

EMI VIRGIN MUSIC LIMITED

ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1997

REGISTERED NUMBER 1082337



EMI VIRGIN MUSIC LIMITED

Directors: Mr M N Bandier
Mr P H C Reichardt
Mr T J Foster-Key
Mr T F Bradley
Ms S D Perryman
Mrs D J Miller
Mr P J Cox
Mr J C Channon (appointed 1st April 1996)

Secretary: Mrs D J Miller

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 1997. The profit for the year amounted to £5,939,661 (1996 - £5,504,727). The directors recommend a final dividend of £5,939,661 (1996 - £5,504,727) and therefore no profits are 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 with a resultant increase in profits. No material change in the activities of the business is contemplated.

PAYMENT TO SUPPLIERS

The company agrees terms and conditions for its business transactions with suppliers. Payments are then made to these terms, subject to the terms and conditions being met by the supplier.

DIRECTORS

The directors of the company during the year ended 31st March 1997 were those listed above, together with Ms K O'Dwyer who resigned on 30th September 1997.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The parent undertaking, 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).

DIRECTORS' INTERESTS

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

EMI VIRGIN MUSIC LIMITED

REPORT OF THE DIRECTORS (continued)

AUDITORS

An elective resolution to dispense with the annual appointment of auditors was passed in 1994. The existing auditors, 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.

A handwritten signature in black ink, appearing to be 'D J Miller', written over a horizontal line.

D J Miller
Secretary
Dated:

09 JAN 1998

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 5 to 10, 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 3 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.

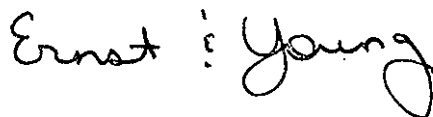
Basis of opinion

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 1997 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

09 JAN 1998

EMI VIRGIN MUSIC LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST MARCH 1997**

	<u>NOTES</u>	<u>1997</u> £	<u>1996</u> £
TURNOVER	2	20,433,785	20,080,458
Cost of Sales		14,351,974	14,693,799
		<hr/>	<hr/>
GROSS PROFIT		6,081,811	5,386,659
Distribution Costs		423,031	325,716
Administration Expenses		802,347	580,625
		<hr/>	<hr/>
OPERATING PROFIT	3	4,856,433	4,480,318
Income from shares in group undertakings	6	597,192	617,474
Interest receivable and similar income	7	486,036	547,600
		<hr/>	<hr/>
		5,939,661	5,645,392
Interest payable and similar charges	8	-	39,324
		<hr/>	<hr/>
Profit on ordinary activities before taxation		5,939,661	5,606,068
Tax on profit on ordinary activities	9	-	101,341
		<hr/>	<hr/>
Profit on ordinary activities after taxation		5,939,661	5,504,727
Dividends	10	5,939,661	5,504,727
		<hr/>	<hr/>
RETAINED (LOSS)/PROFIT FOR THE YEAR		<hr/> <hr/>	<hr/> <hr/>

STATEMENT OF RETAINED (LOSSES)/PROFITS

As at 1st April	12,683,519	12,683,519
Retained (loss)/profit for the year	-	-
At 31st March	<hr/> <hr/>	<hr/> <hr/>

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 7 to 10 form part of these accounts.

EMI VIRGIN MUSIC LIMITED

BALANCE SHEET AT 31ST MARCH 1997

	<u>NOTES</u>	<u>1997</u>	<u>1996</u>
		£	£
FIXED ASSETS			
Investments	11	<u>200</u>	<u>200</u>
CURRENT ASSETS			
Debtors	12	23,449,413	22,336,295
CREDITORS: amounts falling due within one year	13	10,765,994	9,652,876
NET CURRENT ASSETS		<u>12,683,419</u>	<u>12,683,419</u>
TOTAL ASSETS LESS LIABILITIES		<u><u>12,683,619</u></u>	<u><u>12,683,619</u></u>
CAPITAL AND RESERVES			
Called up share capital	14	100	100
Profit and loss account		12,683,519	12,683,519
		<u><u>12,683,619</u></u>	<u><u>12,683,619</u></u>



09 JAN 1998

DATE

DIRECTOR

The notes on pages 7 to 10 form part of these accounts.

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) Cashflow

A cashflow statement has not been prepared due to exemption under FRS1, as the company is a wholly owned subsidiary undertaking of an EC parent.

(f) 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 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:

	1997 £	1996 £
United Kingdom	5,859,620	6,055,859
Europe	9,109,590	9,332,875
USA	3,515,557	2,556,237
Other	1,949,019	2,135,487
	<u>20,433,785</u>	<u>20,080,458</u>

3 OPERATING PROFIT

This is stated after charging/(crediting):-

	1997 £	1996 £
Management fees	1,222,127	962,993
Auditors' remuneration	3,251	3,780
Other items	-	(60,432)
	<u>-</u>	<u>(60,432)</u>

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, a fellow subsidiary company of EMI GROUP plc, for their services to the group as a whole.

6 INCOME FROM SHARES IN GROUP UNDERTAKINGS

	1997 £	1996 £
Dividends receivable	<u>597,192</u>	<u>617,474</u>

7 INTEREST RECEIVABLE AND SIMILAR INCOME

	1997 £	1996 £
Receivable from group undertakings	<u>486,036</u>	<u>547,600</u>

EMI VIRGIN MUSIC LIMITED**NOTES TO THE ACCOUNTS (continued)****8 INTEREST PAYABLE AND SIMILAR CHARGES**

	1997 £	1996 £
Third party	-	39,324

9 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Corporation tax	-	101,341

The 1996 taxation charge was based on the results for the year ended 31st July 1989.

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, EMI GROUP plc, that the latter will assume all liability for any such taxation for accounting periods beginning with that ended 31st July 1990 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 for the year ended 31st March 1997.

10 DIVIDENDS

	1997 £	1996 £
Ordinary - Proposed Final	5,939,661	5,504,727

11 INVESTMENTS

	1997 £	1996 £
Subsidiary undertakings:		
Shares at cost	200	200

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 1997	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.

12 DEBTORS

	1997 £	1996 £
Advances	3,331,000	4,687,000
Amounts owed by parent undertakings	20,118,413	17,649,295
	23,449,413	22,336,295

EMI VIRGIN MUSIC LIMITED

NOTES TO THE ACCOUNTS (continued)

13 CREDITORS: amounts falling due within one year

	1997	1996
	£	£
Trade creditors and accruals	4,826,225	4,146,973
Other taxes	108	1,176
Dividends payable	5,939,661	5,504,727
	<u>10,765,994</u>	<u>9,652,876</u>

14 SHARE CAPITAL

	1997	1996
	£	£
Authorised, allotted, called up and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>

15 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	SHARE CAPITAL £	PROFIT & LOSS A/C £	TOTAL £
At 1st April 1995	100	12,683,519	12,683,619
Profit for the year	-	5,504,727	5,504,727
Dividend	-	(5,504,727)	(5,504,727)
At 1st April 1996	100	12,683,519	12,683,619
Profit for the year	-	5,939,661	5,939,661
Dividend	-	(5,939,661)	(5,939,661)
At 31st March 1997	<u>100</u>	<u>12,683,519</u>	<u>12,683,619</u>

16 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 EMI GROUP plc, which is the ultimate parent undertaking registered in England and Wales. Copies of EMI GROUP plc's accounts can be obtained from EMI GROUP plc, 4 Tenterden Street, Hanover Square, London W1A 2AY, England.

The company has taken advantage of the exemption contained in FRS8, Related party disclosures, from disclosure of related party transactions with group companies on the basis that such transactions are included in the consolidated group accounts of EMI GROUP plc.