

The company negotiates payment terms with its suppliers on an individual basis, with the normal spread being payment at the end of the month of delivery plus 30 to 60 days. Agreement to the applicable payment terms is secured in every case.

The company emphasises the importance of prompt payment to small-sized businesses in line with UK governmental and CBI initiatives.

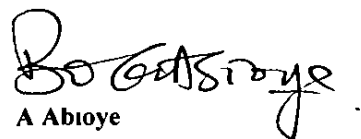
At 31 March 2013 the company had an average of 40 days' purchases outstanding in trade creditors (2012 –60 days)

Disclosure of Information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office.



A Abioye
Secretary

364-366 Kensington
High Street
London
W14 8NS

06 SEP 2013

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

The directors are responsible for preparing the 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice)

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities

Independent auditors' report (continued)

to the members Loudclothing.com Limited

We have audited the financial statements of Loudclothing.com Limited for the year ended 31 March 2013 set out on pages 7 - 15. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 31 March 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with UK 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.

Statement of directors' responsibilities in respect of the Directors' Report and the financial statements

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



Hugh Green, Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

6 September 2013

Profit and loss account

for the period ended 31 March 2013

	<i>Note</i>	<i>2013</i> £	<i>2012</i> £
Turnover	2	3,641,465	6,414,303
Cost of sales		(2,919,659)	(5,478,105)
Gross profit		721,806	936,198
Distribution costs		(154,837)	(453,284)
Administrative expenses		(317,168)	(402,519)
Net operating profit		249,801	80,395
Profit on ordinary activities before taxation		249,801	80,395
Tax on loss on ordinary activities	5	—	—
Profit on ordinary activities after taxation	11	249,801	80,395

As stated in the Directors' report, the results above for the period ended 31 March 2013 are all derived from continuing activities

The notes on pages 10 to 15 form part of these financial statements

A note of historical cost profit and losses has not been prepared as part of the financial statements since the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis

Loudclothing com Limited

Registered No 06854812

Statement of total recognised gains and losses

for the period ended 31 March 2013

There are no recognised gains or losses other than the profit £249,801 (2012 – £80,395) for the period ended 31 March 2013

Balance sheet

at 31 March 2013

	<i>Note</i>	<i>2013</i> £	<i>2012</i> £
Fixed assets			
Tangible assets	6	19,566	25,280
Current assets			
Stock	7	–	462,191
Debtors	8	82,199	569,504
Cash at bank and in hand		86,256	81,726
		<u>168,455</u>	<u>1,113,421</u>
Creditors amounts falling due within one year	9	(108,109)	(1,308,590)
Net current (liabilities) / assets		<u>60,346</u>	<u>(195,169)</u>
Total assets less current liabilities		<u>79,912</u>	<u>(169,889)</u>
Capital and reserves			
Called up share capital	10,11	1	1
Profit and loss account	11	79,911	(169,890)
Equity shareholders' (deficit) / funds	11	<u>79,912</u>	<u>(169,889)</u>

The notes on pages 10 to 15 form part of these financial statements

The financial statements have been approved by the Board of Directors on 6th September 2013 and were signed on its behalf by



A Brown
Director

06 SEP 2013

Notes to the financial statements

at 31 March 2013

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements

Basis of preparation

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

Going concern

The strong balance sheet of the Company combined with a strong operating performance has meant that the Company has been able to meet its ongoing working capital needs. They expect this position to continue and as a result have drawn up the financial statements on a going concern basis

Statement of cash flows

Under FRS 1 'Cash flow statements', the Company is exempt from the requirement to prepare a cash flow statement since it is a wholly owned subsidiary undertaking

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of transaction. Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. All differences are taken to the profit and loss account

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised

- Sale of goods: revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer i.e. on despatch and can be reliably measured. Revenue is measured at fair value after making provision in respect of expected future returns of goods and services supplied by the company prior to the balance sheet date,
- Copyright, royalty, license and other income: revenue is recognised based on the contractual arrangements entered into with third parties, which allow them to exploit the Group's intellectual property in return for a fee. Where the Group is entitled to a fee which is not dependent upon future usage, revenue is recognised when the Group has fulfilled its contractual commitments. Where the fees due to the Group are dependent upon usage, revenue is recognised based upon that usage. Where no reliable basis is available for estimating such usage, revenue is recognised when reported to the Group by third parties

Notes to the financial statements

at 31 March 2013

Depreciation

Depreciation of property plant and equipment is calculated on cost or valuation at rates estimated to write off the relevant assets by equal annual amounts over their expected useful lives. Effect is given, where necessary, to commercial and technical obsolescence.

The annual rates used are

Plant, machinery and furniture	10% - 33.33%
Computer hardware	25%

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

Stocks and work in progress

These are stated at the lower of cost and net realisable value, which is arrived at by making a provision for obsolete and slow moving items. Cost includes a proportion of manufacturing overheads.

Taxation

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

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Provision for royalty audit claims

A provision is made for royalty audit claims when it is considered more likely than not that a successful claim will be made and the likely financial impact can be estimated with reasonable certainty.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties. It is attributable to one continuing activity wholly within the UK.

3. Notes to the profit and loss account

Net operating profit is stated after charging

	2013 £	2012 £
Audit of these financial statements	6,000	6,291

Auditors' remuneration for the current year was paid for in full by Parlophone Records Limited.

The Company incurred no redundancy costs in 2013 (2012: £20,460).

Notes to the financial statements

at 31 March 2013

4. Directors remuneration and staff costs

	2013	2012
	£	£
Wages and salaries	217,005	300,330
Social security costs	14,966	29,497
Other pension costs	2,376	5,375
	<u>234,347</u>	<u>335,202</u>

The average number of employees during the period ended 31 March 2013 was 5 (2012 27)

The directors are employed and remunerated as directors or executives of, or consultants to, other group undertakings

5. Tax

Analysis of charge in the period

	2013	2012
	£000	£000
UK Corporation tax		
Current tax on income for the period	—	—
Adjustments in respect of prior periods	—	—
	<u>—</u>	<u>—</u>
Total current tax	<u>—</u>	<u>—</u>
Deferred tax		
Origination/reversal of timing differences and utilisation of tax losses	—	—
Adjustments in respect of prior periods	—	—
	<u>—</u>	<u>—</u>
Total deferred tax	<u>—</u>	<u>—</u>
	<u>—</u>	<u>—</u>
Total tax on profit on ordinary activities	<u>—</u>	<u>—</u>

Notes to the financial statements

at 31 March 2013

(a) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 24%. The differences are reconciled below

	2013	2012
	£	£
Profit on ordinary activities before tax	249,801	80,395
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2012 – 26%)	59,952	20,903
<i>Effect of</i>		
Group relief surrendered/(received) for payment at 24% (2012 – 26%)	(45,916)	(20,241)
Permanent differences	(14,230)	-
Capital allowances in excess of depreciation	194	(662)
Total current tax charge	-	-

(b) Factors affecting future tax charge

As part of the Universal Music Group, the company may receive or surrender losses by way of group relief. Equivalent receipts or surrenders have been made in the past without charge.

A reduction in the UK corporation tax rate from 26% to 25% (effective from 1 April 2012) was substantively enacted on 5 July 2011, and further reductions to 24% (effective from 1 April 2012) and 23% (effective from 1 April 2013) were substantively enacted on 26 March 2012 and 3 July 2012 respectively. This will reduce the company's future current tax charge.

The March 2013 Budget announced that the rate will further reduce to 20% by 2015 in addition to the planned reduction to 21% by 2014 previously announced in the December 2012 Autumn Statement. It has not yet been possible to quantify the full anticipated effect of the announced further 3% rate reduction, although this will further reduce the company's future current tax charge.

(c) Deferred tax

At the balance sheet date the Company had unused losses of £nil (2012: £nil) available for offset against future profits.

Notes to the financial statements

at 31 March 2013

6. Tangible fixed assets

	<i>Computer hardware</i> £	<i>Equipment, plant and vehicles</i> £	<i>Total</i> £
Cost			
At 31 March 2012	1,650	28,966	30,616
Transfers during the year	-	(4,664)	(4,664)
At 31 March 2013	1,650	24,302	25,952
Depreciation			
At 31 March 2012	459	4,877	5,336
Charged during the year	225	3,808	4,033
Transfers during the year	-	(2,983)	(2,983)
At 31 March 2013	684	5,702	6,386
Net book value			
At 31 March 2013	966	18,600	19,566
At 31 March 2012	1,191	24,089	25,280

7. Stock

	<i>2013</i> £	<i>2012</i> £
Finished goods and good for resale	-	462,191
	-	462,191

8. Debtors: amounts falling due within one year

	<i>2013</i> £	<i>2012</i> £
Trade debtors	-	528,162
Other debtors and prepayments	-	41,342
Interest-free loan to group undertaking	82,199	-
	82,199	569,504

Trade debtors are collected via a fellow Group company, Parlophone Records Limited

Notes to the financial statements

at 31 March 2013

9. Creditors: amounts falling due within one year

	2013	2012
	£	£
Trade creditors	108,109	415,065
Interest-free loan from parent undertaking	-	893,525
Accruals and deferred income	-	-
	<u>108,109</u>	<u>1,308,590</u>

Trade creditors are paid via a fellow Group company, Parlophone Records Limited

10. Share capital

	2013	2012
	£	£
<i>Authorised</i>		
100 ordinary shares at £1 each	100	100
	<u>100</u>	<u>100</u>
	2013	2012
	£	£
<i>Allotted, called up and fully paid</i>		
1 ordinary share of £1	1	1
	<u>1</u>	<u>1</u>

11. Reconciliation of shareholders' deficit and movement on reserves

	Share capital	Profit and loss account	Total shareholders' deficit
	£	£	£
At 31 March 2012	1	(169,890)	(169,889)
Profit for the period	-	249,801	249,801
At 31 March 2013	<u>1</u>	<u>79,911</u>	<u>79,912</u>

12. Financial commitments

There are no commitments to be disclosed as at period ended 31 March 2013 (2012 nil)

Notes to the financial statements

at 31 March 2013

13. Related party transactions

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

14. Post balance sheet events

No post balance sheet events have been identified by management

15. Ultimate parent undertaking

The immediate parent company of the Company at 31 March 2013 was Virgin Records Limited. The ultimate parent undertaking and controlling party is Vivendi SA, a company registered in Paris, France. The parent undertaking of the largest and smallest group in which the Company's financial information has been consolidated as at 31 March 2013 was Vivendi SA. Copies of the consolidated financial statements of Vivendi SA can be obtained from the Company's registered address, 42 Avenue de Friedland, Paris 75380.