

COMPANY REGISTRATION NUMBER 691827

EMI Paradise Music Limited
Financial Statements
31 March 2007

FRIDAY



A21

AN7KQWNX

25/01/2008

540

COMPANIES HOUSE

EMI Paradise Music Limited

Officers and Professional Advisers

The board of directors	P J Cox (resigned - 31 March 2007) J C Channon G K Moot C W Booth F Malyan A G Bebawi M N Bandier (resigned - 6 March 2007)
Company secretary	A G Bebawi
Registered office	27 Wrights Lane London W8 5SW
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

EMI Paradise Music Limited

The Directors' Report

year ended 31 March 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2007

Principal activities and business review

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

Business Review

During the financial year, the company performed reasonably well, but both turnover and operating result fell compared to last year. Turnover was down 6% on last year and the operating result was also down 19% 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 more satisfactory position than the prior year 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 consistent with last year at 59% and the operating margin has fallen from 21% to 18% due to a slight rise in expenses paid.

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.

Results and dividends

The profit for the year amounted to £605 (2006 profit £480). The directors have not recommended a dividend (2006 £nil).

Directors

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

P J Cox resigned as a director on 31 March 2007.

M N Bandier resigned as a director on 6 March 2007.

EMI Paradise Music Limited

The Directors' Report *(continued)*

year ended 31 March 2007

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 directors are 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

Qualifying third party indemnity provisions

EMI Group Limited, (formerly 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)

Signed on behalf of the directors

A handwritten signature in black ink, consisting of several overlapping loops and a long horizontal stroke extending to the right.

Approved by the directors on 28 November 2007

EMI Paradise Music Limited

Statement of Directors' Responsibilities

year ended 31 March 2007

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. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

EMI Paradise Music Limited

Independent Auditor's Report to the Members of EMI Paradise Music Limited

year ended 31 March 2007

We have audited the company's financial statements for the year ended 31 March 2007 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 13. 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are 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 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 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.

EMI Paradise Music Limited

Independent Auditor's Report to the Members of EMI Paradise Music Limited *(continued)*

year ended 31 March 2007

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 2007 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

~~28~~ November 2007

30

EMI Paradise Music Limited

Profit and Loss Account

year ended 31 March 2007

	Note	2007 £	2006 £
Turnover	2	2,531	2,686
Cost of sales		(1,033)	(1,098)
Gross profit		1,498	1,588
Administrative expenses		(1,042)	(1,024)
Operating profit	3	456	564
Interest from group undertakings	6	136	122
Profit on ordinary activities before taxation		592	686
Tax on profit on ordinary activities	7	13	(206)
Profit on ordinary activities after taxation, being profit for the financial year		605	480

All of the activities of the company are classed as continuing

Statement of total recognised gains and losses

There are no recognised gains or losses other than the profit of £605 attributable to the shareholders for the year ended 31 March 2007 (2006 - profit of £480)

The notes on pages 10 to 13 form part of these financial statements

EMI Paradise Music Limited

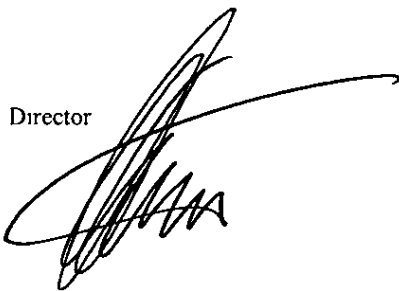
Balance Sheet

31 March 2007

	Note	2007 £	2006 £
Current assets			
Debtors	8	26,864	24,333
Cash at bank and in hand		6,276	6,182
		<u>33,140</u>	<u>30,515</u>
Creditors. Amounts falling due within one year	9	4,192	2,172
Net current assets		<u>28,948</u>	<u>28,343</u>
Total assets less current liabilities		<u>28,948</u>	<u>28,343</u>
Capital and reserves			
Called-up equity share capital	10	100	100
Profit and loss account	11	28,848	28,243
Shareholders' funds	11	<u>28,948</u>	<u>28,343</u>

These financial statements were approved by the directors on the 28 November 2007 and are signed on their behalf by

Director



The notes on pages 10 to 13 form part of these financial statements

EMI Paradise Music Limited

Cash Flow Statement

year ended 31 March 2007

	Note	2007 £	2006 £
Net cash inflow from operating activities	12(a)	976	2
Returns on investments and servicing of finance	12(b)	136	122
Taxation	12(c)	(1,018)	(76)
Increase in cash		<u>94</u>	<u>48</u>

Reconciliation of net cash flow to movement in net funds

		2007 £	2006 £
Increase in cash in the period		<u>94</u>	<u>48</u>
Movement in net funds in the period		<u>94</u>	<u>48</u>
Net funds at 1 April 2006	12(d)	<u>6,182</u>	<u>6,134</u>
Net funds at 31 March 2007	12(d)	<u>6,276</u>	<u>6,182</u>

The notes on pages 10 to 13 form part of these financial statements.

EMI Paradise Music Limited

Notes to the Financial Statements

year ended 31 March 2007

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention

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

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

	2007 £	2006 £
United Kingdom	2,431	2,581
Rest of Europe	66	87
USA	34	-
Rest of the world	-	18
	<u>2,531</u>	<u>2,686</u>

3. Operating profit

Operating profit is stated after charging

	2007 £	2006 £
Auditor's remuneration - as auditor	<u>1,000</u>	<u>950</u>

4. Directors' emoluments

The directors received no remuneration for their services to the company during the year (2005-£nil)

5. Particulars of employees

The company had no employees (2006 - none)

6. Interest receivable

	2007 £	2006 £
Bank interest receivable	<u>136</u>	<u>122</u>

EMI Paradise Music Limited

Notes to the Financial Statements

year ended 31 March 2007

7 Tax on profit/(loss) on ordinary activities

	2007 £	2006 £
Current tax		
UK corporation tax	178	206
Tax over provided in previous years	(191)	—
Total current tax (credit)/charge	(13)	206

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is the same as the standard rate of corporation tax in the UK of 30% (2006 - 30%) The differences are reconciled below

	2007 £	2006 £
Profit/(loss) on ordinary activities before tax	592	686
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2006 - 30%)	178	206
Effect of Tax over provided in previous years	(191)	—
Total current tax (credit)/charge	(13)	206

Factors affecting future tax charge

As part of the EMI Group, the company may receive or surrender losses by way of group relief This receipt or surrender may be made with or without charge, although group policy is currently to charge £1 for every £1 of group relief received

8 Debtors

	2007 £	2006 £
Amounts owed by group undertakings	26,864	24,333

9 Creditors: Amounts falling due within one year

	2007 £	2006 £
Trade creditors	935	963
Amounts owed to group undertakings	3,079	—
Corporation tax	178	1,209
Total	4,192	2,172

EMI Paradise Music Limited

Notes to the Financial Statements

year ended 31 March 2007

10. Share capital

Authorised, allotted, called up and fully paid

	2007	2006
	£	£
50 "A" ordinary shares of £1 each	50	50
50 "B" ordinary shares of £1 each	50	50
	<u>100</u>	<u>100</u>

The "A" and "B" shares rank pari passu in all respects apart from the fact that every "A" shareholder shall have two votes to every one vote held by a "B" shareholder

11. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total shareholders' funds
	£	£	£
At 31 March 2006	100	28,243	28,343
Profit for the year	-	605	605
At 31 March 2007	<u>100</u>	<u>28,848</u>	<u>28,948</u>

12. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2007	2006
	£	£
Operating profit	456	564
(Increase)/decrease in debtors	(2,531)	16
Increase/(decrease) in creditors	3,051	(578)
Net cash inflow from operating activities	<u>976</u>	<u>2</u>

(b) Returns on investments and servicing of finance

	2007	2006
	£	£
Interest received	136	122
Net cash inflow from returns on investments and servicing of finance	<u>136</u>	<u>122</u>

(c) Taxation

	2007	2006
	£	£
Taxation	<u>(1,018)</u>	<u>(76)</u>

(d) Analysis of changes in net funds

	At 1 Apr 2006	Cash flows	At 31 Mar 2007
	£	£	£
Cash in hand and at bank	6,182	94	6,276
Net funds	<u>6,182</u>	<u>94</u>	<u>6,276</u>

EMI Paradise Music Limited

Notes to the Financial Statements

year ended 31 March 2007

13. Related party transactions

An amount of £26,864 (2006 £24,333) was due from EMI Music Publishing Limited, a member of the EMI group, at 31 March 2007