

VIRGIN RECORDS OVERSEAS LIMITED
(FORMERLY VIRGIN OVERSEAS LIMITED)

ACCOUNTS
31 JULY 1992

COMPANY'S REGISTERED NUMBER 1407770



VIRGIN RECORDS OVERSEAS LIMITED
(FORMERLY VIRGIN OVERSEAS LIMITED)
ANNUAL REPORT AND STATEMENT OF ACCOUNTS
for the year ended 31 July 1992

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VIRGIN RECORDS OVERSEAS LIMITED(FORMERLY VIRGIN OVERSEAS LIMITED)Report of the directors

The directors present their annual report and the audited accounts for the year ended 31 July 1992.

PRINCIPAL ACTIVITIES

During the year under review, the company operated solely as an investment holding company.

SIGNIFICANT EVENTS

On 1 June 1992 the company changed ultimate ownership, as part of the sale of Virgin Music Group to THORN EMI plc.

On 10 August 1992 the company changed its name to Virgin Records Overseas Limited.

RESULTS

The results for the year are set out on page 4.

DIVIDENDS

During the year no dividends were declared (1991 : fnil).

DIRECTORS

Listed below are the directors of the company.

R C N Branson	(resigned 1 June 1992)
J S Draper	(resigned 1 October 1992)
K M Berry	
A J Bates	(appointed 1 June 1992, resigned 1 October 1992)
S M McLeod	(appointed 1 October 1992)

None of the directors had an interest in the shares of the company at 31 July 1992. At 31 July 1991 Mr Branson, Mr Draper and Mr Berry had an interest as a result of an interest in the parent undertaking, Virgin Music Group Limited. The interest was disclosed in the company's accounts. The interest was then disposed so as part of the change in ownership of the parent undertaking.

At 31 July 1992 the following director had an interest in a group company as set out below.

A.J.Bates 18,237 options over ordinary shares in THORN EMI plc.

FIXED ASSETS

The movements of fixed assets during the year are set out in note 7 to the accounts.

VIRGIN RECORDS OVERSEAS LIMITED
(FORMERLY VIRGIN OVERSEAS LIMITED)

Report of the directors

AUDITORS

During the year KPMG Peat Marwick resigned as auditors and Ernst & Young were appointed in their place. In accordance with section 385 of the Companies Act 1985, a resolution for the re-appointment of Ernst & Young as auditors of the company is to be proposed at the next Annual General Meeting.

By Order of The Board

S. Macleod

S Macleod
Secretary

4 Tenterden Street
Hanover Square
LONDON
W1A 2AY

31 AUG 1993

VIRGIN RECORDS OVERSEAS LIMITED
(FORMERLY VIRGIN OVERSEAS LIMITED)

REPORT OF THE AUDITORS

TO THE MEMBERS OF VIRGIN OVERSEAS LIMITED

We have audited the accounts set out on pages 4 to 11 in accordance with Auditing Standards.

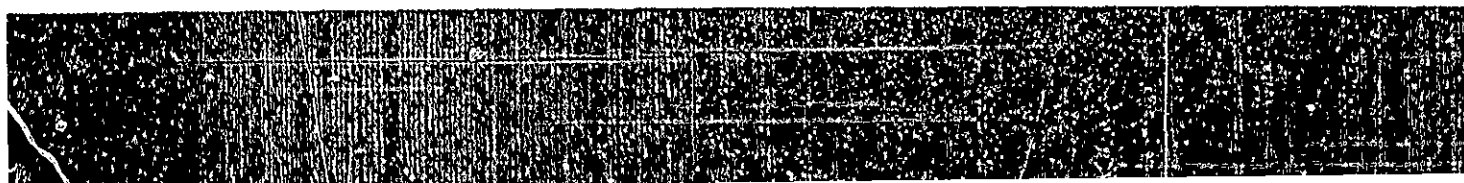
The company has not prepared group accounts, contrary to section 227 of the Companies Act 1985. Accordingly, we express no opinion as to whether the accounts give a true and fair view of the state of affairs of the group at 31 July 1992 or of its result for the year then ended.

In our opinion the accounts give a true and fair view of the state of the affairs of the company at 31 July 1992 and of its profit for the year then ended, and except for the matter referred to above, have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Chartered Accountants
Registered Auditor
London

31 August 1993



VIRGIN RECORDS OVERSEAS LIMITED
(FORMERLY VIRGIN OVERSEAS LIMITED)

Profit and loss account
for the year ended 31 July 1992

		Year ended 31 July <u>1992</u> £	Year ended 31 July (restated) <u>1991</u> £
	<u>Notes</u>		
Income from shares in group undertakings	2	6,373,253	2,152,273
Exchange gain/(loss)		741,141	(616,080)
Amounts written off investments		(180,796)	(99,972)
Interest payable and similar charges	5	(29,385)	(700,152)
Profit on ordinary activities before taxation	6	6,904,213	736,069
Tax on profit on ordinary activities	7	(317,180)	(196,595)
Profit on ordinary activities after taxation		6,587,033	539,474
Dividend paid		-	-
Retained profit for the year		6,587,033 =====	539,474 =====

Statement of reserve movements

	Year ended 31 July <u>1992</u> £	Year ended 31 July <u>1991</u> £
Retained profit brought forward	10,448,753	9,909,279
Retained profit for the year	6,587,033	539,474
Retained profit carried forward	17,035,786 =====	10,448,753 =====

The notes on pages 6 to 11 form part of these accounts.

VIRGIN RECORDS OVERSEAS LIMITED
(FORMERLY VIRGIN OVERSEAS LIMITED)

Balance sheet at 31 July 1992

	<u>Notes</u>		31 July <u>1992</u> £	31 July <u>1991</u> £
FIXED ASSETS				
Investments	7		13,695,524	14,201,096
CURRENT ASSETS				
Debtors	8	9,643,003		24,071,846
Cash at bank and in hand		10,402		10,402
			<hr/>	<hr/>
		9,653,405		24,082,248
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	(6,313,043)		(27,834,491)
			<hr/>	<hr/>
NET CURRENT ASSETS/(LIABILITIES)			3,340,362	(3,752,243)
			<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES			17,035,886	10,448,853
			=====	=====
CAPITAL AND RESERVES				
Called up share capital	10		100	100
Profit & loss account			17,035,786	10,448,753
			<hr/>	<hr/>
			17,035,886	10,448,853
			=====	=====

The notes on pages 6 to 11 form part of these accounts.

The accounts on pages 4 to 11 were approved by the Board of Directors on and signed on its behalf by:

S. Jackson

DIRECTOR

31 AUG 1993

VIRGIN RECORDS OVERSEAS LIMITED(FORMERLY VIRGIN OVERSEAS LIMITED)Notes to the accounts
for the year ended 31 July 1992

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts.

- a) Basis of accounting - The accounts have been prepared under the historical cost convention, and in accordance with applicable accounting standards.
- b) Group Accounts - Group accounts have not been prepared because as a result of the acquisition by THORN EMI plc on 1 June 1992 as the company has, since the year end, changed its accounting reference date to 31 March and will therefore be exempt under section 228 Companies Act 1985 in future from the requirement to prepare group accounts.
- c) Cash Flow Statement - A cash flow statement is not prepared as the company is exempt by virtue of paragraph 8 of FRS 1 being a subsidiary undertaking of a parent undertaking registered in England and Wales which prepares a consolidated cash flow statement.
- d) Income from shares in group undertakings - Income from shares in group undertakings is stated inclusive of withholding tax deducted in the country of source but exclusive of local direct taxation.
- e) Transactions in foreign currencies are recorded at the rate ruling at the date of 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.
- f) Investments - Investments in subsidiary and associated undertakings are stated at cost less provision to reflect any permanent diminution in value.

2. TURNOVER

Turnover is dividends received from interests in overseas group undertakings.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging.

	Year ended 31 July 1992	Year ended 31 July 1991
	£	£
Auditors' remuneration	-	-
Directors' remuneration	-	-

VIRGIN RECORDS OVERSEAS LIMITED
(FORMERLY VIRGIN OVERSEAS LIMITED)

Notes to the accounts
for the year ended 31 July 1992

4. EMPLOYEE INFORMATION - The company had no employees during the year (1991 : nil).

5. INTEREST PAYABLE AND SIMILAR CHARGES

	Year ended 31 July 1992	Year ended 31 July 1991
	£	£
Interest payable to group undertakings	29,385 =====	700,152 =====

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge for the year comprises the following:

	Year ended 31 July 1992	Year ended 31 July 1991
	£	£
Corporation tax charge on profit for the year at 33% (1991 : 33 2/3%)	-	1,854,219
Overseas taxation	317,180	196,595
Double tax relief	-	(1,854,219)
	<hr/> 317,180 =====	<hr/> 196,595 =====

The company is primarily liable for UK corporation tax on its profits. However no provision has been made in the accounts for either current or deferred taxation as an undertaking has been received from its ultimate parent undertaking, THORN EMI plc, that the latter will assume responsibility for any such taxation so long as the company remains a subsidiary undertaking. In view of the undertaking received no disclosure is made in these accounts of any potential liability to taxation.

VIRGIN RECORDS OVERSEAS LIMITED
(FORMERLY VIRGIN OVERSEAS LIMITED)

Notes to the accounts
for the year ended 31 July 1992

7. INVESTMENTS

	Year ended 31 July 1992
	£
COST	
Opening cost	14,301,068
Additions - at cost	180,796
Disposals	(505,572)
	<hr/>
Closing cost	13,976,292
	=====
PROVISIONS	
Opening provision	99,972
Amount provided in year	180,796
	<hr/>
Closing provision	280,768
	=====
NET BOOK VALUE	13,695,524
	=====

The above amounts represent shares in group undertakings.

VIRGIN RECORDS OVERSEAS LIMITED(FORMERLY VIRGIN OVERSEAS LIMITED)Notes to the accounts
for the year ended 31 July 1992

The following were the principal subsidiary undertakings of Virgin Overseas Limited at 31 July 1992.

<u>Subsidiary company</u>	<u>Country of incorporation</u>	<u>Proportion held</u>	<u>Nature of business</u>
Virgin Australia Pty Ltd	Australia	100%	Records
Virgin Australia Music Pty Ltd	Australia	100%	Music publishing
Virgin Belgium SA	Belgium	100%	Marketing and promotion
Virgin Belgium Publishing SA	Belgium	100%	Music publishing
Virgin Benelux BV	Netherlands	100%	Records
Virgin Benelux Publishing SA	Netherlands	100%	Music publishing
Virgin Records Canada Inc	Canada	100%	Records
Virgin Vision Canada Inc	Canada	100%	Video
Virgin Records Denmark Aps	Denmark	100%	Marketing and promotion
Virgin Dischi Srl	Italy	100%	Records and music publishing
Virgin Espana SA	Spain	100%	Records
Ediciones Musicales Virgin SA	Spain	100%	Music publishing
Virgin France SAE	France	100%	Records
Diski Virgin EPE	Greece	100%	Records
Virgin Music EPE	Greece	100%	Music publishing
Virgin Holdings BV	Netherlands	100%	Holding company
Virgin Japan Ltd	Japan	100%	Records
Virgin Records (N.Z.) Ltd	New Zealand	100%	Records
Virgin Records Norway AS	Norway	100%	Marketing and promotion
Virgin Scandinavia AB	Sweden	100%	Records
Virgin Music AB	Sweden	100%	Music publishing
Virgin Schallplatten GmbH	Germany	100%	Records
Virgin Music Publishers	Germany	100%	Music Publishing
Virgin Schallplatten GmbH Co.KG			
Virgin Records America Inc	USA	100%	Records
Virgin Music America Inc	USA	100%	Holding company
Cardiac Records Inc	USA	100%	Records
Caroline Records Calif. Inc	USA	100%	Records
Charisma Records America Inc	USA	100%	Records
Caroline Records Inc	USA	100%	Records
Virgin Holdings Inc	USA	100%	Holding company
Virgin Music Inc	USA	100%	Music publishing
Virgin Songs Inc	USA	100%	Music publishing
Virgin Oil & Gas Inc	USA	100%	Oil exploration
Virgin Records Inc	USA	100%	Records
Virgin Records (Hong Kong) Ltd	Hong Kong	100%	Records
Virgin Music Publishers			
(Hong Kong) Ltd	Hong Kong	100%	Music publishing
Virgin Music Japan Limited	Japan	100%	Music publishing

The company directly holds shares in:

Virgin Holdings BV
Virgin Espana SA
Virgin Schallplatten GmbH
Virgin Holdings Inc
Virgin Scandinavia AB

The other subsidiary companies are held indirectly.

VIRGIN RECORDS OVERSEAS LIMITED
(FORMERLY VIRGIN OVERSEAS LIMITED)

Notes to the accounts
for the year ended 31 July 1992

8. DEBTORS

	31 July 1992 £	31 July 1991 £
Amounts owed by subsidiary undertakings	9,643,003	"
Amounts owed by group undertakings	-	24,071,846
	<hr/>	<hr/>
	9,643,003	24,071,846
	=====	=====

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 1992 £	31 July 1991 £
Amounts owed to fellow subsidiary undertaking	6,277,315	-
Amounts owed to group undertakings	-	27,798,763
Overseas tax	35,008	35,008
Other creditors including taxation and social security	720	720
	<hr/>	<hr/>
	6,313,043	27,834,491
	=====	=====

10. CALLED UP SHARE CAPITAL

	31 July 1992 £	31 July 1991 £
Authorised:		
100 ordinary shares of £1 each	100	100
	===	===
Allotted, called-up and fully paid:		
100 ordinary shares of £1 each	100	100
	===	===

11. PRIOR YEAR ADJUSTMENT

The prior year adjustment represents the effect of a change in accounting policy for exchange differences on intercompany payables to overseas subsidiary undertakings. In accordance with SSAP 20 'Foreign currency translation' the exchange differences on these payables are more appropriately taken to the profit and loss account. In the year ended 31 July 1991 a £613,090 loss had been taken directly to reserves and is now included in the exchange loss in the profit and loss account. There is no impact on the reserves brought forward at 1 August 1990 or 1991.

VIRGIN RECORDS OVERSEAS LIMITED

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Notes to the accounts
for the year ended 31 July 1992

12. CAPITAL EXPENDITURE

No capital expenditure has been contracted for or approved by the directors for the company at 31 July 1992 (1991 : £nil).

13. CONTINGENT LIABILITIES

The company has undertaken together with other UK undertakings within the THORN EMI plc group to give joint and several guaranties to the bank in respect of amounts due to the bank from the company and group other undertakings.

14. ULTIMATE PARENT UNDERTAKING

The ultimate holding company at 31 July 1992 was THORN EMI plc, a company registered in England and Wales. The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the company is a member is Thorn EMI plc. Copies of THORN EMI plc's accounts can be obtained from THORN EMI plc, 4 Tenterden Street, Hanover Square, London, ENGLAND, W1A 2AY.