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EMI Paradise Music Limited

Report and Financial Statements

31 March 2005

 ERNST & YOUNG



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COMPANIES HOUSE

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EMI Paradise Music Limited

Registered No. 691827

Directors

M N Bandier
P H C Reichardt
T J Foster-Key
C Mileson
P J Cox
J C Channon
C W Booth

Secretary

C Mileson

Auditors

Ernst & Young LLP
1 More London Place
London SE1 2AF

Bankers


NatWest Bank PLC
Dean Street Branch
PO Box 2162
20 Dean Street
London W1A 1SX

Solicitors

Mayer, Brown, Rowe & Maw LLP
11 Pilgrim Street
London EC4V 6RW

Registered Office

127 Charing Cross Road
London WC2H 0QY

 ERNST & YOUNG

Directors' report

The directors present their report and financial statements for the year ended 31 March 2005.

Results and dividends

The loss for the year amounted to £145 (2004 – profit of £806).

The directors do not recommend payment of a dividend (2004 – £nil) and therefore the loss of £145 (2004 – profit of £806) was transferred to reserves.

Principal activity and review of the business

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

Directors and their interests

The directors who served during the year ended 31 March 2005 were as follows:

M N Bandier
P H C Reichardt (resigned 31 May 2005)
T J Foster-Key
C Mileson
P J Cox
J C Channon
C W Booth

All the directors are also directors of EMI Music Publishing Limited and their interests in the share and loan capital of EMI Group plc, are disclosed in the directors' report of EMI Music Publishing Limited.

Directors' and officers' liability insurance

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).

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the Board



Secretary

5 AUG 2005

Statement of directors' responsibilities in respect of the financial statements

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. 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.

Independent auditors' report

to the members of EMI Paradise Music Limited

We have audited the company's financial statements for the year ended 31 March 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, Statement of Cash flows and the related notes 1 to 13. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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.

Independent auditors' report

to the members of EMI Paradise Music Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
London

5 August 2005

Profit and loss account

for the year ended 31 March 2005

	Notes	2005 £	2004 £
Turnover	2	2,836	3,647
Cost of sales		(1,679)	(1,623)
Gross profit		1,157	2,024
Administrative expenses		(1,018)	(1,013)
Operating profit	3	139	1,011
Interest receivable and similar income	6	116	67
Profit on ordinary activities before taxation		255	1,078
Tax on profit on ordinary activities	7	(400)	(272)
Retained (loss)/profit for the year		(145)	806
Statement of retained profits			
As at 1 April		26,130	25,324
Retained loss for the year		(145)	806
At 31 March		25,985	26,130

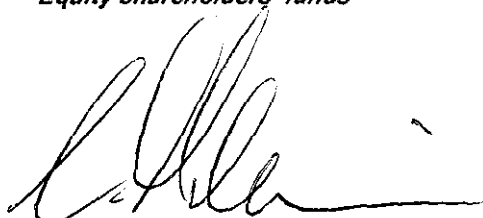
Statement of total recognised gains and losses
for the year ended 31 March 2005

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £145 for the year ended 31 March 2005 and the profit of £806 for the year ended 31 March 2004.

Balance sheet

at 31 March 2005

	Notes	2005 £	2004 £
Current assets			
Cash at bank and in hand		6,134	6,086
Debtors	8	21,809	46,105
		<u>27,943</u>	<u>52,191</u>
Creditors: amounts falling due within one year	9	(1,858)	(25,961)
Net current assets		<u>26,085</u>	<u>26,230</u>
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	25,985	26,130
Equity shareholders' funds		<u>26,085</u>	<u>26,230</u>



Director

15 AUG 2005

Statement of cash flows

for the year ended 31 March 2005

	Notes	2005 £	2004 £
<i>Net cash inflow from operating activities</i>	12(a)	255	209
<i>Returns on investments and servicing of finance</i>	12(b)	116	67
<i>Taxation</i>		(323)	(272)
<i>Increase in cash</i>		<u>48</u>	<u>4</u>

Reconciliation of cash flow to movement in net funds

	2005 £	2004 £
<i>Increase in cash</i>	<u>48</u>	<u>4</u>
<i>Movement in net funds</i>	48	4
<i>Net funds at 1 January</i>	6,086	6,082
<i>Net funds at 31 December</i>	<u>6,134</u>	<u>6,086</u>

Notes to the financial statements

at 31 March 2005

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rate 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 is defined as income from copyrights on a cash basis 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 market is given below:

	2005 £	2004 £
United Kingdom	2,737	3,510
Rest of europe	99	137
	<u>2,836</u>	<u>3,647</u>

3. Operating profit

This is stated after charging:

	2005 £	2004 £
Auditors' remuneration	950	950
Bank charges	68	63
	<u>1,018</u>	<u>1,013</u>

4. Directors' emoluments

The directors received no remuneration for their services to the company during the year (2004 – £nil).

5. Staff costs

The company has no employees (2004 – none).

Notes to the financial statements

at 31 March 2005

6. Interest receivable and similar income

	2005	2004
	£	£
Bank interest	116	67

7. Tax on profit on ordinary activities

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2005	2004
	£	£
Current tax:		
UK corporation tax	77	—
Tax underprovided in previous years	323	272
Total current tax (note 7(b))	400	272
Deferred tax:		
Origination and reversal of timing differences	—	—
Tax on profit on ordinary activities	400	272

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2003 – 30%). the differences are reconciled below:

	2004	2003
	£	£
Profit on ordinary activities before tax	255	1,078
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2003 – 30%)	77	323
Tax underprovided in previous years	323	272
Other	—	(323)
Total current tax (note 8(a))	400	272

8. Debtors

	2005	2004
	£	£
Amounts owed by group undertakings	21,809	46,105

Notes to the financial statements

at 31 March 2005

9. Creditors: amounts falling due within one year

	2005	2004
	£	£
Trade creditors	1,541	25,721
Corporation tax	317	240
	<u>1,858</u>	<u>25,961</u>

10. Share capital

	2005	2004
	£	£
<i>Authorised, allotted, called up and fully paid</i>		
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 parri 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 1 April 2003	100	25,324	25,424
Profit for the year	—	806	806
At 31 March 2004	<u>100</u>	<u>26,130</u>	<u>26,230</u>
Loss for the year	—	(68)	(68)
At 31 March 2005	<u>100</u>	<u>26,062</u>	<u>26,162</u>

Notes to the financial statements

at 31 March 2005

12. Notes to the statement of cash flows

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

	2005	2004
	£	£
Operating profit	139	1,011
(Decrease)/increase in creditors	(24,180)	1,214
Decrease/(increase) in debtors	24,296	(2,016)
Net cash inflow from operating activities	<u>255</u>	<u>209</u>

(b) Return on investments and servicing of finance

	2004	2003
	£	£
Interest received	<u>116</u>	<u>67</u>

13. Related party transactions

The company has taken advantage of the exemption contained in FRS 8, Related Party Disclosures, from disclosure of related party transactions with group undertakings on the basis that such transactions are included in the consolidated group financial statements of EMI Group plc.