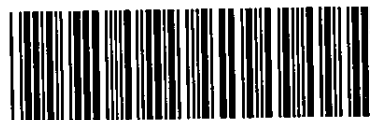


COMPANY REGISTRATION NUMBER 1383392

**Nisbet and Beck Music Limited**  
**Directors' Report and Financial Statements**  
**For the Year Ended 31 March 2013**

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# **Nisbet and Beck Music Limited**

## **Directors' Report and Financial Statements**

**Year ended 31 March 2013**

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**Nisbet and Beck Music Limited**

**Officers and Professional Advisers**

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<b>The board of directors</b>	G K Moot (Resigned 29 June 2012) F Crimmins (Appointed 29 June 2012) D Johnson (Appointed 29 June 2012) C Palmer (Resigned 29 June 2012)
<b>Company secretary</b>	A G Bebawi (Resigned 1 March 2013) & TMF Corporate Administration Services Limited
<b>Registered office</b>	30 Golden Square London United Kingdom W1F 9LD
<b>Independent auditors</b>	PricewaterhouseCoopers LLP Chartered Accountants and Statutory Auditors 10 Bricket Road St Albans Herts AL1 3JX
<b>Solicitors</b>	Mayer Brown International LLP 201 Bishopsgate London EC2M 3AF

## **Nisbet and Beck Music Limited**

### **The Directors' Report**

#### **Year ended 31 March 2013**

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The directors present their report and the audited financial statements of the Company for the year ended 31 March 2013. The comparatives are for the year ended 31 March 2012.

#### **Principal activities and business review**

The principal activities 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 experienced a fall in turnover of 95% on prior year. The Company made a profit on ordinary activities before taxation of £1 (2012: £32).

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 had performed on key ratios, and the company uses NPS margin and operating margin as the key performance indicators which are most appropriate.

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**

The directors have prepared consolidated Group financial projections for a period of more than twelve months from the date of approval of these financial statements. After considering these financial projections, the directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future and as a result have prepared these financial statements on a going concern basis.

#### **Change of ownership**

On 11 November 2011, Citigroup signed definitive agreements to sell the Group's Recorded Music business to Universal Music Group and Music Publishing business to an investor Group that comprised primarily of Sony Corporation of America, the Estate of Michael Jackson, Mubadala Development Company PJSC, Jynwel Capital Limited, and the Blackstone Group's GSO Capital Partners LP (the 'Investor Group'). The agreements did not take effect until clearance was received from various Competition authorities and other conditions were met. The Music Publishing business sale completed on 29 June 2012.

#### **Principal risks and uncertainties**

The principal risks and uncertainties facing the Company concern the value of the worldwide market for recorded music which despite a 0.3% increase this year, has in recent years declined by about 9% 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 dependent 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.

**Nisbet and Beck Music Limited**

**The Directors' Report (continued)**

**Year ended 31 March 2013**

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**Results and dividends**

The profit for the financial year amounted to £1 (2012 £32) The directors have not recommended a dividend (2012 £nil)

The Company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

**Directors**

The directors who served the Company during the year and up to the date of signing the financial statements are listed on page 2

**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 (2012 £nil) There were no political contributions made during the year (2012 £nil)

**Disclosure of information to the auditors**

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 auditors are 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 Company's auditors are aware of that information

**Independent auditors**

Following the Music Publishing business sale on 29 June 2012 it was deemed that KPMG LLP would not continue in office and PricewaterhouseCoopers LLP were appointed as auditors

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006

Signed on behalf of the directors



F Crimmins  
Director

30 Golden Square  
London  
United Kingdom  
W1F 9LD

Approved by the directors on 29/02/2014

**Nisbet and Beck Music Limited**

**Statement of Directors' Responsibilities**

**Year ended 31 March 2013**

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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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

## **Nisbet and Beck Music Limited**

### **Independent Auditors' Report to the Members of Nisbet and Beck Music Limited**

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We have audited the financial statements of Nisbet and Beck Music Limited for the year ended 31 March 2013 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

#### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Directors' Report and Financial Statements to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### **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 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

#### **Opinion on other matter 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.

**Nisbet and Beck Music Limited**

**Independent Auditors' Report to the Members of Nisbet and Beck Music Limited (continued)**

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**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, or
- the directors were not entitled to take advantage of the small companies' exemption in preparing the Directors' Report



Matthew Mullins (Senior Statutory Auditor)  
For and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
St Albans

27/02/2014



**Nisbet and Beck Music Limited****Profit and Loss Account****Year ended 31 March 2013**

	<i>Note</i>	<b>2013</b> <b>£</b>	<b>2012</b> <b>£</b>
<b>Turnover</b>	<b>2</b>	<b>6</b>	126
Cost of sales		(5)	(63)
<b>Gross profit</b>		<b>1</b>	63
Distribution costs		-	(8)
Administrative expenses		-	(23)
<b>Profit on ordinary activities before taxation</b>	<b>3</b>	<b>1</b>	32
Tax on profit on ordinary activities	<b>6</b>	-	-
<b>Profit for the financial year</b>		<b>1</b>	32

The notes on pages 10 to 15 form part of these financial statements

All of the activities of the Company are classed as continuing as in prior year

The Company has no recognised gains and losses (2012 none) other than the results for the year as set out above

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

**Nisbet and Beck Music Limited****Balance Sheet****At 31 March 2013**

	<i>Note</i>	<b>2013 £</b>	<b>2012 £</b>
<b>Current assets</b>			
Debtors	7	2,190	2,185
<b>Creditors: amounts falling due within one year</b>	8	(353)	(349)
<b>Net current assets</b>		<u>1,837</u>	<u>1,836</u>
<b>Net assets</b>		<u>1,837</u>	<u>1,836</u>
<b>Capital and reserves</b>			
Called-up share capital	9	10,002	10,002
Profit and loss account	10	(8,165)	(8,166)
<b>Total shareholders' funds</b>	10	<u>1,837</u>	<u>1,836</u>

The notes on pages 10 to 15 form part of these financial statements

The financial statements on pages 8 to 15 were approved by the Board of Directors on 27/02/2014 and signed on its behalf by



F Crimmins  
Director

Company Registration Number 1383392

## **Nisbet and Beck Music Limited**

### **Notes to the Financial Statements**

**Year ended 31 March 2013**

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#### **1. Accounting policies**

##### **Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The accounting policies have been applied consistently, other than where new policies have been adopted

##### **Going concern**

Nisbet and Beck Music Limited has made a profit for the financial year of £1 (2012 £32) and has net current assets of £1,837 (2012 £1,836) and net assets of £1,837 (2012 £1,836) at the reporting date

The Company operates as part of DH Publishing L P 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

The strong group 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 for a period of more than twelve months from the date of approval of these financial statements

The directors have prepared consolidated Group financial projections for a period of more than twelve months from the date of approval of these financial statements

After considering the financial projections, the directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future and as a result have prepared these financial statements on a going concern basis

##### **Cash flow statement and related party disclosures**

At the balance sheet date the company was a wholly owned subsidiary of DH Publishing L P and is included in the consolidated financial statements of DH Publishing L P which are available from 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands. Consequently the company has taken exemption from preparing the cash flow statement under the terms of FRS 1 (revised 1996). The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the DH Publishing L P group or investees of the DH Publishing L P 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 and Beck Music Limited****Notes to the Financial Statements (continued)****Year ended 31 March 2013****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

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
United Kingdom	<b>6</b>	-
Rest of Europe	-	126
	<u><b>6</b></u>	<u>126</u>

**Nisbet and Beck Music Limited****Notes to the Financial Statements (continued)****Year ended 31 March 2013****3. Profit on ordinary activities before taxation**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation is stated after charging		
Auditors' remuneration - audit of these financial statements	-	10
	<u>          </u>	<u>          </u>

The audit fee incurred by the Company represents an apportion of the overall group audit fee which has been allocated based on net profit share

Management charges of £nil due to EMI Music Publishing Limited are included in administrative expenses in the profit and loss account. In the prior year, management charges of £21 were split between distribution costs and administrative expenses in the profit and loss account

Amounts receivable by the Company's auditors and their associates have been borne by EMI Music Publishing Limited

**4. Directors' emoluments**

The directors did not receive any emoluments in respect of their services to the Company (2012 £nil)

The directors were employed and remunerated as directors or executives of EMI Music Publishing Limited, the parent undertaking, for their services to the Group as a whole up to 29 June 2012, the date of change of ownership (see note 11)

Post 29 June 2012, the newly appointed directors were remunerated by DH Publishing Limited, a member of the US Group, for their services to the Group as a whole

**5. Staff costs**

The Company had no employees (2012 none)

**Nisbet and Beck Music Limited****Notes to the Financial Statements (continued)****Year ended 31 March 2013****6. Tax on profit on ordinary activities****Analysis of charge in the year**

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Current tax		
UK Corporation tax based on the results for the year at 24% (2012 - 26%)	-	8
Group relief surrendered	-	(8)
	<u>-</u>	<u>-</u>
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 the same as (2012 - lower) the standard rate of corporation tax in the UK of 24% (2012 - 26%)

	<b>2013</b>	<b>2012</b>
	<b>£</b>	<b>£</b>
Profit on ordinary activities before taxation	<u>1</u>	<u>32</u>
Current tax at 24% (2012 - 26%)	-	8
Group relief surrendered	-	(8)
	<u>-</u>	<u>-</u>
Total current tax	<u>-</u>	<u>-</u>

**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 3 July 2012, the legislation of the reduction of UK corporation tax rate to 23 per cent from 1 April 2013 was substantially enacted.

On 20 March 2013, a resolution was passed by Parliament to reduce the main UK corporation tax rate to 20 per cent from 1 April 2015.

On 17 July 2013, the legislation of the reduction of UK corporation tax rate to 21 per cent from 1 April 2014 was substantially enacted. None of the above changes are reflected in the above calculation.

**Nisbet and Beck Music Limited****Notes to the Financial Statements (continued)****Year ended 31 March 2013****7. Debtors**

	2013 £	2012 £
Amounts owed by group undertakings	2,185	2,185
Prepayments and accrued income	5	-
	<u>2,190</u>	<u>2,185</u>

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand  
Prepayments and accrued income amounts relate to advances paid to artists less the provisions made against those balances, and an estimate of accrued income at the balance sheet date

**8. Creditors: amounts falling due within one year**

	2013 £	2012 £
Trade creditors	<u>353</u>	<u>349</u>

**9. Called up share capital****Allotted and fully paid:**

	2013 Number	£	2012 Number	£
10,002 Ordinary shares of £1 each	<u>10,002</u>	<u>10,002</u>	<u>10,002</u>	<u>10,002</u>

**10. Reconciliation of movements in shareholders' funds and reserves**

	Called up share capital £	Profit and loss account £	Total shareholders' funds £
At 1 April 2012	10,002	(8,166)	1,836
Profit for the financial year	-	1	1
At 31 March 2013	<u>10,002</u>	<u>(8,165)</u>	<u>1,837</u>

**Nisbet and Beck Music Limited**

**Notes to the Financial Statements (continued)**

**Year ended 31 March 2013**

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**11. Change of ownership**

On 11 November 2011, Citigroup signed definitive agreements to sell the Group's Recorded Music business to Universal Music Group and Music Publishing business to an investor Group that comprised primarily of Sony Corporation of America, the Estate of Michael Jackson, Mubadala Development Company PJSC, Jynwel Capital Limited, and the Blackstone Group's GSO Capital Partners LP (the 'Investor Group'). The agreements did not take effect until clearance was received from various Competition authorities and other conditions were met. The Music Publishing business sale completed on 29 June 2012.

**12. Ultimate parent company**

The ultimate parent undertaking and controlling party of the Group is DH Publishing L P, a partnership registered in the Cayman Islands.

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

The parent undertaking of the largest and smallest group to consolidate these financial statements is DH Publishing L P.

The address from which the financial statements can be requested is DH Publishing L P, 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands.