

WIDGEON INVESTMENTS LIMITED

Report and Financial Statements

31 January 2002

23/12/03

 ERNST & YOUNG



# Widgeon Investments Limited

---

Registered No. 2415283

## **DIRECTORS**

H L Gerrard  
J G Hemingway  
B V Grakal

## **SECRETARY**

G D Hill

## **AUDITORS**

Ernst & Young LLP  
Rolls House  
7 Rolls Buildings  
Fetter Lane  
London EC4A 1NH

## **REGISTERED OFFICE**

90 Jermyn Street  
(1<sup>st</sup> Floor)  
London SW1Y 6JD

# Widgeon Investments Limited

---

## DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 31 January 2002.

### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £7,673,168 (2001 - profit of £441,598). The directors recommend the payment of an interim ordinary dividend amounting to £8,700,000.

### PRINCIPAL ACTIVITY

The principal activity of the company during the year was that of a holding and investment company. The directors do not envisage any change in this activity during the foreseeable future.

### DIRECTORS AND THEIR INTERESTS

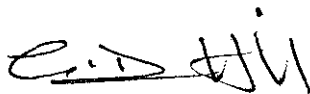
The directors of the company during the year ended 31 January 2002 were as shown on page 1.

There are no directors' interests requiring disclosure under the Companies Act 1985.

### AUDITORS

In accordance with section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed on 5 August 1993. Accordingly, Ernst & Young LLP shall be deemed to be reappointed as auditors.

By order of the board



G D Hill  
Secretary

19 February 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.

**REPORT OF THE INDEPENDENT AUDITORS  
to the members of Widgeon Investments Limited**

We have audited the company's financial statements for the year ended 31 January 2002, which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet, the statement of cash flows and the related notes 1 to 15. These financial statements have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

**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.

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.

**REPORT OF THE INDEPENDENT AUDITORS  
to the members of Widgeon Investments Limited**

**Qualified opinion**

As explained in note 6, the aggregate cost of the investment in subsidiary and associated undertakings has not been apportioned between these two categories and separately disclosed. This is not in accordance with the requirements of Schedule 4 to the Companies Act 1985.

Except for the absence of the information concerning investments described above, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 January 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
London

*14 February 2003*

# Widgeon Investments Limited

## PROFIT AND LOSS ACCOUNT

for the year ended 31 January 2002

	Notes	2002 £	Restated 2001 £
Income from investments	3	7,600,000	410,000
Interest receivable	4	109,154	51,136
		<u>7,709,154</u>	<u>461,136</u>
Administrative and other expenses		(25,671)	(19,538)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	<u>7,683,483</u>	<u>441,598</u>
Tax on profit on ordinary activities	5	(10,315)	-
<b>PROFIT ON ORDINARY ACTIVITIES FOR THE YEAR</b>		<u>7,673,168</u>	<u>441,598</u>
Dividends declared (2001 paid) - interim		(8,700,000)	(600,000)
<b>LOSS RETAINED FOR THE FINANCIAL YEAR</b>		<u>(1,026,832)</u>	<u>(158,402)</u>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £7,673,168 in the year ended 31 January 2002 and the profit of £441,598 in the year ended 31 January 2001.

# Widgeon Investments Limited

## BALANCE SHEET at 31 January 2002

	Notes	2002 £	2001 £
<b>FIXED ASSETS</b>			
Investments	6	15,000,020	15,000,020
<b>CURRENT ASSETS</b>			
Debtors	7	4,666,535	54,912
Cash at bank and in hand		4,168,930	1,101,039
		8,835,465	1,155,951
<b>CREDITORS: amounts falling due within one year</b>	8	(8,720,107)	(13,761)
<b>NET CURRENT ASSETS</b>		115,358	1,142,190
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		15,115,378	16,142,210
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	14,500,000	14,500,000
Profit and loss account	11	615,378	1,642,210
Equity shareholders' funds	11	15,115,378	16,142,210

Director



19 February 2003



# Widgeon Investments Limited

## STATEMENT OF CASH FLOWS for the year ended 31 January 2002

	<i>Notes</i>	<i>2002</i> £	<i>2001</i> £
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	12	(29,640)	(19,231)
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest received		97,531	51,136
Dividends received		3,000,000	410,000
		<u>3,097,531</u>	<u>461,136</u>
<b>EQUITY DIVIDENDS PAID</b>		-	(600,000)
<b>INCREASE/(DECREASE) IN CASH</b>		<u>3,067,891</u>	<u>(158,095)</u>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
		<i>2002</i> £	<i>2001</i> £
Increase/(decrease) in cash in the year	13	3,067,891	(158,095)
<b>NET FUNDS AT BEGINNING OF THE YEAR</b>	13	1,101,039	1,259,134
<b>NET FUNDS AT END OF THE YEAR</b>	13	<u>4,168,930</u>	<u>1,101,039</u>

# Widgeon Investments Limited

## NOTES TO THE FINANCIAL STATEMENTS

at 31 January 2002

### 1. ACCOUNTING POLICIES

#### *Accounting convention*

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

#### *Group financial statements*

Group financial statements have not been prepared as the company is entitled to the exemption conferred by section 248 of the Companies Act 1985. Consequently these financial statements only include information about the company as an individual undertaking and not about the group.

#### *Foreign currencies*

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.

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more tax, with the following exception:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

#### *Investments*

Investments are stated at cost less provision for any impairment in value.

The carrying values of investments are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

### 2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	2002	2001
	£	£
Auditors' remuneration	14,831	9,061
Directors' remuneration	-	-

There were no employees other than the directors during the year.

Legal and professional fees totalling £2,350 (2001 - £2,350) for the year have been rendered by a firm in which one of the directors, Mr J G Hemingway, has a material interest.

# Widgeon Investments Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 January 2002

### 3. INCOME FROM INVESTMENTS

	2002	Restated 2001
	£	£
Dividends receivable from subsidiary undertaking	4,600,000	-
Dividends received from associated undertaking	3,000,000	410,000
	<u>7,600,000</u>	<u>410,000</u>

Dividends received from associated undertaking in the year ended 31 January 2001, have been restated to remove the attributable tax credits in accordance with FRS 16.

### 4. INTEREST RECEIVABLE

	2002	2001
	£	£
Bank interest	<u>109,154</u>	<u>51,136</u>

### 5. TAXATION

#### (a) Analysis of charge in year:

	2002	Restated 2001
	£	£
<i>Current tax</i>		
UK corporation tax on the profit for the year	-	-
Group relief payable	10,315	-
<b>Total current tax charge for year</b>	<u>10,315</u>	<u>-</u>

#### (b) Factors affecting tax charge for the year:

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002	Restated 2001
	£	£
Profit on ordinary activities before tax	7,683,483	441,598
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 - 30%)	<u>2,305,045</u>	<u>132,479</u>
<i>Effects of:</i>		
Dividends receivable not taxable for tax purposes	(2,280,000)	(123,000)
Utilisation of tax losses brought forward	(14,730)	(9,479)
<b>Current tax for the year (note 5(a))</b>	<u>10,315</u>	<u>-</u>

# Widgeon Investments Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 January 2002

### 6. INVESTMENTS

	<i>Subsidiary undertaking and associated undertaking</i>	<i>Total</i>
	<i>£</i>	<i>£</i>
Cost:		
At 1 February 2001 and 31 January 2002	15,000,020	15,000,020

The directors are satisfied that the aggregate value of the investment in subsidiary and associated undertakings is not less than the aggregate of the amounts at which those assets are stated in the company's balance sheet.

The aggregate cost of the investment in subsidiary and associated undertakings has not been apportioned between subsidiary undertaking and associated undertaking and separately disclosed.

Details of the investments in which the company holds 20% or more of the nominal value of any class of share capital are as follows:

<i>Name of Company</i>	<i>Holding</i>	<i>Proportion of voting rights and shares held</i>	<i>Nature of business</i>
<b>Subsidiary undertaking</b>			
Startling Music Limited	Ordinary shares	100%	Music publishing, provision of promotional services and related activities
<b>Associated undertaking</b>			
Apple Corps Limited	Ordinary shares	25%	Exploitation of musical copyrights

The following information is relevant to the subsidiary and associated undertakings based on their last set of published financial statements, or latest available information:

	<i>Apple Corps Limited Year ended 31 January 2002 £</i>	<i>Startling Music Limited Year ended 31 January 2002 £</i>
Profit for the year after tax and before dividends	12,890,679	2,383,869
Aggregate capital and reserves	5,417,350	27,580

# Widgeon Investments Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 January 2002

### 7. DEBTORS

	2002	2001
	£	£
Group relief receivable	50,535	50,535
Other debtors	16,000	4,377
Due from subsidiary undertaking	4,600,000	-
	<u>4,666,535</u>	<u>54,912</u>

### 8. CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Accruals	9,792	5,536
Due to subsidiary undertaking	-	8,225
Dividend payable	8,700,000	-
Group relief payable	10,315	-
	<u>8,720,107</u>	<u>13,761</u>

### 9. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts not provided in respect of deferred taxation are as follows:

	2002	2001
	£	£
Tax losses carried forward	-	14,730
Undiscounted deferred tax asset	-	14,730

### 10. SHARE CAPITAL

	2002	Authorised 2001	Allotted, called up and fully paid 2002	2001
	£	£	£	£
Ordinary shares of £1 each	<u>15,000,000</u>	<u>15,000,000</u>	<u>14,500,000</u>	<u>14,500,000</u>

# Widgeon Investments Limited

## NOTES TO THE FINANCIAL STATEMENTS at 31 January 2002

### 11. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total</i> £
At 1 February 2000	14,500,000	1,800,612	16,300,612
Profit for the year	-	441,598	441,598
Dividend	-	(600,000)	(600,000)
At 31 January 2001	14,500,000	1,642,210	16,142,210
Profit for the year	-	7,673,168	7,673,168
Dividend	-	(8,700,000)	(8,700,000)
At 31 January 2002	14,500,000	615,378	15,115,378

### 12. NOTE TO THE STATEMENT OF CASH FLOWS

Reconciliation of administrative and other expenses to net cash outflow from operating activities:

	<i>2002</i> £	<i>2001</i> £
Administrative and other expenses	(25,671)	(19,538)
Decrease in debtors	-	12,696
Decrease in creditors	(3,969)	(12,389)
Net cash outflow from operating activities	(29,640)	(19,231)

### 13. ANALYSIS OF NET FUNDS

	<i>Opening 2001</i> £	<i>Cash flow</i> £	<i>Closing 2002</i> £
Cash at bank and in hand	1,101,039	3,067,891	4,168,930

### 14. RELATED PARTY TRANSACTIONS

The company was recharged certain administrative expenses by its subsidiary undertaking, Startling Music Limited, during the year amounting to £8,225 (2001 - £8,225). The amount due to Startling Music Limited at the year end is disclosed in note 8.

Cornwall, an intermediate parent undertaking, also surrendered tax losses to the company by way of group relief for the year ended 31 January 2002, for which a group relief payment of £10,315 (2001 - £nil) has been provided in the financial statements.

### 15. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Devon Holdings Limited, a company incorporated in the Bahamas.

The company's immediate parent undertaking is Belfry Investments Ltd a company incorporated in The British Virgin Isles.