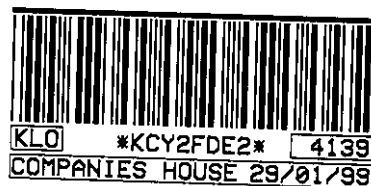


CIRCA MUSIC LIMITED

ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 1998

REGISTERED NUMBER 1974699



CIRCA MUSIC LIMITED

Directors: Mr M N Bandier
Mr P H C Reichardt
Mr T J Foster-Key
Mr T F Bradley
Ms S D Perryman
Mr C Milesen (appointed 1st June 1998)
Mr P J Cox
Mr J C Channon

Secretary: Mrs D J Miller (resigned 31st May 1998)
Mr C Milesen (appointed 1st June 1998)

Registered Office: 127 Charing Cross Road, London WC2H 0EA

REPORT OF THE DIRECTORS

The directors submit the audited accounts for the year ended 31st March 1998. The profit for the year amounted to £60,446 (1997 - £53,897). The directors recommend no dividend be paid (1997 - nil) and therefore the profit of £60,446 (1997 - £53,897) is to be retained.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENTS

The principal activity of the company continued to be that of music publishing. Business decreased during the year, however a decrease in cost of sales resulted in an increase in profits. No material change in the activities of the business is contemplated.

DIRECTORS

The directors of the company during the year ended 31st March 1998 were those listed above, together with Ms K O'Dwyer who resigned on 30th September 1997 and Mrs D J Miller who resigned on 31st May 1998.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

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).

DIRECTORS' INTERESTS

All the directors are also directors of EMI Music Publishing Limited and their interests in the share and loan capital of EMI GROUP plc, the ultimate parent undertaking, are disclosed in the directors' report of EMI Music Publishing Limited.

YEAR 2000

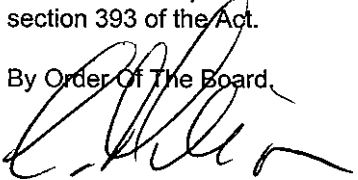
Special steering committees have been set up throughout the EMI Group to correct the systems applications that will be affected as the year changes from 1999 to 2000.

Action plans have been put in place and EMI Group's internal audit unit has been reviewing their progress. The Group believes that all vulnerable systems have been identified and will be rectified ahead of time.

AUDITORS

An elective resolution to dispense with the annual appointment of auditors was passed in 1994. The existing auditors, Ernst & Young will be deemed re-appointed in accordance with section 386 of the Act, unless their appointment is brought to an end by a resolution at a meeting of shareholders pursuant to a notice of such resolution duly deposited in accordance with section 393 of the Act.

By Order Of The Board,


C Milesen
Secretary
Dated:

28 JAN 1999

CIRCA MUSIC LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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.

CIRCA MUSIC LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the accounts on pages 4 to 8, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

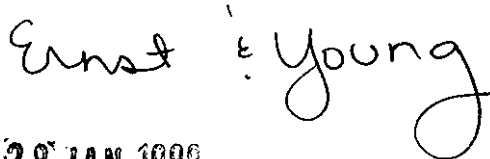
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31st March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



28 JAN 1999

ERNST & YOUNG
Registered Auditor
LONDON

CIRCA MUSIC LIMITED**PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST MARCH 1998**

	<u>NOTES</u>	<u>1998</u>	<u>1997</u>
		£	£
TURNOVER	2	55,741	98,620
Cost of Sales		(10,517)	37,500
		<hr/>	<hr/>
GROSS PROFIT		66,258	61,120
Distribution Costs		1,385	2,218
Administration Expenses		4,427	5,005
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	60,446	53,897
Taxation	6	-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		60,446	53,897
Dividends		-	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR		<u>60,446</u>	<u>53,897</u>

STATEMENT OF RETAINED LOSSES

As at 1st April	(210,716)	(264,613)
Retained profit for the year	60,446	53,897
	<hr/>	<hr/>
At 31st March	<u>(150,270)</u>	<u>(210,716)</u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES


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

The notes on pages 6 to 8 form part of these accounts.

CIRCA MUSIC LIMITED

BALANCE SHEET AT 31ST MARCH 1998

	<u>NOTES</u>	<u>1998</u>	<u>1997</u>
		£	£
CURRENT ASSETS			
Debtors	7	107,200	83,200
 CREDITORS: amounts falling due within one year	 8	 257,270	 293,716
 NET CURRENT ASSETS		<u><u>(150,070)</u></u>	<u><u>(210,516)</u></u>
 CAPITAL AND RESERVES			
Called up share capital	9	200	200
Profit and loss account	10	(150,270)	(210,716)
 Equity shareholders' funds		<u><u>(150,070)</u></u>	<u><u>(210,516)</u></u>

 DIRECTOR

28 JAN 1999 DATE

The notes on pages 6 to 8 form part of these accounts.

CIRCA MUSIC LIMITED

NOTES TO THE ACCOUNTS

1 ACCOUNTING POLICIES

(a) Accounting Convention

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

(b) 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.

(c) Cashflow

A cashflow statement has not been prepared due to exemption under FRS1, as the company is a wholly owned subsidiary undertaking of an EC parent.

(d) Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. All differences are taken to the profit and loss account.

(e) Going Concern

The accounts have been prepared under the going concern concept on the basis that funds will continue to be made available by the parent undertaking as necessary to enable the company to meet its liabilities as they fall due.

2 TURNOVER

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

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:

	1998	1997
	£	£
United Kingdom	38,747	62,739
Europe	11,459	24,655
USA	2,719	4,511
Other	2,816	6,715
	<u>55,741</u>	<u>98,620</u>

CIRCA MUSIC LIMITED

NOTES TO THE ACCOUNTS (continued)

3 OPERATING PROFIT

This is stated after charging/(crediting):	1998 £	1997 £
Management charges	4,995	6,406
Auditors' remuneration	817	817
Exceptional write back of advances provisions	<u>(50,824)</u>	<u>(35,690)</u>

4 EMPLOYEES

The company has no employees.

5 EMOLUMENTS OF DIRECTORS

The directors are employed and remunerated as directors or executives of EMI Music Publishing Limited, a fellow subsidiary company of EMI GROUP plc, for their services to the group as a whole. It is not practicable to split the emoluments across the group.

6 TAXATION

The company is primarily liable for UK corporation tax on its profits. However, no provision has been made in these accounts 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 31st March 1998 so long as the company remains a subsidiary. In view of the undertaking received, no disclosure is made in these accounts of any potential liability to taxation.

7 DEBTORS

	1998 £	1997 £
Other debtors	200	200
Advances	107,000	83,000
	<u>107,200</u>	<u>83,200</u>

8 CREDITORS: amounts falling due within one year

	1998 £	1997 £
Amounts owed to group undertakings	245,749	283,918
Trade creditors	11,521	9,798
	<u>257,270</u>	<u>293,716</u>

CIRCA MUSIC LIMITED**NOTES TO THE ACCOUNTS (continued)****9 SHARE CAPITAL**

	1998 £	1997 £
Authorised, allotted, called up and fully paid Ordinary shares of £1 each	<u>200</u>	<u>200</u>

10 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	SHARE CAPITAL £	PROFIT & LOSS A/C £	TOTAL £
At 1st April 1996	200	(264,613)	(264,413)
Profit for the year	-	53,897	53,897
Dividend	-	-	-
At 1st April 1997	200	(210,716)	(210,516)
Profit for the year	-	60,446	60,446
Dividend	-	-	-
At 31st March 1998	<u>200</u>	<u>(150,270)</u>	<u>(150,070)</u>

11 ULTIMATE PARENT UNDERTAKING

The parent undertaking of the group of undertakings for which group accounts 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 accounts can be obtained from EMI GROUP plc, 4 Tenterden Street, Hanover Square, London W1A 2AY, England.

The company has taken advantage of the exemption contained in FRS8, Related party disclosures, from disclosure of related party transactions with group companies on the basis that such transactions are included in the consolidated group accounts of EMI GROUP plc.