

COMPANY REGISTRATION NUMBER 05062390

UNIVERSAL MUSIC UK SOUND FOUNDATION
(formerly known as EMI Music Sound Foundation)

CONSOLIDATED FINANCIAL STATEMENTS
LIMITED BY GUARANTEE
31 JULY 2019

Charity Number 1104027

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

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UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

ADVISORS AND ADMINISTRATIVE DETAILS

REGISTERED CHARITY NAME	Universal Music UK Sound Foundation
CHARITY NUMBER	1104027
COMPANY REGISTRATION NUMBER	05062390 registered in England and Wales
REGISTERED OFFICE	4 Pancras Square London N1C 4AG
TRUSTEES	Charles Ashcroft Adam Barker (Chair) Jim Beach Paul Gambaccini Keith Harris OBE Jo Hibbitt Leslie Hill David Hughes MBE The Hon Richard Lyttelton Rupert Perry CBE Tony Wadsworth CBE
AUDITOR	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR
BANKERS	Barclays Bank plc 75 Kings Street Hammersmith London W6 9HY
SOLICITORS	BDP Pitmans LLP 50 Broadway London SW1H 0BL
INVESTMENT MANAGERS	Smith & Williamson Investment Management LLP 25 Moorgate London EC2R 6AY Rathbone Investment Management Ltd 1 Curzon Street London W1J 5FB

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

TRUSTEES' ANNUAL REPORT

YEAR ENDED 31 JULY 2019

The trustees present their statutory report together with the audited consolidated financial statements of Universal Music UK Sound Foundation (formerly known as EMI Music Sound Foundation) (the “Charity” or the “Foundation”) for the year ended 31 July 2019. This Trustees’ Report, required by the Charities Act 2011, is also the Directors’ Report prepared in accordance with the Companies Act 2006. This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies’ exemption including the exemption from preparing a strategic report.

On 1 October 2018 the Charity changed its name from EMI Music Sound Foundation to Universal Music UK Sound Foundation. The change reflects the substantial support, as described elsewhere in this report, that the Charity receives from Universal Music Group.

STRUCTURE, GOVERNANCE AND MANAGEMENT

Charity’s Governing Document

The Charity is a company limited by guarantee incorporated on 3 March 2004 and registered as a charity on 28 May 2004. The Charity is governed accordingly by its Memorandum and Articles of Association.

Trustees

For the purposes of company law the individuals listed are both charity trustees and directors of the Charity, and are appointed in accordance with the Charity’s constitution. Details of the trustees who held office during the year and thereafter are as follows:

Charles Ashcroft
Adam Barker – Chair
Jim Beach
Paul Gambaccini
Keith Harris OBE
Jo Hibbitt
Leslie Hill
David Hughes MBE
The Hon Richard Lyttelton
Rupert Perry CBE
Tony Wadsworth CBE

Treasurer

Duncan Bratchell

Name of Senior Donated Employee

Janie Orr MBE (Chief Executive)

Methods of Recruitment and Appointment of Trustees

Under the constitution, the maximum number of trustees is 12 and the minimum number is 4 (although the members of the Charity can amend these numbers at a general meeting). Trustees are elected by a simple majority of all the trustees entitled to attend and vote at any board meeting. Each trustee is appointed for a 3 year period commencing with their appointment and ending at the first Board meeting held on or after 1 September in the third year. A trustee is eligible for reappointment following each 3 year appointment.

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 JULY 2019

Methods of Recruitment and Appointment of Trustees *(continued)*

The Charity aims to retain and recruit a diverse and active trustee board, with a broad range of skills and experience. Candidates may be selected from a pool of music industry and teaching talent already known to the trustees, or may alternatively be sought through advertisement, in each case in accordance with a comprehensive recruitment policy which is reviewed by the trustees every two years.

In the case of all appointments: -

- (a) the chair of the trustees will write to the prospective trustee(s) setting out what their duties would be and the Foundation's expectations of them;
- (b) prospective trustee(s) must confirm in writing that they have not been disqualified from acting as a trustee or director and declare any existing or potential conflicts of interest;
- (c) prospective trustee(s) will be provided with an information pack on the Foundation including:
 - copy of the constitution;
 - the Foundation's latest report and accounts;
 - copies of all the then current policy documents adopted by the trustees;
 - Minutes of the meetings of the Trustee and Audit and Finance Committees from the last 12 months;
 - general information relating to the activities of the Foundation (as relevant);
 - the latest version of Charity Commission Guidance CC3 – "The Essential Trustee: What you need to know, What you need to do";
- (d) new trustees will be offered an initial induction as well as the more formal training which all trustees receive.

Chair

Adam Barker was reappointed chair on 26 March 2019 to serve for a further 3 year term.

Training provided for Trustees

The Foundation's staff continues to receive regular updates from independent legal advisors which are disseminated to the trustees where appropriate as well as signing up to receive regular newsletters from both the Charities Commission and the Information Commission.

How the Charity is managed

The Charity is managed by a Chief Executive and two part time assistants whose services are donated by Universal Music group. The Charity benefits from office and administration services also provided by Universal Music Group International Limited through the Service Agreement as referred to in the "Details of related parties" section below. The Charity does not employ any staff. Any Charity staff referred to elsewhere in this report are employed by Universal Music Holdings Ltd.

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 JULY 2019

How Decisions are made

The trustees have three formal meetings each year, for which agendas and supporting papers are sent out in advance. Matters requiring decisions between the scheduled meetings are dealt with by email, with ratification at the next scheduled meeting, and by written resolutions of the trustees. There is an Audit and Finance Committee which meets when appropriate and at least once a year to review the trustees' annual report and financial statements.

A rolling Grants Committee reviews applications for financial support and puts forward recommendations for the full board of trustees to consider at their meetings. Where trustees are involved with an organisation which receives a grant or bursary from the Charity, they are not involved in the grant or bursary approval. Immediately after the deadline for applications, a meeting is fixed with the Chief Executive and two trustees (trustees rotate membership of this committee) where all applications are reviewed and recommendations made.

Each year colleges receiving bursaries from the Charity send details of nominated students to the Charity. The nominations, which must comply with pre-agreed criteria set by the Foundation, are then circulated to the full board of trustees for review and, if agreed, approval.

PUBLIC BENEFIT STATEMENT

The trustees continue to comply with their duty to have regard to the Charity Commission's guidance in exercising their powers and duties and, in particular, confirm that they have referred to the Commission's guidance on public benefit when reviewing the Charity's aims and objectives and in planning future activities and setting the grant making policy for the year. The descriptions of the trustees' objectives and activities set out below clearly demonstrate that the Charity's objectives are entirely charitable and that the public benefit requirement is being met.

AUDITOR AND DISCLOSURE OF INFORMATION TO AUDITOR

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

The Charity has dispensed with the requirement to appoint the auditor annually under section 485 of the Companies Act 2006.

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 JULY 2019

OBJECTIVES AND ACTIVITIES FOR THE PUBLIC BENEFIT

Objects of the Charity

The aim of the Charity as defined by its Memorandum and Articles of Association is to support music education for young people in all its forms.

Funds are distributed in the following ways:

- bursaries for music students and music education programmes at chosen colleges and organisations;
- funding of projects for schools sponsored by the Charity, as described below; and
- individual grants, generally not exceeding £1,500, in the following areas:
 - funding music education in schools (primary, secondary and tertiary), principally by assisting in the purchase of instruments or equipment;
 - assisting in the purchase of musical instruments or equipment for students in full time education; and
 - funding music teachers to advance their training and to attend relevant courses.

The trustees are pleased to report that the activities undertaken over the period have continued to support their aims and objectives to assist young people through the provision of bursaries and grants as described in this report.

Schools Project

During the year the trustees agreed to continue their funding of a year-long music project for 26 secondary schools which the Charity sponsors. Each of the schools was offered £6,000 to be spent on supporting one or a combination of a Wider Opportunities programme (Whole Class Instrumental/Vocal Tuition), Key Stage 1 music (involving training non-specialist music teachers in the feeder primary schools associated with the sponsored secondary schools), Teacher Training/Workshops and Hardship Funding to support lessons for students of limited financial means.

The Charity continues its careful evaluation of these school programmes to ensure they best meet the current needs of the sponsored schools.

UNIVERSAL MUSIC UK SOUND FOUNDATION (formerly known as EMI Music Sound Foundation)

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 JULY 2019

ACHIEVEMENTS AND PERFORMANCE

Summary of Activities

During the year the Foundation made grants totaling £316,317 (2018 £398,386) to individual and school applicants. The total number of awards made was 544, which was 111 awards fewer than in the prior year. These grants which the Charity provide are demand led as well as being based on the applications received meeting the Foundation's criteria; fluctuations in grant funding are therefore to be expected.

The Charity's twenty-six partner secondary schools again participated in the annual schools' project with £141,427 (2018: £146,335) awarded. Our website has a listing and a map showing the location of the partner schools with which the Foundation works. The Charity carries out extensive monitoring of this project throughout the year to ensure that funding is used appropriately. End of project evaluations are required to be submitted by all schools and these are used to assist with the development of offers that we make to the schools. The reports on the individual students receiving hardship funding continue to show improvement each year with many schools emphasising the significance of the Charity's continued support for these students as almost half of the music GCSE depends on instrumental performance. The school evaluations show this project is becoming more entrenched not only in music departments but also in the schools and communities as a whole. Schools continue to face significant financial challenges with the Arts being particularly affected so our funding is needed now more than ever before.

The Charity continues its support of tertiary education through annual bursaries. At their July 2019 meeting the trustees agreed to extend this support for the organisations listed below for a further 3 years subject to their adherence to the student nomination criteria specified by the Charity and the trustees' approval of successful applicants. During the year a total of £65,000 (2018:£65,000) was paid to the following colleges and organisations:

- Birmingham Conservatoire
- Brighton, Bristol, London and Manchester and London Institute of Modern Music (BIMM)
- Centre for Young Musicians, London
- English National Opera (ENO) - EVOLVE scheme for young orchestral musicians
- International World Music Centre, Limerick
- Liverpool Institute for Performing Arts (LIPA)
- National Children's Orchestra
- National Youth Jazz Orchestra (NYJO)
- Royal Academy of Music, London
- Royal Conservatoire of Scotland, Glasgow
- Royal Welsh College of Music & Drama, Cardiff

The Trustees also awarded Oh Yeah Belfast (registered charity NIC100903) one-off funding for its Volume Controls music programme - a 10 month events mentoring programme for young people aged 14-19. Places on the programme are offered to 12 young people with an interest in working in music and events. This programme started in April 2019 and will conclude in July 2020.

In October 2018 the trustees, wishing to expand their commitment to higher education, entered in to an agreement with University College of London Institute of Education to support students undertaking the MA in Music Education course. This is a 3 year agreement where bursaries of up to £70,000, in total, towards fees for UK students, can be applied for, subject to the nominees meeting the nomination criteria specified by the Charity. Successful applicants must be approved by the Charity. In the academic year 2018-19 three eligible students were supported with bursaries towards their fees totalling £11,030.

Decca Bursary

The Foundation has established a new Foundation bursary, the Decca Bursary, which will be a restricted fund aiming to inspire and encourage a new generation of classical musicians and composers. Applications for awards will open in 2020.

UNIVERSAL MUSIC UK SOUND FOUNDATION (formerly known as EMI Music Sound Foundation)

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 JULY 2019

Measures of success, and how the measurement information is obtained

In addition to the monitoring and evaluations referred to above, the Charity encourages those it supports to remain in contact and to provide updates which it regularly uploads onto its Facebook page and website. The Charity continues to receive annual reports, website stories and GCSE results from its sponsored schools, thus enabling it to monitor performance and assess the impact of the financial support provided as well as informing our grant decision making for the following year.

Financial Review

The principal funding sources for the period were investment and donations income. The market value of funds under investment on 31 July 2019 was £8,026,992 (2018: £8,112,719), a decrease of £85,727 or 1.06% (2018: decrease of £77,443 or 0.945%) since the beginning of the year reflecting movements in the investment portfolio less the grants and awards paid during the year. During the year the Charity's investment portfolio generated a total return, before withdrawals for grant payments were made, of 6.08% (2018: 8.32%). The trustees are satisfied with the performance of the investment portfolio given current market conditions.

The trustees are very grateful to Universal Music Group International Limited for its generous funding of the Charity through the Service Agreement referred to in the "Details of related parties" section below.

The net expenditure for the year was £76,290 (2018: £19,366 income). The net assets at 31 July 2019 were £7,939,446 (2018: £8,015,736)

PLANS FOR FUTURE PERIODS

The trustees will continue to monitor the impact of the bespoke projects offered to the Charity's sponsored secondary schools to ensure the funds are being appropriately directed and that all who take part are maximising the benefits. Funding for music education continues to be under pressure, as reflected in the reports from the sponsored schools. The trustees also plan to continue grants to individuals and to support tertiary education through bursaries. As described in Note 1 to these accounts in response to the impact of the covid-19 pandemic the trustees have suspended awarding further grants until the end of the current financial year on 31 July 2020. Grants already committed during the current financial year will be paid where grant conditions are satisfied. The trustees will review the position later in 2020.

GOING CONCERN

The trustees believe the Charity has sufficient resources to continue to operate for the foreseeable future and therefore have adopted the going concern assumption. Further disclosure can be found in Note 1 to these accounts.

RESERVES POLICY

The Charity's funds at 31 July 2019 were £7,939,446 (2018: £8,015,736), of those £182 were restricted (2018: £nil) for the administration and delivery of the Decca Bursary as detailed on page 6 of this report. Further detail is set out in Note 13 to these accounts.

The unrestricted funds are predominantly held in investments. These are readily convertible to cash to enable the trustees to fulfil the objectives of the Charity. The policy is to hold sufficient investments in order to generate investment income and to support the activities of the charitable activities of Universal Music UK Sound Foundation (formerly known as EMI Music Sound Foundation).

No specific target has been set for funds as the trustees are satisfied with the ongoing support available through the Services Agreement (referred to in the "Details of related parties" section below). The trustees are aware, however, that it may become necessary to set aside further funds were Universal Music Group International Limited to withdraw from the Service Agreement in the future.

The Trustees review this policy on an annual basis.

UNIVERSAL MUSIC UK SOUND FOUNDATION (formerly known as EMI Music Sound Foundation)

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 JULY 2019

RISK MANAGEMENT STATEMENT

In accordance with the Charities Statement of Recommended Practice, the trustees regularly review the Foundation's risk exposure. A description of the principal risks and uncertainties facing the Foundation, as identified by the trustees, together with a summary of their plans and strategies for managing those risks, is set out below.

Risks connected with Grant Making

The trustees are aware that they have a duty to take all reasonable steps to ensure that donations accord with the Foundation's objectives and are used for the intended purpose by the selected recipients. To this end the trustees seek detailed information from applicants for funding, with each individual applicant being asked to provide:

- details of their personal financial contribution towards the purchase;
- quotes from the intended suppliers written on official letterhead; and
- supporting references, which are a pre-requisite for individual music students.

All application forms are required to be witnessed by either an independent professional third party or a school governor/headteacher. Donations are approved at the trustees' meetings and acknowledgements are sought from the recipients of grants. All recipients are either schools, individual music students with reliable references or music teachers. Payments are made only to schools, reputable music instrument suppliers or music teacher course suppliers, except that where an applicant proposes to buy an instrument from another individual, the Charity first obtains written confirmation from each party that they are not related or connected in any other way.

Safeguarding

Whilst the trustees consider that the Foundation's risk of safeguarding issues is very limited, they have nevertheless created a formal Safeguarding policy with a view to ensuring a safe and appropriate environment for children and vulnerable adults who come into contact with the Foundation, its staff, trustees and others representing it. This policy was approved by the trustees in July 2019.

Investment Risks

The potential risks posed by the performance of the Foundation's investment portfolio include whether it generates a sufficient return to cover annual expenditure in the short-term, and the risk of decreases in the market value of the portfolio in the longer-term, which could restrict the Charity's ability to make grants.

The steps taken by the trustees to manage these risks are described under the heading "Investments" on page 10 of this report. In addition the Foundation's investment managers, Rathbones and Smith & Williamson, are subject to detailed regulatory requirements and have extensive internal compliance procedures in place. The trustees undertake regular formal reviews of their investment policy and the investment management arrangements.

UNIVERSAL MUSIC UK SOUND FOUNDATION (formerly known as EMI Music Sound Foundation)

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 JULY 2019

RISK MANAGEMENT STATEMENT *(continued)*

Financial Risks

The trustees are aware of the potential risks associated with the financial management of the Charity. Accounting and administration of the Charity is carried out by Universal Music Group International ("UMGI"), which provides the necessary support from its Group Finance, Secretarial and other relevant functions. An ongoing dialogue is maintained between the Chief Executive and a UMGI financial representative. Any cause for concern is brought to the attention of the Treasurer who communicates with the trustees. Under the Service Agreement referred to below UMGI has specific contractual obligations to the Charity regarding the provision of its services. The trustees are satisfied with the financial services provided by UMGI and its assurance that all the financial records are securely maintained with appropriate financial controls.

Authorisation to execute any payment or banking instruction requires two signatures. All trustees, the Chief Executive and Treasurer are authorised signatories. Cheques and other payment instructions up to £5,000 may be signed by the Chief Executive and the Treasurer together; these are then reported to the next trustee meeting. All other payment instructions require the signature of at least one trustee. The Chief Executive is authorised to enter into procurement and any other agreements within financial controls set by the trustees up to a limit of £15,000 per agreement to allow her to carry out the responsibilities of the Chief Executive.

Full accounts are prepared annually and audited by the external auditor. They are reviewed at a formal meeting of the trustees as well as in greater detail by the Audit and Finance Committee. In addition at each trustee meeting the Treasurer reports on the Charity's financial position.

Risks associated with UMGI Service Agreement

As described above and elsewhere in this Report, the Foundation has the benefit of a Service Agreement with UMGI for the provision of accounting, administrative and insurance services and office accommodation, as well as the provision of a Chief Executive and assistants. Since UMGI's services under the Service Agreement are donated to the Foundation, the agreement is a significant continuing benefit to the Foundation. The agreement is a rolling three year commitment, terminable on three years' notice. To date notice has not been given and therefore contractually the future support of UMGI for the Foundation is secured for at least three years. UMGI senior management is aware of the Service Agreement and each year formally confirms the continued provision of service.

The Service Agreement is reviewed annually for legal compliance and the outcome of the review is shared with the trustees. In addition, the trustees periodically review the impact on the Charity were the Service Agreement to be terminated.

Risks associated with Processing of Personal Data

Following the coming into force of the General Data Protection Regulation and associated changes in data protection legislation, the processing of personal data provided by grant applicants and others is an increasingly important area for the management of risk. The Charity has adopted detailed policies and procedures which are designed to assure compliance with the GDPR's data protection principles, including the requirement for a lawful basis for processing, the information to be given to data subjects by means of the Charity's detailed Privacy Notice, the retention and subsequent deletion of personal data, the security of data held, the reporting of data breaches, the protection of data subjects' rights and the Charity's ability to demonstrate its compliance with the data protection principles. The first review of the Charity's compliance with its data protection procedures took place during the year and was reported to the trustees at their July 2019 meeting.

The trustees believe that all current areas of key risk have been considered and that reasonable precautions have been taken to avoid loss arising from the identified risks.

UNIVERSAL MUSIC UK SOUND FOUNDATION (formerly known as EMI Music Sound Foundation)

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 JULY 2019

POLICIES FOR AWARDING GRANTS

The Charity's grant policy was reviewed by the trustees at their July 2019 meeting. Key parameters for support remain the same as previous years and are described above under the 'Objects of the Charity' section (page 5). The trustees limit grant making to the UK and Eire and the maximum that can be applied for is £1,500.

INVESTMENTS

The investment managers appointed by the Charity continue to present to the trustees or to the Audit and Finance Committee at least twice each year, when the performance of the Charity's portfolio is discussed in detail along with the investment strategy.

Quarterly valuations continue to be sent to the Chief Executive and Treasurer as well as each of them continuing to have online access to statements of the Foundation's funds.

The key objective of the investment strategy is for the investments to produce income and capital growth so as to meet the financial commitments of the Charity in each year. There are formal agreements in place between the Charity and each investment manager which cover, amongst other matters, the Charity's investment policy and certain limitations on the managers' investment powers.

The trustees continue to receive both face to face and printed updates from both managers so as to closely monitor performance. As part of their monitoring of the managers' performance and the most appropriate investment objectives, the trustees have instigated periodic stress testing of the Foundation's funds to show a range of outcomes against different levels of asset performance and of grant and other support expenditure.

USE MADE OF VOLUNTEERS

From time to time students from schools local to the Charity's offices or schools with which the Charity has been associated apply for work experience positions at the Charity and are accommodated where possible. No such volunteers were used in the year.

FUNDRAISING

The Charity carried out no fundraising during the current or prior financial year. Please see note 14 of the financial statements for further detail.

DETAILS OF RELATED PARTIES

The Charity has one wholly owned trading subsidiary, MSFC Limited, which is incorporated in the UK. MSFC Limited has entered into a deed of covenant whereby it covenants its taxable profits to the Charity. MSFC Limited had no material transactions in 2018 or 2019.

There is a rolling three-year Service Contract between the Charity and UMGI, whereby UMGI agrees to provide, on a free of charge basis, a Chief Executive and support staff and the necessary offices for the Charity, as well as website hosting and data processing, insurance and various accounting, administrative and other support services. The remuneration of key personnel is therefore set by UMGI alone, not by the Charity. The insurances provided through UMGI include Directors and Officers insurance for the trustees. UMGI also generously donates £10,000 to the Foundation annually.

During the year the Foundation entered into a formal agreement with Decca Records, part of Universal Music Group, for the creation, operation and administration of the Decca Bursary which will comprise a restricted fund of the Foundation.

**UNIVERSAL MUSIC UK SOUND FOUNDATION (formerly known as EMI
Music Sound Foundation)**

TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 JULY 2019

Approved by the trustees on

And signed on their behalf

Adam Barker

Adam Barker (Chair)

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

TRUSTEES' STATEMENT OF RESPONSIBILITIES

YEAR ENDED 31 JULY 2019

The trustees (who are also directors of Universal Music UK Sound Foundation (formerly EMI Music Sound Foundation) for the purposes of company law) are responsible for preparing the Trustees' Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

Company law requires the trustees to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the charitable company and the group and of the incoming resources and application of resources, including the income and expenditure, of the charitable company and the group for that period. In preparing these financial statements, the trustees are required to:

- select suitable accounting policies and then apply them consistently;
- observe the methods and principles in the Charities SORP;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the charitable company will continue in business.

The trustees are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the charitable 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 charitable company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the trustees are aware:

- there is no relevant audit information of which the charitable company's auditor is unaware; and
- the trustees 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.

The trustees are responsible for the maintenance and integrity of the corporate and financial information included on the charitable company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

YEAR ENDED 31 JULY 2019

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Universal Music UK Sound Foundation (the 'charitable company') and its subsidiary (the 'group'):

- give a true and fair view of the state of the group's and the parent charitable company's affairs as at 31 July 2019 and of the group's incoming resources and application of resources, including the group's income and expenditure, 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 which comprise:

- the consolidated statement of financial activities (incorporating the income and expenditure account);
- the group and parent charitable company balance sheets; and
- the related notes 1 to 16.

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 group and of the parent charitable company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (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 trustees' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the trustees have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's and the parent charitable 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

(continued)

YEAR ENDED 31 JULY 2019

Other information

The trustees are responsible for the other information. The other information comprises the information included in the trustees' 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 trustees

As explained more fully in the trustees' responsibilities statement, the trustees (who are also the directors of the charitable company for the purpose of company law) 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 trustees 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 trustees are responsible for assessing the group's and the parent charitable 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 trustees either intend to liquidate the group or the parent charitable 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 FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

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 trustees' annual report, which includes the directors' report prepared for the purposes of company law for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the directors' report included within the trustees' annual report has 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 directors' report included within the trustees' report.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF UNIVERSAL MUSIC
UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)
(continued)**

YEAR ENDED 31 JULY 2019

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept by the parent charitable company, or returns adequate for our audit have not been received from branches not visited by us;
- the parent charitable company financial statements are not in agreement with the accounting records and returns;
- certain disclosures of trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the trustees were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the trustees' report and from the requirement to prepare a strategic report.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Nikki Loan

Nikki Loan, FCA (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, United Kingdom

[Date]

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

CONSOLIDATED STATEMENT OF FINANCIAL ACTIVITIES (INCORPORATING THE INCOME AND EXPENDITURE ACCOUNT)

YEAR ENDED 31 JULY 2019

INCOME FROM	Note	Unrestricted Fund 2019 £	Restricted Fund 2019 £	Total Funds 2019 £	Total Funds 2018 £
Donations	2	184,748	22,471	207,219	164,799
Income from investments	3	283,642	-	283,642	250,090
TOTAL INCOME		<u>468,390</u>	<u>22,471</u>	<u>490,861</u>	<u>414,889</u>
EXPENDITURE ON					
Investment management costs		(61,367)	-	(61,367)	(61,483)
Charitable activities	8	(692,861)	(22,289)	(715,150)	(765,241)
TOTAL EXPENDITURE		<u>(754,228)</u>	<u>(22,289)</u>	<u>(776,517)</u>	<u>(826,724)</u>
NET INCOME / (EXPENDITURE) BEFORE INVESTMENT GAINS		<u>(285,838)</u>	<u>182</u>	<u>(285,656)</u>	<u>(411,835)</u>
Realised gains (losses) on disposal of investments		(146,552)	-	(146,552)	250,752
Unrealised gains on investments		355,918	-	355,918	180,449
Net gains on investments		<u>209,366</u>	<u>-</u>	<u>209,366</u>	<u>431,201</u>
NET INCOME / (EXPENDITURE) FOR THE YEAR/NET MOVEMENT IN FUNDS		<u>(76,472)</u>	<u>182</u>	<u>(76,290)</u>	<u>19,366</u>
RECONCILIATION OF FUNDS					
Total funds brought forward		8,015,736	-	8,015,736	7,996,370
Net movement in funds		(76,472)	182	(76,290)	19,366
TOTAL FUNDS CARRIED FORWARD		<u><u>7,939,264</u></u>	<u><u>182</u></u>	<u><u>7,939,446</u></u>	<u><u>8,015,736</u></u>

All of the above amounts relate to continuing activities. There were no other recognised gains or losses other than those listed above and the net (expenditure)/income for the year. In the prior year all funds were unrestricted.

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

BALANCE SHEETS

31 JULY 2019

		Group 2019 Total Funds £	Charity 2019 Unrestricted Funds £	Charity 2019 Restricted Funds £	Charity 2019 Total Funds £	Group 2018 Total Funds £	Charity 2018 Total Funds £
FIXED ASSETS							
Investments	10	8,026,992	8,026,992	-	8,026,992	8,112,719	8,112,719
CURRENT ASSETS							
Debtors	11	-	223	-	223	-	253
Cash at bank		3,907	3,434	250	3,684	12,812	12,559
		3,907	3,657	250	3,907	12,812	12,812
CREDITORS: amounts falling due within one year	12	(91,453)	(91,385)	(68)	(91,453)	(109,795)	(109,795)
NET CURRENT LIABILITIES		(87,546)	(87,728)	182	(87,546)	(96,983)	(96,983)
TOTAL ASSETS LESS CURRENT LIABILITIES		7,939,446	7,939,264	182	7,939,446	8,015,736	8,015,736
NET ASSETS		7,939,446	7,939,264	182	7,939,446	8,015,736	8,015,736
FUNDS							
Unrestricted	13	7,939,264	7,939,264	-	7,939,264	8,015,736	8,015,736
Restricted	13	182	-	182	182	-	-
TOTAL FUNDS		7,939,446	7,939,264	182	7,939,446	8,015,736	8,015,736

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime. The deficit of the parent charity for the year for Companies Act purposes is £76,290 (2018: surplus £19,336). As permitted by Section 408 of the Companies Act 2006, no separate Statement of financial activities is presented in respect of the parent charity.

These financial statements were approved by the trustees and authorised for issue on 24 April 2020 and are signed on their behalf by:

Adam Barker

Adam Barker (Chair)

Company Registration Number: 05062390

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with Accounting and Reporting by Charities: Statement of Recommended Practice applicable to charities preparing their accounts in accordance with Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) (effective 1 January 2016) – (Charities SORP (FRS102)), the Financial Reporting Standard applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006.

The Charity meets the definition of a public benefit entity under FRS102, is incorporated in England and Wales as a company limited by guarantee, not having a share capital (Note 16). The charity is a registered charity. The registered office is given on page 1. The consolidated financial statements have been prepared under the historical cost convention, except for investments which are included at market value.

A separate Statement of Financial Activities has not been presented for the Charity in accordance with Section 408 of the Companies Act 2006.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Charity and its subsidiary. All intragroup assets and liabilities, equity, income and expenses relating to transactions between members of the Group are eliminated in full on consolidation.

Cash flow statement

The Charity has taken advantage of the exemption in FRS 102 from the requirement to prepare a cash flow statement in respect of its separate financial statements, as it meets the definition of a small company under the Companies Act 2006.

The charitable group has not prepared a cash flow statement as the charity is not a larger entity as defined by the SORP.

Going concern

The financial statements have been prepared on a going concern basis. The trustees have a reasonable expectation that the Charity has adequate resources to continue in operational existence for at least twelve months from the date of signing. The most significant area of uncertainty that affects the carrying value of assets held by the Universal Music UK Sound Foundation (formerly known as EMI Music Sound Foundation) is the value of investments. The market values of the investments are dependent on the fluctuation of the open market, and are therefore exposed to a degree of uncertainty and speculation. In the instance that the investments were to significantly fall in value, the trustees could reduce the value of grants awarded. Following falls in the value of investments in March 2020 due to the covid-19 pandemic, the trustees have taken the decision to suspend further grant awards until the end of the financial year 2019/20 when they will review the position. Having reviewed the commitments already made and as a consequence of the measures described the trustees are satisfied that the going concern basis remains appropriate.

Expenditure

Charitable activities expenditure comprises grants made in accordance with the defined charitable purpose of the Charity.

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

1. ACCOUNTING POLICIES (continued)

Expenditure (continued)

Governance costs include expenditure incurred on compliance with constitutional and statutory requirements.

Support costs, including donated management and administration costs, have been allocated against charitable activities. No support costs have been allocated to restricted costs as they are immaterial.

A commitment is made when grants are approved by the trustees and communicated to the applicants. Grants are recorded as expenditure on the basis of these amounts.

Creditors

Creditors are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors are recognised at their settlement amount.

Income

All income is credited to the statement of financial activities on an accruals basis. Services donated to the Charity are included as "Donations" at market value at the time of receipt.

All incoming resources are accounted for on an accruals basis and are included in the Consolidated Statement of Financial Activities when:

- the Charity becomes entitled to the resources;
- the trustees anticipate that they will receive the resources; and
- the monetary value can be measured with sufficient reliability.

Taxation

The Charity is considered to pass the tests set out in Paragraph 1 Schedule 6 Finance Act 2010 and therefore it meets the definition of a charitable company for UK corporation tax purposes. Accordingly, the Charity is exempt from taxation in respect of income or capital gains received within categories covered by Chapter 3 Part 11 Corporation Tax Act 2010 or Section 256 of the Taxation of Chargeable Gains Act 1992, to the extent that such income or gains are applied exclusively to charitable purposes.

Investment assets

Investments, excluding investment in subsidiary, are classified as financial assets at "fair value through profit and loss". These are measured at market value as at the balance sheet date. Realised and unrealised gains on investments are recognised in the statement of financial activities. In the parent charity balance sheet, investments in subsidiary undertakings are measured at cost less impairment. As of 31 July 2019, all investments held by the Charity are held in unrestricted funds.

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

1. ACCOUNTING POLICIES (continued)

Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. 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 finance 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.

The accounting policy for investments is stated above.

Trade and other debtors are recognised at the settlement amount due after any trade discount offered. Prepayments are valued at the amount prepaid net of any trade discounts due. Cash at bank and cash in hand includes cash and short term highly liquid investments with a short maturity of three months or less from the date of acquisition or opening of the deposit or similar account. Creditors and provisions are recognised where the Charity has a present obligation resulting from a past event that will probably result in the transfer of funds to a third party and the amount due to settle the obligation can be measured or estimated reliably. Creditors and provisions are normally recognised at their settlement amount after allowing for any trade discounts due.

Critical judgements and sources of estimation uncertainty

Bursaries

Bursaries are initially awarded for a three year period subject to certain conditions being met. Each annual bursary is subsequently recognised upon receipt of evidence of conditions having been met (see Note 8). Bursaries paid and accrued under the current three year period are detailed in the Trustees' report. As at 31 July 2019, the value of bursaries remaining to be paid under the current three year period amounted to £nil (2018: £65,000). No bursaries for the upcoming three year period had been approved as at 31 July 2019 and so no expenditure or liabilities have been recognised in respect of these.

In addition to the above, £11,030 of bursaries were paid out to the Institute of Education during 2018-19. No further bursaries to this institute have been approved or committed to as at 31 July 2019.

2. DONATIONS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2019 £	Total Funds 2018 £
Donations received	10,000	22,471	32,471	12,268
Donated services and facilities	174,748	-	174,748	152,531
	<u>184,748</u>	<u>22,471</u>	<u>207,219</u>	<u>164,799</u>

During the 12 month period ended 31 July 2019 Universal Music Group International Limited seconded staff and provided accommodation and services free of charge to the Charity.

Under the terms of the Charities' Statement of Recommended Practice, the Charity records the commercial benefit received from Universal Music Group International Limited as donated services and facilities, with an equivalent being included as expenditure under appropriate headings. The income of £174,748 (2018 - £152,531) recognised is based on the actual cost incurred by Universal Music Group International Limited.

None of the donations received in the prior year were restricted. During 2019 the Charity received donations in respect of the Decca Bursary, as described in detail in Note 13. These donations were received for a specified purpose and so have been recognised as a restricted fund.

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

3. INCOME FROM INVESTMENTS

	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£
Income from listed investments	283,642	-	283,642	250,090
	<u>283,642</u>	<u>-</u>	<u>283,642</u>	<u>250,090</u>

4. SUBSIDIARY COMPANY

The Charity has one wholly owned trading subsidiary, MSFC Limited (company registration number 03287591), which is incorporated in the UK and registered in England and Wales. MSFC Limited's principal activities are to promote the work of the Charity and to undertake other business activities on its behalf. MSFC Limited has entered into a deed of covenant whereby it covenants its taxable profits to the Charity. The results for MSFC Limited are shown below. During the year the company was inactive.

	2019 £	2018 £
Turnover	-	-
Cost of sales	-	-
Gross Result	<u>-</u>	<u>-</u>
Administrative expenses	-	-
Other operating income	-	30
Operating profit/(loss)	<u>-</u>	<u>30</u>
Finance (costs)/income	-	-
Profit/(loss)	<u>-</u>	<u>30</u>
Amount covenanted to Charity	-	-
Profit/(loss) for the year	<u>-</u>	<u>30</u>

5. GOVERNANCE COSTS

	Unrestricted Funds	Restricted Funds	Total Funds 2019	Total Funds 2018
	£	£	£	£
Legal fees	300	8,766	9,066	11,944
Audit fees	14,750	-	14,750	-
Other costs	308	68	376	-
Total	<u>15,358</u>	<u>8,834</u>	<u>24,192</u>	<u>11,944</u>

6. SUPPORT COSTS

	Charitable Activities	
	Total 2019	Total 2018
	£	£
Donated management and administration	<u>159,998</u>	<u>152,531</u>

Management and administrative costs represent the donated services for staff seconded by Universal Music Group International Limited (UMGI) to the Charity. All such costs are borne by UMGI and not the Charity.

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

7. AUDITOR'S REMUNERATION

Audit fees of £14,750 (2018 - £14,000) are borne by Universal Music Group International Limited, which has not re-allocated any fees to the Charity.

8. EXPENDITURE ON CHARITABLE ACTIVITIES

Grant expenditure is in furtherance of the Charity's objectives.

	2019 Unrestricted Funds £	2019 Restricted Funds £	2019 Total Funds £	2018 Total Funds £
Donations to schools	207,348	-	207,348	233,379
Donations to individuals	87,700	-	87,700	103,703
Bursaries	70,000	-	70,000	5,000
Institute of Education Bursaries	11,030	-	11,030	-
Schools Project	141,427	-	141,427	252,799
Other	-	13,455	13,455	5,885
Grant expenditure	517,505	13,455	530,960	600,766
Support costs (Note 6)	159,998	-	159,998	152,531
Governance costs (Note 5)	15,358	8,834	24,192	11,944
	<u>692,861</u>	<u>22,289</u>	<u>715,150</u>	<u>765,241</u>

The Schools Project 2018/19 is described further in the Trustees' Report under the Achievements and Performance section on page 6. Refer to Bursaries under Note 1 Accounting Policies for details of recognition of bursaries.

9. DONATED SERVICES

The Charity does not employ any staff. Any Charity staff referred to elsewhere in this report are employed by Universal Music Holdings Ltd. Their services are donated (see Note 14) to the Charity, with the aggregate payroll costs borne by the Charity being nil (2018 – nil). Universal Music Group International Limited sets the remuneration of these staff, the Charity does not have any control over, or involvement in, this.

An apportionment of the remuneration received by these staff is recognised as a donated service from Universal Music Group International on the Statement of Financial Activities. An equal and opposite support cost (Note 6) is recognised such that the net impact on the Statement of Financial Activities is nil.

Of these staff, the number whose remuneration for the year fell within the following bands, was:

	2019 No	2018 No
£90,000 to £100,000	<u>1</u>	<u>1</u>
	<u>1</u>	<u>1</u>

The trustees consider that they, together with the Chief Executive who is the highest paid donated management, are the key management personnel of the Charity. The trustees (including the Chair) received no emoluments (2018 - £nil). No trustees received reimbursements for travel expenses incurred during the year (2018 - £nil). No trustees incurred out of pocket expenses (2018 - £nil) for which they were reimbursed. No member of the board of trustees had a material interest in any contract or transaction with the Charity or its subsidiaries in the current or prior year.

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

10. INVESTMENTS

Charity and Group:

Movement in market value of listed investments

	2019 £	2018 £
Market value at 1 August	7,424,116	7,921,779
Acquisitions at cost	1,891,934	704,830
Disposals at market value	(1,621,548)	(1,633,694)
Net gains on revaluations in the year ended 31 July	209,366	431,201
Market value at 31 July	<u>7,903,868</u>	<u>7,424,116</u>
Historical cost at 31 July	<u>6,410,081</u>	<u>6,562,559</u>

Analysis of investments at 31 July between funds

	Total Funds 2019 £	Total Funds 2018 £
Listed investments		
UK Quoted equities	3,281,291	3,265,514
Non-UK Quoted equities	2,197,634	2,336,737
UK fixed interest	605,203	437,196
Non-UK fixed interest	280,811	163,344
UK - other investments	1,238,320	602,050
Non-UK - other investments	300,609	619,275
	<u>7,903,868</u>	<u>7,424,116</u>
Other investments		
UK Group undertakings	1	1
UK Cash held as part of Portfolio	123,123	688,602
	<u>123,124</u>	<u>688,603</u>
	<u>8,026,992</u>	<u>8,112,719</u>

On 31 July 2019 Universal Music UK Sound Foundation (formerly known as EMI Music Sound Foundation) owned the entire called up share capital of the trading subsidiary, MSFC Limited, incorporated in England and Wales to a total of £1 (2018: £1).

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

11. DEBTORS: Amounts falling due within one year

	2019 £	2018 £
Charity:		
Amounts owed by group undertakings	<u>223</u>	<u>253</u>

12. CREDITORS: Amounts falling due within one year

	Unrestricted £	Restricted £	2019 Total £	2018 Total £
Charity and Group: Grant Commitments				
Brought forward	101,680	-	101,680	192,902
Grants approved	549,060	-	549,060	684,386
Grants paid	(537,881)	-	(537,881)	(688,103)
Grants unclaimed/cancelled	(31,549)	-	(31,549)	(87,505)
Carried forward	<u>81,310</u>	<u>-</u>	<u>81,310</u>	<u>101,680</u>
Accruals	<u>10,075</u>	<u>68</u>	<u>10,143</u>	<u>8,115</u>
	<u>91,385</u>	<u>68</u>	<u>91,453</u>	<u>109,795</u>

13. FUNDS

	Balance at 1 August 2018 £	Total Income £	Total Expenditure £	Gains and losses £	Balance at 31 July 2019 £
Unrestricted Funds	8,015,736	468,390	(754,228)	209,366	7,939,264
Restricted Funds	-	22,471	(22,289)	-	182
Total Funds	<u>8,015,736</u>	<u>490,861</u>	<u>(776,517)</u>	<u>209,366</u>	<u>7,939,446</u>

	Balance at 1 August 2017 £	Total Income £	Total Expenditure £	Gains and losses £	Balance at 31 July 2018 £
Unrestricted Funds	<u>7,996,370</u>	<u>414,889</u>	<u>(826,724)</u>	<u>431,201</u>	<u>8,015,736</u>

During 2018-19 a restricted fund was created within the Foundation for the purposes of delivering the Decca Bursary.

Fundraising activities are planned for 2019-20 to raise funds to distribute via this bursary. During 2018-19 the only activities within this fund were set-up costs to enable the Foundation to carry out these fundraising activities, as the Charity has not previously engaged in such activities. A significant portion of these set-up costs were borne by Decca and are donated to the Charity.

UNIVERSAL MUSIC UK SOUND FOUNDATION (FORMERLY EMI MUSIC SOUND FOUNDATION)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2019

14. RELATED PARTY TRANSACTIONS

Janie Orr, a Director of MSFC Ltd, is an employee of Universal Music Holdings Limited.

The trustees do not receive remuneration for their services. Further details are given in Note 9 of the accounts.

There is a rolling three-year Service Contract between the Charity and UMGI, whereby UMGI agrees to provide, on a free of charge basis, a Chief Executive and support staff and the necessary offices for the Charity, as well as website hosting and data processing, insurance and various accounting, administrative and other support services. The remuneration of key personnel is therefore set by UMGI alone, not by the Charity. The insurances provided through UMGI include Directors' and Officers' insurance for the trustees. UMGI also generously donates £10,000 to the Foundation annually.

During the year the Foundation entered into a formal agreement with Decca Records, part of Universal Music Group, for the creation, operation and administration of the Decca Bursary which is further described on page 6 (of the report) and Note 13 of these accounts.

There were no other related party transactions in 2018-19 (2017-18: None)

15. POST BALANCE SHEET EVENTS

Due to the fluctuations in the market as a result of the covid-19 pandemic the market value of the Foundation's investments fell significantly during March 2020; their value stood at £6,366,986 on the 31 March 2020. The Charity has no immediate requirement to use these investments. There have been no other post balance sheet events which would materially impact the financial statements as presented here.

16. LIABILITY OF MEMBERS

Universal Music UK Sound Foundation (formerly known as EMI Music Sound Foundation) is a company limited by guarantee and does not have share capital. It is registered in England No.1104027 and its registered office is 4 Pancras Square London N1C 4AG. In the event of Universal Music UK Sound Foundation (formerly known as EMI Music Sound Foundation) being wound up the liability of each of the Members is limited to £1.