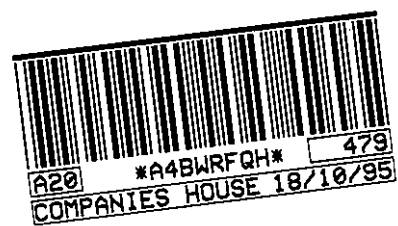


EMI VIRGIN MUSIC LIMITED

ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1995

REGISTERED NUMBER 1082337



EMI VIRGIN MUSIC LIMITED

Directors: Mr M N Bandier
Mr P H C Reichardt
Mr T J Foster-Key
Ms K M O'Dwyer
Ms S D Perryman
Ms D J Harris

Secretary: Ms D J Harris

Registered Office: 127 Charing Cross Road, London WC2H 0EA

REPORT OF THE DIRECTORS

The directors submit the audited accounts for the year ended 31st March 1995. The profit for the year amounted to £5,910,138 (1994 - £5,605,051). The directors recommend a final dividend of £5,932,031 be paid for the year (1994 nil) and therefore a loss of £21,893 (1994 profit £5,605,051) is to be retained.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company continued to be that of music publishing. Business increased during the year, however an increase in cost of sales and expenses resulted in a decrease in profits. No material change in the activities of the business is contemplated.

DIRECTORS

The directors of the company during the year ended 31st March 1995 were those listed above.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The parent undertaking, THORN EMI plc, has maintained insurance to cover Directors' and Officers' liability as defined by section 310(3)(a) of the Companies Act 1985 (as amended).

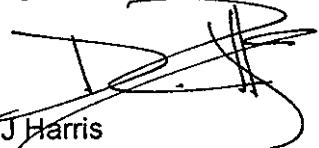
DIRECTORS' INTERESTS

All the directors are also directors of EMI Music Publishing Limited and their interests in the share and loan capital of THORN EMI plc, the ultimate parent undertaking, are disclosed in the directors' report of that company.

AUDITORS

An elective resolution to dispense with the annual appointment of auditors was passed in 1994. The existing auditors, Messrs Ernst & Young will be deemed re-appointed in accordance with section 386 of the Act, unless their appointment is brought to an end by a resolution at a meeting of shareholders pursuant to a notice of such resolution duly deposited in accordance with section 393 of the Act.

By Order Of The Board.


DJ Harris
Secretary

Dated: **14 SEP 1995**

EMI VIRGIN MUSIC LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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 VIRGIN MUSIC LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts on pages 4 to 9, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

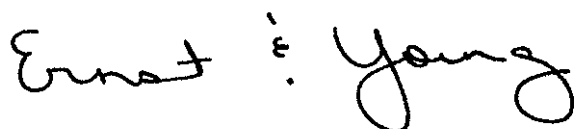
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31st March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



ERNST & YOUNG
Chartered Accountants
Registered Auditor
LONDON

14 SEP 1995

EMI VIRGIN MUSIC LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST MARCH 1995**

| | <u>NOTES</u> | <u>1995</u> £ | <u>1994</u> £ |
|---|--------------|------------------------|-------------------------|
| TURNOVER | 2 | 21,062,587 | 17,953,497 |
| Cost Of Sales | | 15,153,959 | 11,991,098 |
| | | <hr/> | <hr/> |
| GROSS PROFIT | | 5,908,628 | 5,962,399 |
| Distribution Costs | | 363,826 | 330,600 |
| Administration Expenses | | 769,396 | 589,729 |
| | | <hr/> | <hr/> |
| OPERATING PROFIT | 3 | 4,775,406 | 5,042,070 |
| Income from shares in group undertakings | 6 | 623,126 | - |
| Interest receivable and similar income | 7 | 511,606 | 562,981 |
| | | <hr/> | <hr/> |
| Profit on ordinary activities before taxation | | 5,910,138 | 5,605,051 |
| Tax on profit on ordinary activities | 8 | - | - |
| | | <hr/> | <hr/> |
| Profit on ordinary activities after taxation | | 5,910,138 | 5,605,051 |
| Dividends | 9 | 5,932,031 | - |
| | | <hr/> | <hr/> |
| RETAINED (LOSS)/PROFIT FOR THE YEAR | | <u>(21,893)</u> | <u>5,605,051</u> |

STATEMENT OF RETAINED PROFITS

| | | |
|-------------------------------------|-------------------|-------------------|
| As at 1st April 1994 | 12,705,412 | 7,100,361 |
| Retained (loss)/profit for the year | (21,893) | 5,605,051 |
| At 31st March 1995 | <u>12,683,519</u> | <u>12,705,412</u> |

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

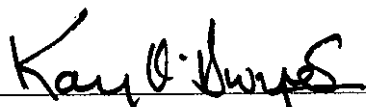
There are no recognised gains or losses other than the profit for the year.

The notes on pages 6 to 9 form part of these financial statements.

EMI VIRGIN MUSIC LIMITED

BALANCE SHEET AT 31ST MARCH 1995

| | <u>NOTES</u> | <u>1995</u> | <u>1994</u> |
|---|--------------|-------------------|-------------------|
| | | £ | £ |
| FIXED ASSETS | | | |
| Investments | 10 | <u>200</u> | <u>200</u> |
| CURRENT ASSETS | | | |
| Debtors | 11 | 26,327,702 | 19,907,459 |
| CREDITORS: amounts falling due within one year | 12 | <u>13,644,283</u> | <u>7,202,147</u> |
| NET CURRENT ASSETS | | 12,683,419 | 12,705,312 |
| TOTAL ASSETS LESS LIABILITIES | | <u>12,683,619</u> | <u>12,705,512</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 13 | 100 | 100 |
| Profit and loss account | | <u>12,683,519</u> | <u>12,705,412</u> |
| | | <u>12,683,619</u> | <u>12,705,512</u> |



DIRECTOR

14 SEP 1995

DATE

The notes on pages 6 to 9 form part of these financial statements.

EMI VIRGIN MUSIC LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(a) Accounting Convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Dividends Receivable

The results of subsidiary and associated undertakings are included in these accounts only to the extent of dividends received and receivable.

(c) Debtors - Royalty Advances

Royalties due to an advancee are credited against the outstanding advance in the year of receipt until the amount of the advance is extinguished. If it is thought that future royalties will not amount to the net value of the advance, then a provision for the estimated shortfall is raised.

(d) Group Accounts

The company is exempt from preparing group accounts as it is itself a subsidiary undertaking of an EC parent. Financial statements present information about the company as an individual undertaking and not about its group. Consolidated accounts can be obtained from the address shown in note 15.

(e) Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. 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

(a) Turnover is defined as income from copyrights on a cash basis after deducting all commissions and any sales taxes levied on turnover.

(b) In certain countries, the company has assigned its rights to royalty income to other undertakings of the THORN EMI group.

EMI VIRGIN MUSIC LIMITED

NOTES TO THE ACCOUNTS (continued)

2 TURNOVER (continued)

All turnover is attributable to music publishing, the analysis by market being as follows:

| | 1995 £ | 1994 £ |
|----------------|-------------------|-------------------|
| United Kingdom | 5,735,149 | 5,386,824 |
| Europe | 9,478,626 | 8,408,776 |
| USA | 3,653,143 | 2,634,895 |
| Other | 2,195,669 | 1,523,002 |
| | <u>21,062,587</u> | <u>17,953,497</u> |

3 OPERATING PROFIT

This is stated after charging/(crediting):-

| | 1995 £ | 1994 £ |
|------------------------|--------------|--------------|
| Exchange gain | - | (117,425) |
| Management fees | 1,129,442 | 1,001,345 |
| Re-organisation costs | - | 30,994 |
| Auditors' remuneration | <u>3,780</u> | <u>3,700</u> |

The exchange differences arise on loans to group undertakings used to finance long term investment in subsidiary undertakings in the USA and Japan. During the period financing of the overseas investments has been transferred to another group company.

4 EMPLOYEES

The company has no employees.

5 EMOLUMENTS OF DIRECTORS

The directors are employed and remunerated as directors or executives of EMI Music Publishing Limited, the parent undertaking, for their services to the group as a whole.

6 INCOME FROM SHARES IN GROUP UNDERTAKINGS

| | 1995 £ | 1994 £ |
|----------------------|----------------|-----------|
| Dividends receivable | <u>623,126</u> | <u>-</u> |

EMI VIRGIN MUSIC LIMITED**NOTES TO THE ACCOUNTS (continued)****7 INTEREST RECEIVABLE AND SIMILAR INCOME**

| | 1995 £ | 1994 £ |
|------------------------------------|----------------|----------------|
| Receivable from group undertakings | <u>511,606</u> | <u>562,981</u> |

8 TAXATION

The company is primarily liable for UK corporation tax on its profits. However, no provision has been made in these accounts for either current or deferred taxation as an undertaking has been received from its ultimate parent undertaking, THORN EMI plc, that the latter will assume all liability for any such taxation for accounting periods ending up to 31st March 1995 so long as the company remains a subsidiary. In view of the undertaking received, no disclosure is made in these accounts of any potential liability to taxation.

9 DIVIDENDS

| | 1995 £ | 1994 £ |
|---------------------------|------------------|-----------|
| Ordinary - Proposed Final | <u>5,932,031</u> | <u>-</u> |

10 INVESTMENTS

| | 1995 £ | 1994 £ |
|--------------------------|------------|------------|
| Subsidiary undertakings: | | |
| Shares at cost | <u>200</u> | <u>200</u> |

The details of the investments in subsidiary undertakings, all of which are registered in England and all of which conduct their business as music publishers, are as follows:-

| At 31st March 1995 | Holding | Percentage Holding |
|----------------------|-----------------|--------------------|
| EMI 10 Music Limited | Ordinary shares | 100% |
| Dinsong Limited | Ordinary shares | 100% |

In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount at which those investments are stated in the balance sheet.

11 DEBTORS

| | 1995 £ | 1994 £ |
|-------------------------------------|-------------------|-------------------|
| Advances | 2,607,000 | 2,537,000 |
| Amounts owed by parent undertakings | <u>23,720,702</u> | <u>17,370,459</u> |
| | <u>26,327,702</u> | <u>19,907,459</u> |

EMI VIRGIN MUSIC LIMITED**NOTES TO THE ACCOUNTS (continued)****12 CREDITORS: amounts falling due within one year**

| | 1995 £ | 1994 £ |
|------------------------------|-------------------|------------------|
| Trade creditors and accruals | 7,712,252 | 7,202,147 |
| Dividends payable | 5,932,031 | - |
| | <u>13,644,283</u> | <u>7,202,147</u> |

13 SHARE CAPITAL

| | 1995 £ | 1994 £ |
|--|------------|------------|
| Authorised, allotted, called up and fully paid Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

14 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

| | SHARE CAPITAL £ | PROFIT & LOSS A/C £ | TOTAL £ |
|---------------------|-----------------------|---------------------------|-------------------|
| At 1st April 1993 | 100 | 7,100,361 | 7,100,461 |
| Profit for the year | - | 5,605,051 | 5,605,051 |
| Dividend | - | - | - |
| At 1st April 1994 | 100 | 12,705,412 | 12,705,512 |
| Profit for the year | - | 5,910,138 | 5,910,138 |
| Dividend | - | (5,932,031) | (5,932,031) |
| At 31st March 1995 | <u>100</u> | <u>12,683,519</u> | <u>12,683,619</u> |

15 PARENT UNDERTAKING

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is THORN EMI plc, which is the ultimate parent undertaking registered in England and Wales. Copies of THORN EMI plc's accounts can be obtained from THORN EMI plc, 4 Tenterden Street, Hanover Square, London W1A 2AY, England.