

**COMPANY REGISTRATION NUMBER 05062390**

**UNIVERSAL MUSIC UK SOUND FOUNDATION**

**FINANCIAL STATEMENTS**  
**COMPANY LIMITED BY GUARANTEE**  
**31 JULY 2020**

**Charity Number 1104027**

**UNIVERSAL MUSIC UK SOUND FOUNDATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED 31 JULY 2020**

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# UNIVERSAL MUSIC UK SOUND FOUNDATION

## ADVISORS AND ADMINISTRATIVE DETAILS

<b>REGISTERED CHARITY NAME</b>	Universal Music UK Sound Foundation
<b>CHARITY NUMBER</b>	1104027
<b>COMPANY REGISTRATION NUMBER</b>	05062390 registered in England and Wales
<b>REGISTERED OFFICE</b>	4 Pancras Square London N1C 4AG
<b>TRUSTEES</b>	Laura Arowolo (appointed 9 March 2021) 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
<b>AUDITOR</b>	Deloitte LLP Hill House 1 Little New Street London EC4A 3TR
<b>BANKERS</b>	Barclays Bank plc 75 Kings Street Hammersmith London W6 9HY
<b>SOLICITORS</b>	BDP Pitmans LLP One Bartholomew Close London EC1A 7BL
<b>INVESTMENT MANAGERS</b>	Smith & Williamson Investment Management LLP 25 Moorgate London EC2R 6AY  Rathbone Brothers Plc 8 Finsbury Circus London EC2M 7AZ

# **UNIVERSAL MUSIC UK SOUND FOUNDATION**

## **TRUSTEES' ANNUAL REPORT**

### **YEAR ENDED 31 JULY 2020**

The trustees present their statutory report together with the audited 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 2020. 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.

#### **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:

Laura Arowolo (appointed 9 March 2021)  
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

## TRUSTEES' ANNUAL REPORT *(continued)*

### YEAR ENDED 31 JULY 2020

#### 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 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 periodic 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 Limited.

# **UNIVERSAL MUSIC UK SOUND FOUNDATION**

## **TRUSTEES' ANNUAL REPORT** *(continued)*

**YEAR ENDED 31 JULY 2020**

### **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 and the Charity's investment management arrangements.

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 do not participate 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

## TRUSTEES' ANNUAL REPORT *(continued)*

YEAR ENDED 31 JULY 2020

### 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 the Charity's 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 funding a year-long music project for 25 secondary schools which the Charity sponsors. All of these schools were 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. The impact of the COVID 19 pandemic on the year's schools project is described under Achievements and Performance below.

# UNIVERSAL MUSIC UK SOUND FOUNDATION

## TRUSTEES' ANNUAL REPORT *(continued)*

### YEAR ENDED 31 JULY 2020

#### ACHIEVEMENTS AND PERFORMANCE

##### Summary of Activities

During the year the Foundation made grants totalling £278,368 (2019: £316,317) to individual and school applicants. Please see Note 12 for the full disclosure of the amounts approved/written back during the year. The total number of awards made was 454, which was 90 awards fewer than in the prior year. These grants which the Charity provides are demand led as well as being based on the applications received meeting the Foundation's criteria and the total grants made being within the budget set by the trustees; fluctuations in grant funding are therefore to be expected. The impact of the COVID 19 pandemic on the Charity's grant-making activities during the last quarter of the year under review is described below.

Twenty-five of the Charity's partner secondary schools participated in the annual schools' project (one partner school did not submit a bid). A £156,000 initial budget was approved. The COVID 19 pandemic led to nationwide school closures with the result that many schools were unable to carry out their projects in the Summer term. The Foundation has therefore agreed that schools may carry forward any unused funds to the Autumn term; expenditure of £144,724 (2019: £141,427) is reflected in the accounts for the year ended 31 July 2020 of which £47,520 (2019: £71,810) has been approved to carry over to the Autumn term. Our website has a listing and a map showing the location of the partner schools with which the Foundation works. The Charity continues to carry out extensive monitoring of this project, now in its ninth year, to ensure that funding is used appropriately. End of project evaluations were still submitted, and the questions updated to capture details of whether projects had proceeded or had been modified. Many schools successfully introduced virtual learning and requested a change of use of our funding to allow the purchase of online resources to best support their students. Each change of use request was carefully reviewed but the Charity considered that it was important for schools to be able to continue their music delivery in whatever way they could during these unprecedented times. The reports on the individual students receiving hardship funding, although only for two terms, continue to show improvement and the schools state that without this funding many of their students would not be in a position to learn an instrument. As almost half of the music GCSE depends on instrumental performance, our hardship funding continues to be very important. Schools continue to face significant financial challenges with the Arts being particularly affected and it is expected this will only get worse when schools reopen.

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 to the trustees' approval of successful applicants. During the year a total of £65,000 (2019: £65,000) was paid to the following colleges and organisations:

- Royal 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
- Irish World Academy of Music and Dance, University of 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

All the bursary organisations have submitted student reports many of which have mentioned the impact of the COVID 19 disruption on their students' learning, and some have created bespoke online programmes for their students.

The Trustees also awarded Oh Yeah Belfast (registered charity NIC100903) one-off funding of £5,000 for its Volume Controls music programme - a 10-month events mentoring programme for young people aged 14-19. This programme started in April 2019 and concluded in July 2020 but was also impacted by the COVID 19 disruption which caused the closure of the Oh Yeah Belfast venue with the final live event of the programme taking place as an online stream.



# UNIVERSAL MUSIC UK SOUND FOUNDATION

## TRUSTEES' ANNUAL REPORT *(continued)*

### YEAR ENDED 31 JULY 2020

In October 2018 the trustees approved a 3-year bursary for the University College, London, Institute of Education to support teachers undertaking the MA in Music Education course. The bursary is open to UK teachers to assist with the cost of their fees and in the academic year 2018/19 three teachers were supported with bursaries towards their fees totalling £11,030. These teachers graduated in July 2020 and all presented virtually at the trustees' July 2020 meeting. A further five MA in Music Education students were approved for funding and started their studies in October 2019; they were supported with bursaries in the year 2019/20 which totalled £17,990.

#### **Decca Bursary**

In 2018/19, the Foundation established a new Foundation bursary, the Decca Bursary, a restricted fund to inspire and encourage a new generation of classical musicians and composers. Total donation income in 2019/20 for the Decca Bursary was £20,654 (2018/19: £22,471, which was predominantly to cover set up costs of the Bursary). On 28 September 2019 a fundraising event was carried out by 31 Decca Records staff where they took part in The National Three Peaks Challenge and raised £20,509.95 for the Decca Bursary included in the £20,654 above. Applications for funding opened up on 6 January 2020 and 172 applications were received, with a total of £19,677 being awarded to 54 applicants - please see Note 12 of these accounts for full disclosure of the grants approved/written back during the year. The pandemic disruption has meant that many of the successful applicants have been unable to proceed with their awards due to the closure of music suppliers and schools, so the time limit for claiming awards has been extended. No future funding rounds for the Decca Bursary are currently scheduled.

#### **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 2020 was £7,131,277 (2019: £8,026,991), a decrease of £895,715 or 11.2% (2019: decrease of £85,727 or 1.06%) since the beginning of the year reflecting movements in the investment portfolio as well as 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 -4.88% (2019: 6.08%). The trustees are satisfied with the performance of the investment portfolio given market conditions during the year. Please see note 15 for details of the movement in the valuation since year end.

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 £915,215 (2019: £76,290), following a significant drop in the value of the investment portfolio driven by the Covid-19 pandemic causing market instability. The net assets at 31 July 2020 were £7,024,231 (2019: £7,939,446).

#### **PLANS FOR FUTURE PERIODS**

The trustees will continue to monitor their funding schemes in light of the significant impact of the COVID 19 disruption as well as continued uncertainty and volatility in financial markets. It is likely that extensions for claiming grants will continue to be given to help beneficiaries to fulfill their awards. Funding for music education continues to be under pressure and it's expected this will be further impacted by the pandemic. As reported last year, in May 2020 the trustees suspended awarding further grants until the year end on 31 July 2020. This was reviewed by the trustees at their July meeting when it was decided that the Charity's financial position warranted reopening the October 2020 funding round and continuing to meet current funding commitments. The trustees will however keep that decision under review in light of the evolution of the pandemic and the performance of the Charity's investment portfolio.

# **UNIVERSAL MUSIC UK SOUND FOUNDATION**

## **TRUSTEES' ANNUAL REPORT** *(continued)*

### **YEAR ENDED 31 JULY 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 2020 were £7,024,231 (2019: £7,939,446), of those £2,043 were restricted (2019: £182) for the Decca Bursary as detailed on page 7 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.

In light of the ongoing operational support available through the Services Agreement (referred to in the "Details of related parties" section below) the trustees believe at this time there is no requirement to set aside funds to cover these costs. The trustees are aware, however, that it might become necessary to set aside 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

## TRUSTEES' ANNUAL REPORT *(continued)*

### YEAR ENDED 31 JULY 2020

#### 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 the grants the Charity makes 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 individual applications require a reference from the applicant's qualified music teacher and school applications are supported by a statement from the headteacher. Grants are approved at the trustees' meetings and acknowledgements are sought from the recipients. 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 might come into contact with the Foundation, its staff, trustees and others representing it. This policy was approved by the trustees in July 2019 and will be reviewed every 2 years. The Foundation's three members of staff have all completed a basic DBS check (a criminal record check carried out by the Disclosure and Barring Service; a non-departmental public body sponsored by the Home Office).

##### 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 11 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

## TRUSTEES' ANNUAL REPORT *(continued)*

### YEAR ENDED 31 JULY 2020

#### 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 the 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. Due to the disruption caused by the COVID 19 pandemic the Foundation has moved to online payments with the Chair and the Chief Executive being the initial personnel to register and approve all payments. As the pandemic has continued for longer than first anticipated additional trustees are now registered for online access to approve payments. 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 Foundation's policy and procedures document was reviewed at the July 2020 trustees meeting and has been updated to incorporate the Decca Bursary and the Charity's proposed acceptance of online grant applications. As at the date of approval of this report the Charity is not aware of any data breaches having occurred and no subject data requests have been received.

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

## TRUSTEES' ANNUAL REPORT *(continued)*

### YEAR ENDED 31 JULY 2020

#### 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 by either individuals or schools 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 current year or prior year.

#### FUNDRAISING

The Charity did not carry out any fundraising during the current year or prior year. There was an initial fundraising event which was organised by Decca Records and all those participating were Decca Records employees which raised £20,653.95 for the Decca Bursary.

#### DETAILS OF RELATED PARTIES

The Charity has one wholly owned trading subsidiary, MSFC Limited (company registration number 03287591, registered address 4 Pancras Square, London N1C 4AG), 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 the period under review. There were no transactions between MSFC Limited and the Charity in the current or prior year. The balance owed by the subsidiary is shown in Note 11.

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.

In July 2019 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 (a restricted fund of the Foundation). The Decca Bursary received £3,000 from Universal Music Group International and £500 from Decca Publishing.

# UNIVERSAL MUSIC UK SOUND FOUNDATION

## TRUSTEES' ANNUAL REPORT *(continued)*

### YEAR ENDED 31 JULY 2020

Approved by the trustees on 9 March 2021

And signed on their behalf Adam Barker  
Adam Barker (Chair)

# **UNIVERSAL MUSIC UK SOUND FOUNDATION**

## **TRUSTEES' STATEMENT OF RESPONSIBILITIES**

### **YEAR ENDED 31 JULY 2020**

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 of the incoming resources and application of resources, including the income and expenditure, of the charitable company 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 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**

### **Report on the audit of the financial statements**

#### **Opinion**

In our opinion the financial statements of Universal Music UK Sound Foundation (the 'charitable company')

- give a true and fair view of the state of the charitable company's affairs as at 31 July 2020 and of its incoming resources and application of resources, including its 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 statement of financial activities (incorporating the income and expenditure account);
- the balance sheet; 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 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 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.



## **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 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 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](http://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.

### **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, 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 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

9 March 2021

# UNIVERSAL MUSIC UK SOUND FOUNDATION

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

YEAR ENDED 31 JULY 2020

INCOME FROM	Note	Unrestricted Fund 2020 £	Restricted Fund 2020 £	Total Funds 2020 £	Unrestricted Fund 2019 £	Restricted Fund 2019 £	Total Funds 2019 £
Donations	<b>2</b>	193,030	20,654	213,684	184,748	22,471	207,219
Investments	<b>3</b>	220,902	-	220,902	283,642	-	283,642
<b>TOTAL INCOME</b>		<u>413,932</u>	<u>20,654</u>	<u>434,586</u>	<u>468,390</u>	<u>22,471</u>	<u>490,861</u>
<b>EXPENDITURE ON</b>							
Investment management costs		(57,442)	-	(57,442)	(61,367)	-	(61,367)
Charitable activities	<b>7</b>	(660,927)	(18,793)	(679,720)	(692,861)	(22,289)	(715,150)
<b>TOTAL EXPENDITURE</b>		<u>(718,369)</u>	<u>(18,793)</u>	<u>(737,162)</u>	<u>(754,228)</u>	<u>(22,289)</u>	<u>(776,517)</u>
<b>NET (EXPENDITURE) / INCOME BEFORE INVESTMENT GAINS</b>		<u>(304,437)</u>	<u>1,861</u>	<u>(302,576)</u>	<u>(285,838)</u>	<u>182</u>	<u>(285,656)</u>
Realised (losses) on disposal of investments		(368,377)	-	(368,377)	(146,552)	-	(146,552)
Unrealised (losses) / gains on investments		(244,262)	-	(244,262)	355,918	-	355,918
Net (losses) / gains on investments		<u>(612,639)</u>	<u>-</u>	<u>(612,639)</u>	<u>209,366</u>	<u>182</u>	<u>209,366</u>
<b>NET (EXPENDITURE) / INCOME FOR THE YEAR/NET MOVEMENT IN FUNDS</b>		<u>(917,076)</u>	<u>1,861</u>	<u>(915,215)</u>	<u>(76,472)</u>	<u>182</u>	<u>(76,290)</u>
<b>RECONCILIATION OF FUNDS</b>							
Total funds brought forward		7,939,264	182	7,939,446	8,015,736	-	8,015,736
Net movement in funds		(917,076)	1,861	(915,215)	(76,472)	182	(76,290)
<b>TOTAL FUNDS CARRIED FORWARD</b>		<u>7,022,188</u>	<u>2,043</u>	<u>7,024,231</u>	<u>7,939,264</u>	<u>182</u>	<u>7,939,446</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. The Charity has taken the exemption from preparing group accounts under section 405 of the Companies Act 2006.

# UNIVERSAL MUSIC UK SOUND FOUNDATION

## BALANCE SHEET

31 JULY 2020

	Note	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £	2019 Unrestricted Funds £	2019 Restricted Funds £	2019 Total Funds £
<b>FIXED ASSETS</b>							
Investments in subsidiaries	9	1	-	1	1	-	1
Other investments	10	7,131,277	-	7,131,277	8,026,991	-	8,026,991
		7,131,278	-	7,131,278	8,026,992	-	8,026,992
<b>CURRENT ASSETS</b>							
Debtors	11	223	-	223	223	-	223
Cash at bank		6,117	18,858	24,975	3,434	250	3,684
		6,340	18,858	25,198	3,657	250	3,907
<b>CREDITORS: amounts falling due within one year</b>	12	(115,430)	(16,815)	(132,245)	(91,385)	(68)	(91,453)
<b>NET CURRENT LIABILITIES</b>		(109,090)	2,043	(107,047)	(87,728)	182	(87,546)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		7,022,188	2,043	7,024,231	7,939,264	182	7,939,446
<b>NET ASSETS</b>		7,022,188	2,043	7,024,231	7,939,264	182	7,939,446
<b>FUNDS</b>							
Unrestricted	13	7,022,188	-	7,022,188	7,939,264	-	7,939,264
Restricted	13	-	2,043	2,043	-	182	182
<b>TOTAL FUNDS</b>		7,022,188	2,043	7,024,231	7,939,264	182	7,939,446

The accounts have been prepared in accordance with the special provisions applicable to companies subject to the small companies regime.

These financial statements were approved by the trustees and authorised for issue on 9 March 2021 and are signed on their behalf by:

*Adam Barker*

Adam Barker (Chair)

Company Registration Number: 05062390

# UNIVERSAL MUSIC UK SOUND FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2020

### 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 2019) – (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, and 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 financial statements have been prepared under the historical cost convention, except for investments which are included at market value.

#### **Exemption from preparing consolidated accounts**

Under section 405 of the Companies Act 2006 the Charity has opted not to prepare consolidated accounts. For both 2018/19 and 2019/20 all subsidiary undertakings may be excluded from consolidation in line with the thresholds in section 405 of the Companies Act. The Charity's only subsidiary excluded from consolidation is MSFC Limited (03287591), excluded under section 405 (2) of the Companies Act 2006 as the subsidiary is inactive and not material to the group.

#### **Cash flow statement**

The charitable company 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 the foreseeable future.

The Covid-19 pandemic has had a significant impact on the short term performance of the Charity's investment portfolio. It has also impacted the day to day operations of the Charity due to closure of schools across the UK and the Kings Cross office due to the UK's lockdowns in the spring of 2020 and subsequently.

The trustees of the Charity have considered the Charity's position in light of these developments and have determined that the Charity has sufficient funds to continue to operate as a going concern. This is due to the high level of control the Charity has on future grant funding and the resilience of the value of the investment portfolio since the emergence of Covid-19. This valuation remains the most significant area of uncertainty that affects the carrying value of assets held by the Universal Music UK Sound Foundation. In the instance that the investments were to significantly fall in value, the trustees could reduce the value of grants awarded.

#### **Expenditure**

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

# UNIVERSAL MUSIC UK SOUND FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2020

### 1. ACCOUNTING POLICIES (continued)

#### **Expenditure (continued)**

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

Support costs, including 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 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. The Charity measures investments in subsidiary undertakings at cost less impairment. In the current and prior year all investments held by the Charity are held in unrestricted funds.

# UNIVERSAL MUSIC UK SOUND FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2020

### 1. ACCOUNTING POLICIES (continued)

#### Financial instruments

Financial assets and financial liabilities are recognised when the Charity 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 7). Bursaries paid and accrued relating to the current three year period (from 2019-2022) are detailed in the trustees' report. As at 31 July 2020, the value of bursaries remaining to be paid under the current three year period amounted to £130,000 (2019: £nil). No bursaries for the upcoming financial year had been approved as at 31 July 2020 and so no expenditure or liabilities have been recognised in respect of these. In addition to the above, £17,990 of bursaries were paid out to the Institute of Education during 2019/20 (2019: £11,030) as part of a 3 year agreement as described on page 7. No further bursaries to this institute have been approved or committed to as at 31 July 2020.

### 2. DONATIONS

	Unrestricted Funds £	Restricted Funds £	Total Funds 2020 £	Total Funds 2019 £
Donations received	10,000	20,654	30,654	32,471
Donated services and facilities	183,030	-	183,030	174,748
	<u>193,030</u>	<u>20,654</u>	<u>213,684</u>	<u>207,219</u>

During the 12 month period ended 31 July 2020 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 £183,030 (2019 - £174,748) recognised is based on the actual cost incurred by Universal Music Group International Limited, relating to seconded staff and audit fees.

All donations the Charity receives in respect of the Decca bursary have been recognised as a restricted fund.

# UNIVERSAL MUSIC UK SOUND FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 JULY 2020

#### 3. INCOME FROM INVESTMENTS

	Unrestricted Funds	Restricted Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£
Income from investments	220,902	-	220,902	283,642
	<u>220,902</u>	<u>-</u>	<u>220,902</u>	<u>283,642</u>

#### 4. GOVERNANCE COSTS

	Unrestricted Funds	Restricted Funds	Total Funds 2020	Total Funds 2019
	£	£	£	£
Legal fees	126	-	126	9,066
Audit fees	16,000	-	16,000	14,750
Other costs	131	216	347	376
Total	<u>16,257</u>	<u>216</u>	<u>16,473</u>	<u>24,192</u>

#### 5. SUPPORT COSTS

	Charitable Activities	
	Total 2020	Total 2019
	£	£
Management and administration	<u>167,030</u>	<u>159,998</u>

Management and administrative costs represent the donated services for all staff seconded by Universal Music Group International Limited to the Charity. These costs are allocated to charitable activities.

#### 6. AUDITOR'S REMUNERATION

Audit fees of £16,000 (2019 - £14,750) are borne by Universal Music Group International Limited, which has not re-allocated any fees to the Charity.

#### 7. EXPENDITURE ON CHARITABLE ACTIVITIES

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

	2020 Unrestricted Funds £	2020 Restricted Funds £	2020 Total Funds £	2019 Total Funds £
Donations to schools	164,747	5,720	170,467	207,348
Donations to individuals	85,179	12,857	98,036	87,700
Bursaries	65,000	-	65,000	70,000
Institute of Education Bursaries	17,990	-	17,990	11,030
Schools Project	144,724	-	144,724	141,427
Other	-	-	-	13,455
Grant expenditure	<u>477,640</u>	<u>18,577</u>	<u>494,217</u>	<u>530,960</u>
Support costs (Note 5)	167,030	-	167,030	159,998
Governance costs (Note 4)	16,257	216	16,473	24,192
	<u>660,927</u>	<u>18,793</u>	<u>679,720</u>	<u>715,150</u>

The Schools Project 2019/20 is described further in the Trustees' Report under the Achievements and Performance section on page 5. Refer to Bursaries under Note 1 Accounting Policies for details of recognition of bursaries.



# UNIVERSAL MUSIC UK SOUND FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 JULY 2020

#### 8. STAFF COSTS AND EMOLUMENTS

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 (2019 – nil). Universal Music Group International 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 (included within Donated Services and Facilities in Note 2). This apportionment is calculated based on the time spent on the work of the Charity. An equal and opposite support cost (Note 5) 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:

	2020 No	2019 No
£80,000 to £90,000	1	1
	<u>1</u>	<u>1</u>

The prior year banding has been restated to exclude employer's national insurance contributions and pension contributions, consistent with the current year banding.

The trustees consider that they, together with the Chief Executive who is the highest paid donated employee, are the key management personnel of the Charity. The trustees (including the Chair) received no emoluments (2019 - £nil). No trustees received reimbursements for travel expenses incurred during the year (2019 - £nil). No trustees incurred out of pocket expenses (2019 - £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 subsidiary in the current or prior year.

#### 9. INVESTMENTS IN SUBSIDIARIES

The Charity has one (2019: one) wholly owned subsidiary, MSFC Ltd, which is held at a value of £1 (2019: £1). The company was inactive during 2019/20 and during 2018/19. This subsidiary has not been consolidated and presented as part of group accounts. Please refer to note 1 for further details.

#### 10. OTHER INVESTMENTS

##### Unrestricted fund:

##### Movement in market value of listed investments

	2020 £	2019 £
Market value at 1 August	7,903,868	7,424,116
Acquisitions at cost	1,349,370	1,891,934
Disposals at market value	(2,118,533)	(1,621,548)
Net (losses) / gains on revaluations in the year ended 31 July	(612,639)	209,366
Market value at 31 July	<u>6,522,066</u>	<u>7,903,868</u>
Historical cost at 31 July	<u>5,611,712</u>	<u>6,410,081</u>

**UNIVERSAL MUSIC UK SOUND FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 JULY 2020**

**10. OTHER INVESTMENTS (continued)**

**Analysis of investments at 31 July between funds**

	<b>Total Funds 2020 £</b>	<b>Total Funds 2019 £</b>
<b>Listed investments</b>		
UK Quoted equities	2,242,437	3,281,291
Non-UK Quoted equities	2,357,571	2,197,634
UK fixed interest	452,447	605,203
Non-UK fixed interest	-	280,811
UK - other investments	709,504	1,238,320
Non-UK - other investments	760,107	300,609
	<u>6,522,066</u>	<u>7,903,868</u>
<b>Other investments</b>		
UK Cash held as part of Portfolio	609,211	123,123
	<u>7,131,277</u>	<u>8,026,991</u>

**UNIVERSAL MUSIC UK SOUND FOUNDATION**

**NOTES TO THE FINANCIAL STATEMENTS**

**YEAR ENDED 31 JULY 2020**

**11. DEBTORS: Amounts falling due within one year**

	<b>2020</b>	2019
	<b>£</b>	<b>£</b>
<b>Unrestricted fund:</b>		
Amounts owed by group undertakings	223	223

**12. CREDITORS: Amounts falling due within one year**

	<b>Unrestricted</b>	<b>Restricted</b>	<b>2020</b>	2019
	<b>£</b>	<b>£</b>	<b>Total</b>	<b>Total</b>
			<b>£</b>	<b>£</b>
<b>Grant Commitments</b>				
Brought forward	81,310	-	81,310	101,680
Grants approved	517,358	19,677	537,035	549,060
Grants paid	(447,432)	(1,780)	(449,212)	(537,881)
Grants unclaimed/cancelled	(40,321)	(1,100)	(41,421)	(31,549)
Carried forward	110,915	16,797	127,712	81,310
Accruals	4,515	18	4,533	10,143
	115,430	16,815	132,245	91,453

There was no movement in grant commitments in the Restricted fund during 2018/19.

**13. FUNDS**

	<b>Balance at</b>	<b>Total Income</b>	<b>Total</b>	<b>Gains and</b>	<b>Balance at</b>
	<b>1 August 2019</b>	<b>£</b>	<b>Expenditure</b>	<b>losses</b>	<b>31 July 2020</b>
	<b>£</b>		<b>£</b>	<b>£</b>	<b>£</b>
Unrestricted Funds	7,939,264	413,932	(718,369)	(612,639)	7,022,188
Restricted Funds	182	20,654	(18,793)	-	2,043
Total Funds	7,939,446	434,586	(737,162)	(612,639)	7,024,231

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

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

# UNIVERSAL MUSIC UK SOUND FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 JULY 2020

#### 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 8 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. The Decca Bursary received £3,000 from Universal Music Group International and £500 from Decca Publishing.

During 2018/19 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 7 (of the report) and Note 13 of these accounts. This bursary has now begun to raise funds and has made its first awards.

#### 15. POST BALANCE SHEET EVENTS

The Covid-19 pandemic has had a significant impact on the global economy, which has in turn impacted the Charity's investment portfolio. As at 26 February 2021 the investment portfolio is valued at £7,579,361, an increase of £448,084 since 31 July 2020.

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 is a company limited by guarantee and does not have share capital. It is registered in England (charity No.1104027, company registration number: 05062390) and its registered office is 4 Pancras Square London N1C 4AG. In the event of Universal Music UK Sound Foundation being wound up the liability of each of the Members is limited to £1.