

COMPANY REGISTRATION NUMBER 1383392

Nisbet & Beck Music Limited

Directors' Report and Financial Statements

For the Year Ended 31 March 2011

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Nisbet & Beck Music Limited

Financial Statements

Year ended 31 March 2011

CONTENTS	PAGE
Officers and professional advisers	1
The directors' report	2
Statement of directors' responsibilities	4
Independent auditor's report to the shareholders	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8

Nisbet & Beck Music Limited

Officers and Professional Advisers

The board of directors	J C Channon (Resigned 9 September 2011) C W Booth (Resigned 1 July 2010) G Moot (Appointed 9 September 2011) R C Faxon (Resigned 9 September 2011) C Palmer (Appointed 9 September 2011)
Company secretary	A G Bebawi & TMF Corporate Administration Services Limited
Registered office	27 Wrights Lane London United Kingdom W8 5SW
Auditor	KPMG LLP Chartered Accountants & Statutory Auditor 15 Canada Square London E14 5GL
Solicitors	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF

Nisbet & Beck Music Limited

The Directors' Report

Year ended 31 March 2011

The directors present their report and the financial statements of the company for the year ended 31 March 2011
The comparatives are for the year ended 31 March 2010

Principal activities and business review

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

During the financial year the company performed poorly with turnover down 82% on prior year. The business is a low turnover business generating turnover of £29 compared to £163 last year. The operating result was £7, down 84% from an operating result of £43 in prior year.

The turnover of the company is generated from usage of the songs written by the company's composers and will vary in any given year alongside the market conditions and popularity of various genres of music. Direct costs attributed to the turnover are the writer's shares of the royalties earned on their compositions.

The company employs no staff and has no separate facilities or overheads, except for those recharged for services rendered by other companies in the EMI Music Publishing group.

Key performance indicators are designed to indicate how the company has performed on key ratios, and the company uses NPS margin and operating margin as the key performance indicators which are most appropriate. NPS margin and operating margin were consistent with prior year.

There are no KPIs specifically relating to environmental and employee issues as the company has no employees or separate facilities. It is not possible to obtain meaningful market share information for a company of this size, so we do not consider a KPI appropriate.

Going Concern

As set out in more detail in note 1 the Directors have assessed the current and expected future funding position of the Company. After appropriate consideration they have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the company concern the value of the worldwide market for recorded music which has declined by about 8% year on year according to data from the IFPI. Whilst we believe that new digital products and services will drive a return to overall industry growth, there are no assurances of the timing or extent of any improvement. This may have a negative impact, as the company generates a significant portion of its revenues from mechanical royalties, primarily from the sale of music in CD and other formats. We are dependant on identifying, signing and retaining talented songwriters whose new releases are well received and whose music will continue to generate revenues for years to come. Competition for such talent is intense and our financial results would be adversely affected if we fail to identify, sign and retain songwriters. External bodies such as local third-party collection societies, have a significant influence on some of our revenues. Mechanical and Performance rates as well as distribution rules are usually set by performing rights societies through board approval and as such may result in the setting of rates at levels lower than we would wish and may therefore adversely affect our ability to increase profitability.

Results and dividends

The profit for the year amounted to £7 (2010: £43). The directors have not recommended a dividend (2010: £nil).

Directors

The directors who served the company during the year and up to the date of this report are listed on page 1.

Nisbet & Beck Music Limited

The Directors' Report *(continued)*

Year ended 31 March 2011

Qualifying third party indemnity provisions

Certain directors benefited from the qualifying third party indemnity provisions in place during the financial year and at the date of this report

Donations

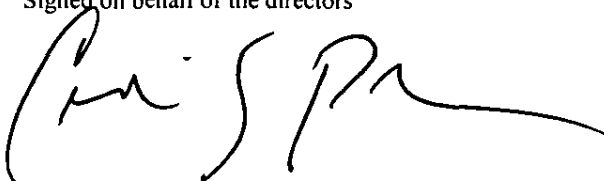
Grants and charitable donations made during the year amounted to £nil (2010 £nil) There were no political contributions made during the year (2010 £nil)

Disclosure of information to the auditor

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware, and each Director has taken all steps that he or she ought to have taken as a Director in order to make himself or herself aware of any relevant audit information and to establish that the auditor is aware of that information

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'Claudia Palmer', written over a horizontal line.

Claudia Palmer
Director

Approved by the directors on 8 November 2011

Nisbet & Beck Music Limited

Statement of Directors' Responsibilities in Respect of the Directors' Report and the Financial Statements

Year ended 31 March 2011

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards and applicable law (United Kingdom Generally Accepted Accounting Practice).

Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these 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 United Kingdom 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 Auditor's Report to the Shareholders of Nisbet & Beck Music Limited

We have audited the financial statements of Nisbet & Beck Music Limited for the year ended 31 March 2011 set out on pages 6 to 12. The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the company's shareholders, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- The financial statements give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its profit for the year then ended,
- The financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice,
- The financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.



Hugh Green (Senior Statutory Auditor)
For and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London
E14 5GL

9 November 2011

Nisbet & Beck Music Limited**Profit and Loss Account****Year ended 31 March 2011**

	Note	2011 £	2010 £
Turnover	2	29	163
Cost of sales		(22)	(120)
Gross profit		<u>7</u>	<u>43</u>
Operating profit, being profit on ordinary activities before taxation		<u>7</u>	<u>43</u>
Tax on profit on ordinary activities	6	-	-
Profit on ordinary activities after taxation, being profit for the financial year		<u><u>7</u></u>	<u><u>43</u></u>

The notes on pages 8 to 12 form part of these financial statements

All of the activities of the company are classed as continuing

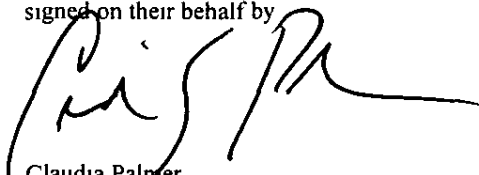
The company has no recognised gains and losses other than the results for the year as set out above

Nisbet & Beck Music Limited**Balance Sheet****At 31 March 2011**

	Note	2011 £	2010 £
Current assets			
Debtors	7	2,153	2,124
Creditors: amounts falling due within one year	8	(349)	(327)
Net current assets		<u>1,804</u>	<u>1,797</u>
Total assets less current liabilities		<u>1,804</u>	<u>1,797</u>
Capital and reserves			
Called-up share capital	9	10,002	10,002
Profit and loss account	10	(8,198)	(8,205)
Shareholders' funds	10	<u>1,804</u>	<u>1,797</u>

The notes on pages 8 to 12 form part of these financial statements

These financial statements were approved by the directors and authorised for issue on 8 November 2011, and are signed on their behalf by



Claudia Palmer
Director

Company Registration Number 1383392

Nisbet & Beck Music Limited

Notes to the Financial Statements

Year ended 31 March 2011

1. Accounting policies

Basis of preparation

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

Going Concern

Nisbet & Beck Music Limited has made a profit for the year of £7 (2010 £43) and has net current assets of £1 8 thousand (2010 £1 8 thousand) at the reporting date. The Company operates as part of the EMI group Worldwide Holdings Limited group ("the Group") and has provided a guarantee to the Group's lender, as such the Company is affected by the terms of the Group's banking facilities. The continued availability of existing bank facilities requires the Group to comply with the covenants set out in those bank facilities.

On 1 February 2011, the Group was acquired by Citibank and the Group's debt was significantly reduced. This has resulted in the Group's lender and its sole shareholder both being part of the US finance institution Citigroup. Immediately following the acquisition, Citigroup completed a recapitalisation of the EMI Group Worldwide Holdings Limited, resulting in the significant reduction of debt from £3 2 billion of bank debt and £1 7 billion of inter-company debt, to £1 2 billion of total debt for the Group. The strengthened balance sheet combined with continued strong operating performance means that the Group is able to meet its ongoing working capital needs and its current debt service obligations under the finance facility agreements to which the Company and a number of its subsidiaries are party to.

After considering the financial projections, the financing facilities and their covenants the Directors have concluded that they have a reasonable expectation that the Group as a whole and the Company have adequate resources to continue as a going concern for the foreseeable future. For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements.

Cash flow statement

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements.

Related party transactions

As the Company is a wholly owned subsidiary of EMI Group Worldwide Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities where more than 90% of the voting rights are held within the EMI group.

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 consists of income from copyrights and is recorded when reported to the company by the relevant source. Turnover is stated 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.

Nisbet & Beck Music Limited**Notes to the Financial Statements****Year ended 31 March 2011**

1. Accounting policies (continued)**Taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

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

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. Advances are included in debtors as recoverable within one year although certain amounts may be recovered after more than one year

2 Turnover

The turnover is attributable to the one principal activity of the company

An analysis of turnover by geographical market is given below

	2011 £	2010 £
United Kingdom	-	161
Rest of Europe	29	-
Rest of the world	-	2
	<u>29</u>	<u>163</u>

3. Profit before tax on ordinary activities

	2011 £	2010 £
Auditor's remuneration - audit of these financial statements	<u>500</u>	<u>500</u>

In the current year the auditor's remuneration and management charges have been borne by another group company, EMI Music Publishing Limited. Amounts receivable by the company's auditors and their associates, other than the audit of the company's financial statements, have not been disclosed as the information is required, instead, to be disclosed on a consolidated basis in the consolidated financial statements of the Group

Nisbet & Beck Music Limited**Notes to the Financial Statements****Year ended 31 March 2011****4 Directors' emoluments**

Remuneration for services provided by Roger Faxon has been borne by EMI Blackwood Music Inc in the current year and has been presented within that Company's financial statements

Remuneration for services provided by all other directors has been borne by EMI Music Publishing Limited and has been presented within that Company's financial statements

The directors do not believe that it is practicable to apportion their remuneration 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

The company had no employees (2010 none)

6. Taxation on ordinary activities**Analysis of charge in the year**

	2011 £	2010 £
Current tax		
UK Corporation tax based on the results for the year at 28% (2010 - 28%)	2	12
Payments in respect of group relief	(2)	(12)
Total current tax	<u>-</u>	<u>-</u>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2010 - 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>7</u>	<u>43</u>
Current tax at 28% (2010 - 28%)	2	12
Group relief received for nil payment	(2)	(12)
Total current tax	<u>-</u>	<u>-</u>

Nisbet & Beck Music Limited**Notes to the Financial Statements****Year ended 31 March 2011**

6 Taxation on ordinary activities (continued)
Factors that may affect future tax charges

As part of the EMI Group, the company may receive or surrender losses by way of group relief. This receipt or surrender may be made with or without charge.

On 23 March 2011, a resolution passed by Parliament reduced the main rate of corporation tax to 26 per cent from 1 April 2011, which is reflected within the deferred tax calculations within these financial statements.

On 5 July 2011, legislation to further reduce the main rate of corporation tax from 26 per cent to 25 per cent from 1 April 2012 was substantially enacted, which has not been reflected in the above calculation.

Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 23 per cent by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

7 Debtors

	2011 £	2010 £
Amounts due from group undertakings	<u>2,153</u>	<u>2,124</u>

8 Creditors: amounts falling due within one year

	2011 £	2010 £
Trade creditors	<u>349</u>	<u>327</u>

9 Share capital
Allotted, called up and fully paid.

	2011 No	£	2010 No	£
10,002 Ordinary shares of £1 each	<u>10,002</u>	<u>10,002</u>	<u>10,002</u>	<u>10,002</u>

Nisbet & Beck Music Limited**Notes to the Financial Statements****Year ended 31 March 2011****10 Reconciliation of shareholders' funds and movement on Reserves**

	Share capital £	Profit and loss account £	Total shareholders' funds £
At 1 April 2009	10,002	(8,248)	1,754
Profit for the year	—	43	43
At 31 March 2010 and 1 April 2010	10,002	(8,205)	1,797
Profit for the year	—	7	7
At 31 March 2011	<u>10,002</u>	<u>(8,198)</u>	<u>1,804</u>

11. Charge over assets

Nisbet and Beck Music Limited acceded, on 28 January 2008, to a debenture dated 30 August 2007 (as amended, supplemented, novated, extended, restated or varied from time to time) and made between, EMI Group Worldwide Holdings Limited (formerly known as Maltby Acquisitions Limited) and Citibank, N A , London Branch as Security Agent, pursuant to which the company charged, by way of mortgage or fixed charge or assign by way of security (as appropriate) all of their right, title and interest in certain assets, charge all or substantially all of their present and future assets and undertaking by way of first floating charge in favour of the Security Agent to secure the repayment of the Secured Liabilities (as defined therein) and covenant that they will, on demand, pay and discharge the Secured Liabilities

12 Ultimate parent company

The ultimate parent undertaking of the Group is Citigroup Inc , a company registered in Delaware, United States

The Company's immediate parent undertaking is EMI Music Publishing Limited, a company registered in England and Wales

The parent undertaking of the largest group to consolidate these financial statements is EMI Group Worldwide Holdings Limited (formerly Maltby Acquisitions Limited) The parent of the smallest group to consolidate these financial statements is EMI Group Worldwide Holdings Ltd (formerly Maltby Acquisitions Limited)

Copies of the consolidated financial statements of EMI Group Worldwide Holdings Limited, can be obtained from the Company's registered address 27 Wrights Lane, London W8 5SW

Prior to the change of ownership (see note 1), the Company's previous ultimate parent undertaking and controlling party was TFCP Holdings Limited, a company registered in Guernsey