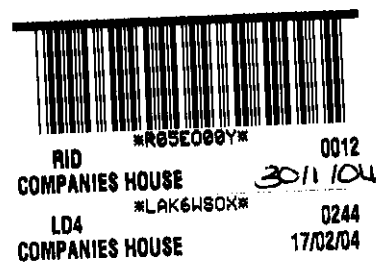


1318708

Motor Music Limited

Report and Financial Statements

31 March 2003



Motor Music Limited

Registered No. 01318708

Directors

P H C Reichardt

T J Foster-Key

P J Cox

C Mileson

J C Channon

M N Bandier

T D Bradley (resigned 31 July 2003)

S D Perryman (resigned 2 December 2003)

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 and Maw LLP

11 Pilgrim Street

London EC4V 6RW

Registered office

Publishing House

127 Charing Cross Road

London WC2H 0QY

Directors' report

The directors present their report and financial statements for the year ended 31 March 2003.

Results and dividends

The profit for the year amounted to £46,162 (2002 – £32,786). The directors do not recommend the payment of any dividends (2002 – £nil).

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 at 31 March 2003 are listed on page 1.

The only directors to have any interests in the share capital and loan stock of undertakings in EMI Group plc during the year were:

	31 March 2003	1 April 2002
<i>Options over ordinary shares of EMI Group plc</i>		
T J Foster-Key	151,962	134,526
P H C Reichardt	842,419	414,555
S D Perryman	41,858	39,288
P J Cox	7,144	7,140
J C Channon	19,066	18,986
T F Bradley	9,183	11,374
C Mileson	2,991	2,991
M N Bandier*	–	–

	31 March 2003	1 April 2002
<i>Ordinary shares held in EMI Group plc</i>		
P H C Reichardt	33,691	33,611
S D Perryman	4,060	4,060
P J Cox	36	36
J C Channon	1,084	1,084
M N Bandier*	–	–

During the year, options over shares were granted and lapsed as follows:

	Options granted	Options lapsed
T J Foster-Key	47,196	29,760
P H C Reichardt	429,344	1,480
S D Perryman	–	2,570
J C Channon	80	–
T F Bradley	–	2,191

No options were exercised during the year.

*M N Bandier is a director of the company's ultimate parent undertaking, EMI Group plc, and his interests in the shares of that company as at 1 April 2002 and 31 March 2003 are shown in its annual report.

Directors' report (continued)

Directors and their interests (continued)

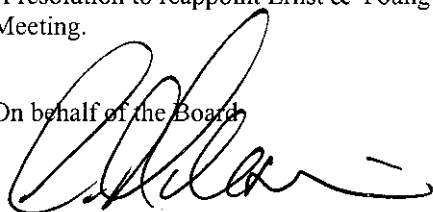
T F Bradley served as a director until his resignation on 31 July 2003. S D Perryman resigned on 2 December 2003.

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).

Auditors

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

On behalf of the Board



Director

28 JAN 2004

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 Motor Music Limited

We have audited the company's financial statements for the year ended 31 March 2003 which comprise the Profit & 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 Motor 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 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

EY LLP

Ernst & Young LLP
Registered Auditor
London

29 January 2004

Profit and loss account for the year ended 31 March 2003

	Notes	2003 £	2002 £
Turnover	2	163,589	166,108
Cost of sales		(97,612)	(119,226)
Gross profit		65,977	46,882
Distribution costs		(7,522)	(5,117)
Administrative expenses		(12,293)	(8,979)
Profit on ordinary activities before taxation	3	46,162	32,786
Tax on profit on ordinary activities	6	—	—
Profit retained for the financial year		46,162	32,786

Statement of total recognised gains and losses
for the year ended 31 March 2003

There are no recognised gains or losses other than the profit of £46,162 attributable to the shareholders for the year ended 31 March 2003 (2002 – profit of £32,786).

Balance sheet

at 31 March 2003

	Notes	2003 £	2002 £
Current assets			
Debtors	7	393,924	348,036
Creditors: amounts falling due within one year	8	(36,518)	(36,792)
Net current assets		<u>357,406</u>	<u>311,244</u>
Total assets less current liabilities		<u>357,406</u>	<u>311,244</u>
Capital and reserves			
Called up share capital	9	3	3
Profit and loss account	10	357,403	311,241
Equity shareholders' funds	10	<u>357,406</u>	<u>311,244</u>

Director

28 JAN 2004

Notes to the financial statements

at 31 March 2003

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

Statement of cash flows

The directors have taken advantage of the exemption in FRS 1 (revised) from including a statement of cash flows in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated statement of cash flows.

Related party transactions

The company has taken advantage of the exemption from disclosing transactions with other group undertakings and qualifying related parties under FRS 8.

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 earnings will not amount to the written-down value of an advance, a provision for the estimated shortfall will be raised.

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.

Going concern

The financial statements have been prepared on a going concern basis, as the company has received assurances from the ultimate parent undertaking that it will continue to support the company for the foreseeable future.

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.

All turnover arises from continuing activities.

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

An analysis of turnover by geographical market is given below:

	2003 £	2002 £
United Kingdom	92,681	117,034
Europe	28,500	11,765
USA	36,581	32,355
Other	5,827	4,954
	<u>163,589</u>	<u>166,108</u>

Notes to the financial statements

at 31 March 2003

3. Profit on ordinary activities before taxation

This is stated after charging:

	2003 £	2002 £
Auditors' remuneration – audit services	465	448

Management charges of £19,350 (2002 – £13,652) have been split between distribution costs and administrative expenses in the profit and loss account.

4. Directors' emoluments

The directors of the company are also directors of EMI Music Publishing Limited and fellow subsidiaries. The directors received a total remuneration for the year of £3,557,853 (2002 – £2,461,282), all of which was paid by EMI Music Publishing Limited. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of EMI Music Publishing Limited and fellow subsidiary undertakings.

5. Staff costs

No salaries or wages have been paid to employees, including the directors, during the year.

The company had no employees (2002 – none).

6. Tax on profit on ordinary activities

The company is primarily liable for UK corporation tax on its profits. However, no provision has been made in these financial statements 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 ending up to 31 March 2003 so long as the company remains a subsidiary. In view of the undertaking received, no disclosure is made in these financial statements of any potential liability to taxation.

7. Debtors

	2003 £	2002 £
Amounts owed by group undertakings	393,924	348,036

8. Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	36,518	35,627
Other taxation and social security	–	1,165
	36,518	36,792

Notes to the financial statements

at 31 March 2003

9. Share capital

		2003	2002
		£	£
<i>Authorised</i>			
Ordinary shares of £1 each		100	100
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>2003</i> £	<i>2002</i> £
Ordinary shares of £1 each	3	3	3

10. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total share- holders' funds</i> £
At 1 April 2001	3	278,455	278,458
Profit for the year	—	32,786	32,786
At 31 March 2002	3	311,241	311,244
Profit for the year	—	46,162	46,162
At 31 March 2003	3	357,403	357,406

11. 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 financial statements of EMI Group plc.

12. Ultimate parent undertaking

The parent undertaking of the group of undertakings for which consolidated financial statements 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 financial statements can be obtained from EMI Group plc, 27 Wrights Lane, London W8 5SW, England.