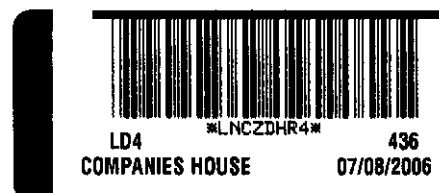


COMPANY REGISTRATION NUMBER 606756

Ardmore & Beechwood Limited
Financial Statements
31 March 2006



Ardmore & Beechwood Limited

Officers and Professional Advisers

The board of directors	P H C Reichardt (resigned - 31 May 2005) T J Foster-Key (resigned - 31 March 2006) P J Cox C Mileson (resigned - 31 October 2005) J C Channon A J Mollett C W Booth G K Moot (appointed - 1 June 2005) M E J Smith (appointed - 1 July 2005) (resigned - 31 January 2006) F Malyan (appointed - 1 July 2005) A G Bebawi (appointed - 1 November 2005)
Company secretary	A G Bebawi
Registered office	Publishing House 127 Charing Cross Road London WC2H 0QY
Auditor	Ernst & Young LLP Registered Auditors 1 More London Place London SE1 2AF
Bankers	NatWest Bank Plc PO Box 2162 20 Dean Street London W1A 1SX
Solicitors	Mayer, Brown, Rowe and Maw LLP 11 Pilgrim Street London EC4V 6RN

Ardmore & Beechwood Limited

The Directors' Report

year ended 31 March 2006

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2006.

Principal activities

The principal activity of the company continued to be that of music publishing. No material change in the activities of the business is contemplated.

Business Review

During the financial year, the company performed satisfactorily, with the turnover increasing but the operating result declining on last year. Turnover was up 59% on last year and the operating result was down 28% on last year.

The turnover of the company is generated from usage of the songs written by the company's composers and will vary in any given year alongside the market conditions and popularity of various genres of music. Direct costs attributed to the turnover are the writer's shares of the royalties earned on their compositions.

There were no unusual costs incurred during the year. The company employs no staff and has no separate facilities or overheads, except for those recharged for services rendered by other companies in the EMI Music Publishing group.

At the end of the year the company was in a good position with the accounts indicating a continuing reasonable level of performance in a market which remained fairly static throughout the year.

Key performance indicators are designed to indicate how the company had performed on key ratios, and the company uses *net publisher share margin* and *operating margin* as the key performance indicators which are most appropriate. The net publisher share margin is lower than last year as there was no advance provision this year (2005: £62,000), but this was offset two adjustments which improved the net publisher share by £81,234. The operating margin is lower than last year as a result of these adjustments.

There are no KPI's specifically relating to environmental and employee issues as the company has no employees or separate facilities. It is not possible to obtain meaningful market share information for a company of this size, so we do not consider a KPI appropriate.

The principal risks and uncertainties facing the company concern the value of the worldwide market for recorded music which has declined by about 20% since 2001 according to data from the IFPI. Whilst we believe that new digital products and services will drive a return to overall industry growth, there are no assurances of the timing or extent of any improvement. This may have a negative impact, as the company generates a significant portion of its revenues from mechanical royalties, primarily from the sale of music in CD and other formats. We are dependant on identifying, signing and retaining talented songwriters whose new releases are well received and whose music will continue to generate revenues for years to come. Competition for such talent is intense and our financial results would be adversely affected if we fail to identify, sign and retain songwriters. External bodies such as local third-party collection societies, have a significant influence on some of our revenues. Performance rates are usually set by performing rights societies and may be subject to challenge by licensees. These processes of setting mechanical and performance revenues may result in the setting of rates at levels lower than we would wish and may therefore adversely affect our ability to increase profitability.

Dividend

An interim dividend of £72,180 was paid in 2006 (2005: £99,769). The directors do not recommend the payment of a final dividend (2005: £nil).

The directors and their interests

The directors who served the company during the year are listed on page 1.

Ardmore & Beechwood Limited

The Directors' Report *(continued)*

year ended 31 March 2006

The table below discloses the interests of all of the publishing group of companies' directors - the directors of the company listed on page 1 are therefore included in this table. The only directors to have any interests in the share capital and loan stock of undertakings in the EMI Group plc during the year were:

	2006	2005
Options over ordinary shares of EMI Group plc		
T J Foster-Key	225,923	211,967
P H C Reichardt	699,228	1,551,283
P J Cox	6,404	6,404
J C Channon	16,487	19,066
C Milesen	-	7,284
G K Moot	35,547	37,266
M E J Smith	27,245	27,245
A J Mollett	5,294	5,294
F Malyan	13,627	13,627
M N Bandier*		

	2006	2005
Ordinary shares held in EMI Group plc		
T J Foster-Key	1,349	1,349
P H C Reichardt	2,653	2,653
P J Cox	36	36
J C Channon	1,084	1,084
G K Moot	629	629
F Malyan	738	738
M N Bandier*		

During the year options over shares were granted, lapsed and exercised as follows:

	Options granted	Options lapsed	Options exercised
T J Foster-Key	49,477	33,234	2,287
P H C Reichardt	-	683,238	168,817
J C Channon	-	2,579	-
C Milesen	-	7,284	-
G K Moot	-	1,719	-

*M N Bandier is a director of the company's ultimate parent undertaking, EMI Group plc, and his interests in the shares of that company as at 1 April 2005 and 31 March 2006 are shown in its annual report.

G K Moot was appointed as a director on 1 June 2005.

M E J Smith was appointed as a director on 1 July 2005.

F Malyan was appointed as a director on 1 July 2005.

A G Bebawi was appointed as a director on 1 November 2005.

P H C Reichardt resigned as a director on 31 May 2005.

T J Foster-Key resigned as a director on 31 March 2006.

C Milesen resigned as a director on 31 October 2005.

M E J Smith resigned as a director on 31 January 2006.

The parent undertaking, EMI Group plc, has maintained insurance to cover directors' and officers' liability as defined by section 310(3)(a) of the Companies Act 1985 (as amended).

Ardmore & Beechwood Limited

The Directors' Report *(continued)*

year ended 31 March 2006

Completeness of information to auditors

In the case of each of the persons who are directors at the time when the report is approved under Companies Act 1985 section 234A:

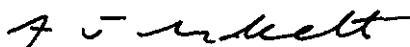
a) So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and

b) he/she has taken all the steps that they ought to have taken as a director in order to make him/herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditor

A resolution to re-appoint Ernst & Young LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed on behalf of the directors



Director

Approved by the directors on

02 AUG 2006

Ardmore & Beechwood Limited

Statement of Directors' Responsibilities

year ended 31 March 2006

The directors are responsible for preparing the accounts in accordance with applicable United Kingdom law and United Kingdom Generally Accepted Accounting Practice.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

At the date of approving this report, so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. The directors confirm that they have taken all necessary steps, as directors, to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of this information.

Ardmore & Beechwood Limited

Independent Auditor's Report to the Members of Ardmore & Beechwood Limited

year ended 31 March 2006

We have audited the company's financial statements for the year ended 31 March 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 11. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view, are properly prepared in accordance with the Companies Act 1985 and whether the information given in the Directors' Report is consistent with the financial statements.

We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Ardmore & Beechwood Limited

Independent Auditor's Report to the Members of Ardmore & Beechwood Limited *(continued)*

year ended 31 March 2006

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Ernst & Young LLP

ERNST & YOUNG LLP
Registered Auditors
1 More London Place
London
SE1 2AF

2 August 2006

Ardmore & Beechwood Limited

Profit and Loss Account

year ended 31 March 2006

	Note	2006 £	2005 £
Turnover	2	483,928	303,344
Cost of sales		(302,800)	(154,406)
Gross profit		181,128	148,938
Distribution costs		(35,121)	(15,021)
Administrative expenses		(73,827)	(34,148)
Operating profit, being profit on ordinary activities before taxation	3	72,180	99,769
Tax on profit on ordinary activities	6	—	—
Profit for the financial year		72,180	99,769

The notes on pages 11 to 14 form part of these financial statements.

Ardmore & Beechwood Limited

Statement of Total Recognised Gains and Losses

year ended 31 March 2006

There are no recognised gains or losses other than the profit of £72,180 attributable to the shareholders for the year ended 31 March 2006 (2005 - profit of £99,769).

The notes on pages 11 to 14 form part of these financial statements.

Ardmore & Beechwood Limited

Balance Sheet

31 March 2006

	Note	2006 £	2005 £
Current assets			
Debtors	7	255,318	94,109
Creditors: Amounts falling due within one year	8	(252,440)	(91,231)
Net current assets		<u>2,878</u>	<u>2,878</u>
Total assets less current liabilities		<u>2,878</u>	<u>2,878</u>
Capital and reserves			
Called-up equity share capital	9	1,000	1,000
Profit and loss account	10	<u>1,878</u>	<u>1,878</u>
Shareholders' funds	10	<u>2,878</u>	<u>2,878</u>

These financial statements were approved by the directors on the 2 August 2006 and are signed on their behalf by:



Director

The notes on pages 11 to 14 form part of these financial statements.

Ardmore & Beechwood Limited

Notes to the Financial Statements

year ended 31 March 2006

1. Accounting policies

Basis of preparation

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

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company *does not recognise those dividends as a liability at the balance sheet date, even if those dividends are paid or approved by the shareholders before the financial statements are authorised for issue.* The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been included in liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date. Interim dividends are recorded as appropriations from equity in the year in which they are paid. FRS 21 has been applied retrospectively. There has been no effect on the results of the company in the prior year from the application of FRS 21.

Cash flow statement

The directors have taken advantage of the exemption in FRS 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements.

Related party transactions

The company has taken advantage of the exemption from disclosing transactions with other group undertakings and qualifying related parties under FRS 8.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Debtors - royalty advances

Royalties due to an advancee are credited against the outstanding advance in the year of receipt until the advance is extinguished. If it is thought that future earnings will not amount to the net value of an advance, then a provision for the estimated shortfall is raised. Advances are included in debtors as recoverable within one year although certain amounts may be recovered after more than one year.

Ardmore & Beechwood Limited

Notes to the Financial Statements

year ended 31 March 2006

2. Turnover

The company's turnover is wholly attributable to its principal activity and the directors do not believe that any part of the company's worldwide market is significantly different from any other.

Turnover represents the invoiced value of the contracted amount of services supplied by the company after deducting all commissions and any sales related taxes levied on turnover.

In certain countries, the company has assigned its rights to royalty income to other undertakings of the EMI group.

All turnover is attributable to music publishing, the analysis by geographical market being as follows:

	2006 £	2005 £
United Kingdom	318,171	210,936
Rest of Europe	128,130	53,530
USA	15,489	17,020
Rest of the world	22,138	21,858
	<u>483,928</u>	<u>303,344</u>

3. Operating profit

Operating profit is stated after charging:

	2006 £	2005 £
Auditor's remuneration - as auditor	3,131	2,029

Management charges of £105,817 (2005 - £47,140) have been split between distribution costs and administrative expenses in the profit and loss account.

4. Directors' emoluments

The directors of the company are also directors of EMI Music Publishing Limited and fellow subsidiaries. The directors received a total remuneration for the year of £4,296,278 (2005 - £3,022,371), all of which was paid by EMI Music Publishing Limited. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of EMI Music Publishing Limited and fellow subsidiary undertakings.

The following Directors exercised share options:

	Options exercised
T J Foster-Key	2,287
P H C Reichardt	168,817

M N Bandier is a director of the company's ultimate parent undertaking, EMI Group plc, and his interests in the shares of that company as at 1 April 2005 and 31 March 2006 are shown in its annual report.

5. Staff costs

The company had no employees (2005 - none).

6. Taxation on ordinary activities

(a) The tax charge is £nil (2005 - £nil)

Ardmore & Beechwood Limited

Notes to the Financial Statements

year ended 31 March 2006

6. Taxation on ordinary activities *(continued)* (b) Factors affecting current tax charge

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>72,180</u>	<u>99,769</u>
Tax at UK Standard rate (30%)	21,654	29,930
Group relief relievable for £nil consideration	<u>(21,654)</u>	<u>(29,930)</u>
Total current tax (note 6(a))	<u>-</u>	<u>-</u>

(c) Factors that may affect future tax charge

The company is primarily liable for UK corporation tax on its profits. However, no provision has been made in these financial statements for either current or deferred taxation as an undertaking has been received from its ultimate parent undertaking, EMI Group plc, that the latter will assume all liability for any such taxation for accounting periods ending up to 31 March 2006 so long as the company remains a subsidiary. In view of the undertaking received, no disclosure is made in these financial statements of any potential liability to taxation.

7. Debtors

	2006 £	2005 £
Amounts owed by group undertakings	255,318	93,901
Other debtors	<u>-</u>	<u>208</u>
	<u>255,318</u>	<u>94,109</u>

8. Creditors: Amounts falling due within one year

	2006 £	2005 £
Trade creditors	220,671	90,450
Other taxation and social security	31,519	781
Other creditors	<u>250</u>	<u>-</u>
	<u>252,440</u>	<u>91,231</u>

9. Share capital

Authorised share capital:

	2006 £	2005 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2006 No	£	2005 No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

Ardmore & Beechwood Limited

Notes to the Financial Statements

year ended 31 March 2006

10. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 1 April 2004	1,000	1,878	2,878
Profit for the year	-	99,769	99,769
Dividends declared and paid during the year	-	(99,769)	(99,769)
At 31 March 2005	1,000	1,878	2,878
Profit for the year	-	72,180	72,180
Dividends declared and paid during the year	-	(72,180)	(72,180)
At 31 March 2006	1,000	1,878	2,878

11. Ultimate parent company

The parent undertaking of the group of smallest and largest undertakings for which consolidated financial statements are drawn up and of which the company is a member is EMI Group plc, which is the ultimate parent undertaking registered in England and Wales. Copies of EMI Group plc's financial statements can be obtained from EMI Group plc, 27 Wrights Lane, London W8 5SW, England.