

Fanfare Music Company Limited

Directors' report and financial statements

31 August 2006

Registered number 619076

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Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2006.

Principal activities and future developments

The principal activity of the company is music publishing. The directors do not anticipate any change in this activity over the coming year.

Results and dividends

The result for the year £nil (2005: £nil) is set out in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend for the year under review (2005: £nil).

Directors and directors' interests

The directors who have held office during the year were as follows:

C N Wright
N R Fenton
R J H Lascelles

None of the directors who held office at 31 August 2006 had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the year.

At 31 August 2006 and 31 August 2005 C N Wright was also a director of the ultimate parent company, Chrysalis Group PLC, and his share interests are stated in the directors' report of that company.

On 6 January 2000, R J H Lascelles was granted options over 12,740 ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC, at an exercise value of £2.90. On 24 November 2000, R J H Lascelles was granted options over 4,755 ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC, at an exercise value of £3.05. On 23 November 2001, R J H Lascelles was granted options over 6,761 ordinary shares of 2p each in the ultimate parent company, Chrysalis Group PLC, at an exercise value of £2.38.

At 31 August 2006 and 2005 N R Fenton held 6,855 ordinary shares of 2p each in Chrysalis Group PLC and had an interest in a further 6,855 ordinary shares of 2p each held by Mrs Fenton.

Disclosure of information to auditors

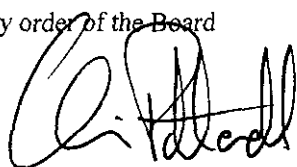
The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware there is no relevant audit information of which the Company's auditors are unaware; and each director has taken all the steps that they ought to have taken as a director to make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

Directors' report *(continued)*

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board

A handwritten signature in black ink, appearing to read 'C R Potterell', written over the text 'By order of the Board'.

C R Potterell
Company Secretary

The Chrysalis Building
Bramley Road
London
W10 6SP

26 February 2007

Statement of directors' responsibilities in respect of the directors' report and the financial statements

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The financial statements are required by law to 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;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping 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*. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Independent Auditors' Report to the members of Fanfare Music Company Limited

We have audited the financial statements of Fanfare Music Company Limited for the year ended 31st August 2006 which comprise of the Profit and Loss account and Balance Sheet and the related notes. 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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page three.

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 and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

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 judgments 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.

Independent Auditors' Report to the members of Fanfare Music Company Limited
(continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st August 2006 and of its result 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.

KPMG Audit Plc

26 February 2007

KPMG Audit Plc

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Chartered Accountants
Registered Auditor

Profit and loss account

for the year ended 31 August 2006

	<i>Note</i>	2006 £	2005 £
Turnover	<i>1</i>	2,232	2,594
Cost of sales		(797)	(1,096)
		<hr/>	<hr/>
Gross profit		1,435	1,498
Administrative expenses		(5,935)	(1,498)
		<hr/>	<hr/>
Operating (loss)/profit		(4,500)	-
Other interest receivable and similar income		4,500	-
		<hr/>	<hr/>
Profit on ordinary activities before and after taxation	<i>2,4</i>	-	-
		<hr/> <hr/>	<hr/> <hr/>

Amounts relating to turnover and operating (loss)/profit in the current and previous year derive from continuing activities.

There is no difference between the historical cost (loss)/profit and that reported in the profit and loss account.

The notes on pages 9 to 14 form part of these financial statements.

Statement of total recognised gains and losses

for the year ended 31 August 2006

There were no recognised gains or losses in the current year or prior year.

Reconciliation of movements in equity shareholders' funds

for the year ended 31 August 2006

	2006 £	2005 £
Equity shareholders' funds brought forward	6	6
Result for the year	-	-
	<hr/>	<hr/>
Equity shareholders' funds carried forward	<u>6</u>	<u>6</u>

Balance sheet

at 31 August 2006

	Note	£	2006 £	£	2005 £
Fixed assets					
Investments	6		37,502		37,502
Current assets					
Debtors	7	1,973		1,973	
Creditors: amounts falling due within one year	8	(39,469)		(39,469)	
Net current liabilities			(37,496)		(37,496)
Net assets			6		6
Capital and reserves					
Called up share capital	10		6		6
Profit and loss account			-		-
Shareholders' funds			6		6

These financial statements were approved by the Board of directors on 26 February 2007 and were signed on its behalf by:



N R Fenton
Director

The notes on pages 9 to 14 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements, except as noted below. In these financial statements the following new standards have been adopted for the first time:

- FRS 21 – Events after the balance sheet date;
- FRS 25 – Financial instruments: presentation and disclosure; and
- FRS 28 – Corresponding amounts.

The accounting policies under these new standards are set out below together with an indication of the effects of their adoption. FRS 28 – Corresponding amounts had no material effect as it imposes the same requirements for comparatives as hitherto required by the Companies Act 1985. The corresponding amounts in these financial statements are, other than those covered by the exception permitted by FRS 25, restated in accordance with the new policies.

In 2006 the company adopted FRS 21 – Events after the balance sheet date which requires recognition of dividends as a liability in the period in which they are paid or proposed. This had no material effect in the year of adoption.

Basis of preparation

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

Going concern

The accounts have been prepared on a going concern basis in view of the fact that Chrysalis Group PLC, has formally indicated that it will provide sufficient funding to the company to enable to meet its liabilities as they fall due, for at least the next twelve months.

Group accounts

The company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group. The company's results are included in the consolidated accounts of Chrysalis Group PLC, registered in England and Wales.

Turnover

Turnover represents music publishing royalties (excluding value added tax) and relates wholly to the company's principal activity.

Notes (continued)

1 Accounting policies (continued)

Music publishing royalties

Music publishing royalties derived from the inclusion of the company's copyrights on recorded music products or from performance are recognised when they are earned by the company from the relevant collection society or record company. Royalties derived from the synchronisation of the company's copyrights on television programmes, films or advertisements are recognised as earned. Any unrecouped royalty advances received are carried forward until the end of the relevant contract period.

Royalties payable are expensed on an accruals basis except that advances payable are carried forward within trade and other receivables where they relate to proven artists or song writers and where it is estimated that sufficient future royalties will be recouped against those advances. Advances paid to unproven songwriters are written off in the income statement in the year they are incurred.

Investments

Investment in subsidiary is stated at cost less amounts written off.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Exchange differences are taken into account in arriving at the profit on ordinary activities.

Taxation

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

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

Chrysalis Group PLC entities are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of the group that such losses will be purchased and paid for by the recipient company. Where there is reasonable certainty that taxable losses can be utilised the group relief receivable is included in the taxation charge or credit for the year.

2 Result on ordinary activities before taxation

	2006 £	2005 £
<i>Result on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	580	580
	<hr/>	<hr/>

Notes (continued)

3 Directors' and employees' remuneration

None of the Directors were remunerated by the company during the year (2005: *nil*).

Messrs R J H Lascelles and N R Fenton received remuneration from Chrysalis Group PLC which is included in the total payroll costs of that company. Messr C N Wright also received remuneration from Chrysalis Group PLC, which is disclosed in the financial statements of that company.

The company did not have any other employees and as a result incurred no staff costs (2005: *£nil*).

4 Other interest receivable and similar income

	2006	2005
	£	£
Management fee	4,500	-
	<u>4,500</u>	<u>-</u>

5 Taxation

No tax charge arises as there are no taxable profits in either the current or prior year.

Notes (continued)

6 Investments

	Shares in group undertakings £
<i>Shares:</i>	
<i>Cost</i>	
At beginning and end of year	37,502
	<hr/>
<i>Provisions</i>	
At beginning and end of year	-
	<hr/>
<i>Net book value</i>	
At 31 August 2006	37,502
	<hr/>
	37,502
At 31 August 2005	<hr/> <hr/>

The investment is in 100% of the ordinary share capital of Tin Pan Alley Music Limited, a company incorporated in England and Wales.

	Country of Incorporation	Principal activity	Class and Percentage of shares held
<i>Subsidiary undertakings</i>			
Tin Pan Alley Music Limited	England and Wales	Music publishing	100% Ordinary shares

In the opinion of the directors the investment in the company's subsidiary is worth at least the amount at which it is stated in the company's balance sheet.

7 Debtors: due within one year

	2006 £	2005 £
Other debtors	1,973	1,973
	<hr/>	<hr/>

Notes (continued)

8 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	2,045	1,486
Amounts owed to group undertakings	35,824	36,057
Accruals and deferred income	1,600	1,926
	<u>39,469</u>	<u>39,469</u>

9 Deferred tax

Deferred tax has not been provided for at 31 August 2006 or 31 August 2005 on the basis that there are no timing differences at the end of either year.

10 Called up share capital

	2006 £	2005 £
<i>Equity</i>		
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
6 ordinary shares of £1 each	6	6
	<u> </u>	<u> </u>

11 Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised 1996) on the grounds that its parent undertaking, Chrysalis Group PLC, includes the company in its own published consolidated financial statements.

12 Related party transactions

As the company is a wholly owned subsidiary of Chrysalis Group PLC, the company has taken advantage of the exemption contained in Financial Reporting Standard 8 Related Party Disclosure and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Chrysalis Group PLC, within which the company is included, can be obtained from the address given in note 14. There were no other related party transactions.

Notes (continued)

13 Contingent liabilities

The company has not adopted amendments to FRS 26 in relation to financial guarantee contracts which apply for periods commencing on or after 1 January 2006.

Where the company enters into financial guarantee contracts to guarantee the indebtedness of other companies within its group, the company considers these to be insurance arrangements, and accounts for them as such. In this respect, the company treats the guarantee contract as a contingent liability until such time as it becomes probable that the company will be required to make a payment under the guarantee. The company does not expect the amendments to have any impact on the financial statements for the period commencing 1 September 2006.

14 Ultimate parent company

Fanfare Music Company Limited is a wholly owned subsidiary of Global Chrysalis Music Publishing Company Limited, a company incorporated in England and Wales.

The ultimate parent company is Chrysalis Group PLC, which is registered in England and Wales, for which consolidated accounts are prepared. The consolidated accounts of this company may be obtained from The Secretary, Chrysalis Group PLC, The Chrysalis Building, Bramley Road, London W10 6SP.