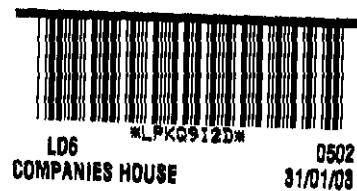


NISBET & BECK MUSIC LIMITED

Report and Financial Statements

31 March 2002



Nisbet & Beck Music Limited

Registered No. 1383392

DIRECTORS

M N Bandier
P H C Reichardt
T J Foster-Key
T F Bradley
P J Cox
S D Perryman
C Mileson
J C Channon

SECRETARY

C Mileson

AUDITORS

Ernst & Young LLP
Becket House
1 Lambeth Palace Road
London SE1 7EU

BANKERS

NatWest Bank PLC
Dean Street Branch
P O Box 2162
20 Dean Street
London W1A 1SX

SOLICITORS

Mayer Brown Rowe & Maw
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 audited financial statements for the year ended 31 March 2002.

RESULTS AND DIVIDENDS

The directors submit the audited financial statements for the year ended 31 March 2002. The loss for the year amounted to £279 (2001 – loss of £412). The directors recommend no dividend be paid (2001 – £nil) and therefore the loss of £279 (2001 – loss of £412) is to be retained.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activity of the company continued to be that of music publishing. No material change in the activities of the business in contemplated.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year ended 31 March 2002 were as listed on page 1.

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

	31 March 2002	1 April 2001
<i>Options over ordinary shares of EMI Group plc</i>		
T J Foster-Key	161,639	126,641
P H C Reichardt	412,219	361,834
S D Perryman	39,288	39,288
P J Cox	7,144	740
J C Channon	18,986	5,680
T F Bradley	11,374	8,763
C Milesen	2,991	1,627
M N Bandier *		
	31 March 2002	1 April 2001
<i>Ordinary shares held in EMI Group plc</i>		
T J Foster-Key	–	–
P H C Reichardt	33,611	33,517
S D Perryman	4,060	4,060
P J Cox	36	36
J C Channon	1,084	1,084
T F Bradley	–	–
C Milesen	–	–
M N Bandier *		

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS (continued)

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

	<i>Options granted</i>	<i>Options lapsed</i>	<i>Options exercised</i>
T J Foster-Key	97,846	12,848	—
P H C Reichardt	168,736	118,257	—
S D Perryman	—	—	—
P J Cox	6,404	—	—
J C Channon	13,306	—	—
T F Bradley	2,611	—	—
C Milesen	—	—	—

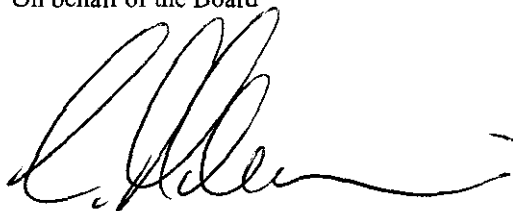
* M N Bandier is a director of the company's ultimate parent undertaking, EMI Group plc, and his interests in the shares of that company as at 1 April 2001 and 31 March 2002 are shown in its annual report.

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

27 JAN 2003

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 NISBET & BECK MUSIC LIMITED

We have audited the company's financial statements for the year ended 31 March 2002, which comprise the Profit and Loss Account, Statement of Retained Loss, 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.

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.

This report has been prepared for the members of the company pursuant to Section 235 of the Companies Act 1985 (the "Act") and for no other purpose.

No person is entitled to rely on this report unless such person:

- i) is a person who is entitled to rely on this report by virtue of and for the purposes of the Act; or
- ii) has been expressly authorised to do so by our prior written consent

Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

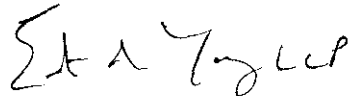
Basis of audit opinion

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.

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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'EY LLP', is written above the printed name of the firm.

Ernst & Young LLP
Registered Auditor
London

27 January 2003

Nisbet & Beck Music Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2002

	Notes	2002 £	2001 £
TURNOVER	2	513	107
Cost of sales		(349)	(76)
Gross profit		<u>164</u>	<u>31</u>
Administrative expenses		(443)	(443)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>(279)</u>	<u>(412)</u>
Tax on loss on ordinary activities	6	-	-
RETAINED LOSS FOR THE YEAR		<u>(279)</u>	<u>(412)</u>

STATEMENT OF RETAINED LOSS

	2002 £	2001 £
At 31 March 2001	(3,527)	(3,115)
Retained loss for the year	(279)	(412)
At 31 March 2002	<u>(3,806)</u>	<u>(3,527)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

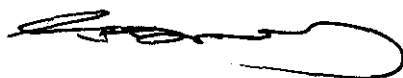
There are no recognised gains or losses other than the loss for the year.

Nisbet & Beck Music Limited

BALANCE SHEET

at 31 March 2002

	Notes	2002 £	2001 £
CREDITORS: amounts falling due within one year	7	(3,804)	(3,525)
NET CURRENT ASSETS		<u>(3,804)</u>	<u>(3,525)</u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account	9	(3,806)	(3,527)
EQUITY SHAREHOLDERS' DEFICIT		<u>(3,804)</u>	<u>(3,525)</u>



Director

27 JAN 2003

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2002

1. ACCOUNTING POLICIES

Accounting convention

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

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.

Statement of cash flows

The company has taken advantage of the exemption from preparing a statement of cash flows in FRS 1 as at least 90% of the voting rights are controlled within the group and the consolidated financial statements are publicly available.

Foreign exchange

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.

Related parties

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

2. TURNOVER

Turnover is defined as income from copyrights on a cash basis after deducting all commissions and any sales 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.

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

	2002 £	2001 £
United Kingdom	513	—
USA	—	107
	<u>513</u>	<u>107</u>

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2002 £	2001 £
Auditors' remuneration	443	443
	<u>443</u>	<u>443</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2002

4. **DIRECTORS' EMOLUMENTS**

The directors of the company are also directors of EMI Music Publishing Limited and its fellow subsidiaries. These directors received total remuneration for the year of £2,458,669 (2001 – £2,445,984), all of which was paid by EMI Music Publishing Limited. These 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 its fellow subsidiary undertakings.

5. **STAFF COSTS**

The company has no employees (2001 – none).

6. **TAX ON LOSS ON ORDINARY ACTIVITIES**

The company is primarily liable for UK corporation tax on its loss. 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 2002, 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. **CREDITORS: amounts falling due within one year**

	2002 £	2001 £
Trade creditors	1,381	1,032
Amounts owed to group undertakings	2,423	2,493
	<u>3,804</u>	<u>3,525</u>

8. **SHARE CAPITAL**

	2002 £	2001 £
Authorised:		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	2	2
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2002

9. RECONCILIATION OF SHAREHOLDERS' DEFICIT AND MOVEMENT ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total share- holders' funds £</i>
At 1 April 2000	2	(3,115)	(3,113)
Loss for the year	-	(412)	(412)
At 31 March 2001	2	(3,527)	(3,525)
Loss for the year	-	(279)	(279)
At 31 March 2002	2	(3,806)	(3,804)

10. 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.

11. ULTIMATE PARENT UNDERTAKING

The parent undertaking of the group of undertakings for which group 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, 4 Tenterden Street, Hanover Square, London W1A 2AY, England.