

# **Apple Publishing Limited**

## **Report and Financial Statements**

31 December 2003



## 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 2003.

### Results and dividends

The profit for the year, after taxation, amounted to £42,702. 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

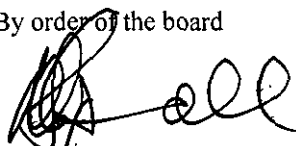
The directors at 31 December 2003 and their interests in the share capital of the company were as follows:

	<i>At 31 December 2003 Ordinary shares</i>	<i>At 1 January 2003 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

20 JAN 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 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 12. 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.

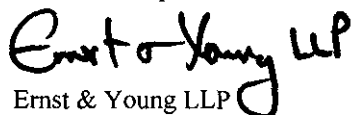
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP  
Registered Auditor  
London

**20 JAN 2005**

## Profit and loss account for the year ended 31 December 2003


	Notes	2003 £	As restated 2002 £
<b>Turnover</b>	2	227,751	275,512
Cost of sales		165,778	308,542
<b>Gross profit/(loss)</b>		61,973	(33,030)
Administrative expenses		(14,016)	(10,784)
<b>Operating profit/(loss)</b>	4	47,957	(43,814)
Bank interest receivable		13,342	13,639
Interest payable and similar charges	6	(221)	—
		13,121	13,639
<b>Profit/(loss) on ordinary activities before taxation</b>		61,078	(30,175)
Tax on profit/(loss) on ordinary activities	7	(18,376)	983
<b>Retained profit /(loss) for the financial year</b>		42,702	(29,192)

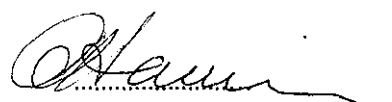
## Statement of total recognised gains and losses

	2003 £	As restated 2002 £
<b>Profit/(loss) on ordinary activities after taxation</b>	42,702	(29,192)
Cumulative effect of prior year adjustment (note 3)	21,288	
<b>Total gains recognised since last annual report</b>	63,990	

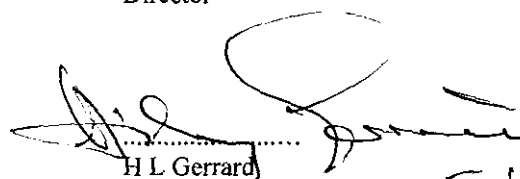
# **Balance sheet** at 31 December 2003

	Notes	2003 £	As restated 2002 £
<b>Current assets</b>			
Debtors	8	166,705	170,737
Cash at bank		460,056	321,082
		<u>626,761</u>	<u>491,819</u>
<b>Creditors: amounts falling due within one year</b>	9	550,880	458,640
		<u>75,881</u>	<u>33,179</u>
<b>Net current assets</b>			
<b>Capital and reserves</b>			
Called up share capital	10	100	100
Profit and loss account	11	75,781	33,079
		<u>75,881</u>	<u>33,179</u>
<b>Equity shareholders' funds</b>	11		

  
Mrs Y O Lennon  
Director

  
Mrs O T Harrison  
Director

  
J L Eastman  
Director

  
H L Gerrard  
Director

20 JAN 2005



## Notes to the financial statements

at 31 December 2003

### 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.

## Notes to the financial statements

at 31 December 2003

### 3. Prior year adjustment

Following a review of accounting policies by the directors, the company has changed the basis of recognition of royalty receipts from a notified basis to an accruals basis. The resulting adjustment, which has also impacted certain expenses, has increased profits after tax for the year ended 31 December 2003 by £3,730. Shareholders' funds as at 1 January 2002 have been increased by £47,083 and the loss for the year ended 31 December 2002 has increased by £25,795.

### 4. Operating profit/(loss)

This is stated after charging/(crediting):

	2003 £	2002 £
Auditors' remuneration - audit services	5,000	5,000
Net profit on foreign currency translation	(6,355)	(4,462)

### 5. Staff costs

None of the directors received any remuneration from the company during the year. There were no employees other than the directors during the year.

### 6. Interest payable and similar charges

	2003 £	2002 £
Bank interest payable	221	-

### 7. Taxation

(a) Tax on profit/(loss) on ordinary activities

The tax charge/(credit) is made up as follows:

	2003 £	As restated 2002 £
<i>Current tax:</i>		
UK corporation tax	18,376	(1,025)
Tax under provided in previous years	-	42
Total current tax charge/(credit) (note 7(b))	18,376	(983)

There was no liability to deferred taxation at either 31 December 2003 or 31 December 2002.

## Notes to the financial statements

at 31 December 2003

### 7. Taxation (continued)

#### (b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2002 - 30%). The differences are reconciled below:

	2003	<i>As restated</i> 2002
	£	£
Profit/(loss) on ordinary activities before taxation	61,078	(30,175)
Profit/(loss) multiplied by standard rate of corporation tax of 30% (2002 - 30%)	18,323	(9,052)
Expenses not deductible for tax purposes	-	300
Other adjustments	53	(11)
Tax losses carried back to earlier years	-	7,738
Tax underprovided in previous years	-	42
Total current tax charge/(credit) (note 7(a))	18,376	(983)

### 8. Debtors

	2003	<i>As restated</i> 2002
	£	£
Corporation tax repayable	38,525	11,901
Other debtors	40	73
Prepayments and accrued income	127,294	158,133
Accrued interest receivable	846	630
	166,705	170,737

### 9. Creditors: amounts falling due within one year

	2003	<i>As restated</i> 2002
	£	£
Trade creditors	406,075	338,928
Amounts owed to affiliated undertakings	138,808	116,223
Accruals and deferred income	5,997	3,489
	550,880	458,640

## Notes to the financial statements

at 31 December 2003

### 10. Share capital

	2003	Authorised 2002
	£	£
Ordinary shares of £1 each	100	100

	Allotted, called up and fully paid		
	2003		2002
	No.	£	No.
		£	
Ordinary shares of £1 each	100	100	100

### 11. Reconciliation of shareholders' funds and movement on reserves

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
At 1 January 2002 as previously stated	100	15,188	15,288
Prior year adjustment	—	47,083	47,083
Loss for the year	—	(29,192)	(29,192)
As previously stated	—	(3,397)	(3,397)
Prior year adjustment	—	(25,795)	(25,795)
At 31 December 2002 as restated	100	33,079	33,179
Profit for the year	—	42,702	42,702
At 31 December 2003	100	75,781	75,881

### 12. Related party transactions

At 31 December 2003, Apple Music Publishing Co. Inc., a company which has the same ultimate shareholders as the company, was owed £61,627 (2002 - £44,041) by the company.

The company also owed Apple Corps Limited, another company which has the same ultimate shareholders as the company, £57,537 (2002 - £52,537) and Maclen (Music) Limited, which is owned by one or more of the shareholders of Apple Publishing Limited £19,218 (2002 - £19,218).