

916422

Apple Publishing Limited

Report and Financial Statements

31 December 2004



Apple Publishing Limited

Registered No: 916422

Directors

Mrs Y O Lennon
Mrs O T Harrison
J L Eastman
H L Gerrard

Secretary

Standby Films Limited

Auditors

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

Bankers

National Westminster Bank Plc
Piccadilly and New Bond Street Branch
PO Box 2AG
63 Piccadilly
London
W1A 2AG

Registered office

27 Ovington Square
London
SW3 1LJ

Directors' report

The directors present their report and financial statements for the year ended 31 December 2004.

Results and dividends

The profit for the year, after taxation, amounted to £385,302. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the year was the acquisition and exploitation of the copyright of musical works. The company's result for the year was as expected.

Directors and their interests

The directors at 31 December 2004 and their interests in the share capital of the company were as follows:

| | <i>At 31 December 2004 Ordinary shares</i> | <i>At 1 January 2004 Ordinary shares</i> |
|------------------|--|--|
| Mrs Y O Lennon | 25 | 25 |
| Mrs O T Harrison | 25 | 25 |
| J L Eastman | — | — |
| H L Gerrard | — | — |

Auditors

In accordance with section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 16 December 1997. Accordingly, Ernst & Young LLP will be deemed to be reappointed as auditors.

By order of the board



For and on behalf of
Standby Films Limited
Secretary

3 OCT 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 Apple Publishing Limited

We have audited the company's financial statements for the year ended 31 December 2004 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 11. 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 Apple Publishing 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 December 2004 and of its profit 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

3 OCT 2005

Profit and loss account for the year ended 31 December 2004


| | Notes | 2004 £ | 2003 £ |
|--|-------|-----------|-----------|
| Turnover | 2 | 233,603 | 227,751 |
| Cost of sales - royalties payable | | (161,135) | (165,778) |
| - release of accruals | | 471,728 | - |
| Gross profit | | 544,196 | 61,973 |
| Administrative expenses | | 19,884 | (14,016) |
| Operating profit | 3 | 524,312 | 47,957 |
| Bank interest receivable | | 25,010 | 13,342 |
| Interest payable and similar charges | 5 | - | (221) |
| | | 25,010 | 13,121 |
| Profit on ordinary activities before taxation | | 549,322 | 61,078 |
| Tax on profit on ordinary activities | 6 | (164,020) | (18,376) |
| Retained profit for the financial year | | 385,302 | 42,702 |

Statement of total recognised gains and losses

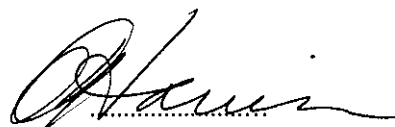
There were no recognised gains or losses other than the profit for the year of £385,302 (2003 - profit of £42,702).

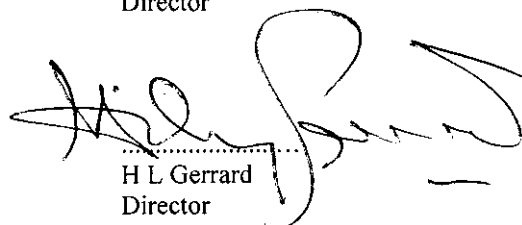
Balance sheet at 31 December 2004

| | Notes | 2004 £ | 2003 £ |
|---|-------|----------------|----------------|
| Current assets | | | |
| Debtors | 7 | 103,671 | 166,705 |
| Cash at bank | | 637,885 | 460,056 |
| | | <u>741,556</u> | <u>626,761</u> |
| Creditors: amounts falling due within one year | 8 | 280,373 | 550,880 |
| | | <u>461,183</u> | <u>75,881</u> |
| Net current assets | | | |
| Capital and reserves | | | |
| Called up share capital | 9 | 100 | 100 |
| Profit and loss account | 10 | 461,083 | 75,781 |
| | | <u>461,183</u> | <u>75,881</u> |
| Equity shareholders' funds | 10 | | |


Mrs Y O Lennon
Director


J L Eastman
Director


Mrs O T Harrison
Director


H L Gerrard
Director

3 OCT 2005

Notes to the financial statements

at 31 December 2004

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Cash flow statement

The company has taken advantage of the concession in FRS 1 "Cash Flow Statements" which exempts a company from the requirement to prepare a statement of cash flows on the grounds that the company is small as defined in companies legislation.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception:

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

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.

Affiliated undertakings

In these financial statements undertakings are described as affiliated to Apple Publishing Limited if:

- (a) they have the same shareholders or ultimate shareholders as Apple Publishing Limited; or
- (b) the undertaking is owned by one or more of the shareholders of Apple Publishing Limited.

2. Turnover

Turnover from continuing activities comprises royalty income and licence fees, exclusive of VAT, which are accounted for on an accruals basis.

It is the opinion of the directors that, in view of the nature of the company's business, the markets in which it operates do not differ substantially from each other and are therefore treated as one market for the purposes of disclosing the particulars of turnover in these financial statements.

3. Operating profit

This is stated after charging/(crediting):

| | 2004 £ | 2003 £ |
|---|-----------|-----------|
| Auditors' remuneration - audit services | 5,000 | 5,000 |
| Net loss/(profit) on foreign currency translation | 1,535 | (6,355) |

Notes to the financial statements

at 31 December 2004

4. Staff costs

None of the directors received any remuneration from the company during the year (2003 - £nil). There were no employees other than the directors during the year.

5. Interest payable and similar charges

| | 2004 £ | 2003 £ |
|-----------------------|-----------|-----------|
| Bank interest payable | — | 221 |

6. Taxation

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

| | 2004 £ | 2003 £ |
|--------------------------------------|-----------|-----------|
| <i>Current tax:</i> | | |
| UK corporation tax | 165,000 | 18,376 |
| Tax over provided in previous years | (980) | — |
| Total current tax charge (note 6(b)) | 164,020 | 18,376 |

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year differs from 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 taxation | 549,322 | 61,078 |
| Profit multiplied by standard rate of corporation tax of 30% (2003 - 30%) | 164,797 | 18,323 |
| Other adjustments | 203 | 53 |
| Tax over provided in previous years | (980) | — |
| Total current tax charge (note 6(a)) | 164,020 | 18,376 |

(c) Deferred tax

There was no liability to deferred taxation at either 31 December 2004 or 31 December 2003.

7. Debtors

| | 2004 £ | 2003 £ |
|--------------------------------|-----------|-----------|
| Corporation tax repayable | — | 38,525 |
| Other debtors | 234 | 40 |
| Prepayments and accrued income | 102,008 | 127,294 |
| Accrued interest receivable | 1,429 | 846 |
| | 103,671 | 166,705 |

Notes to the financial statements

at 31 December 2004

8. Creditors: amounts falling due within one year

| | 2004 £ | 2003 £ |
|---|----------------|----------------|
| Trade creditors | 66,414 | 406,075 |
| Amounts owed to affiliated undertakings | 153,236 | 138,808 |
| Accruals and deferred income | 1,697 | 5,997 |
| Current corporation tax | 59,026 | — |
| | <u>280,373</u> | <u>550,880</u> |

9. Share capital

| | 2004 £ | Authorised 2003 £ |
|----------------------------|------------|-------------------------|
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

| | Allotted, called up and fully paid | |
|----------------------------|------------------------------------|------------|
| | 2004 | 2003 |
| | No. | No. |
| | £ | £ |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

10. Reconciliation of shareholders' funds and movement on reserves

| | Share capital £ | Profit and loss account £ | Total share- holders' funds £ |
|---------------------|--------------------|---------------------------------|-------------------------------------|
| At 31 December 2002 | 100 | 33,079 | 33,179 |
| Profit for the year | — | 42,702 | 42,702 |
| At 31 December 2003 | <u>100</u> | <u>75,781</u> | <u>75,881</u> |
| Profit for the year | — | 385,302 | 385,302 |
| At 31 December 2004 | <u>100</u> | <u>461,083</u> | <u>461,183</u> |

11. Related party transactions

At 31 December 2004, Apple Music Publishing Co. Inc., a company which has the same ultimate shareholders as the company, was owed £71,054 (2003 - £61,627) by the company.

The company also owed Apple Corps Limited, another company which has the same ultimate shareholders as the company, £62,537 (2003 - £57,537) and Maclen (Music) Limited, which is owned by one or more of the shareholders of Apple Publishing Limited £19,218 (2003 - £19,218).