

Widgeon Investments Limited

Report and Financial Statements

31 January 2005

2415283

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

1 More London Place

London

SE1 2AF

Registered office

90 Jermyn Street

(1st Floor)

London

SW1Y 6JD

 ERNST & YOUNG

Directors' report

The directors present their report and financial statements for the year ended 31 January 2005.

Results and dividends

The loss for the year amounted to £16,297. The directors do not recommend the payment of any dividends.

Principal activities and review of the business

The principal activity of the company during the year was that of a holding and investment company.

The company's result was as expected and the directors do not envisage any change in this activity during the foreseeable future.

Directors

The directors who served the company during the year were as follows:

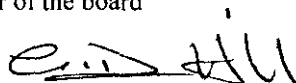
H L Gerrard
J G Hemingway
B V Grakal

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

Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

By order of the board



G D Hill
Secretary

25 NOV 2005

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.

Independent auditors' report

to the members of Widgeon Investments Limited

We have audited the company's financial statements for the year ended 31 January 2005 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet, 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.

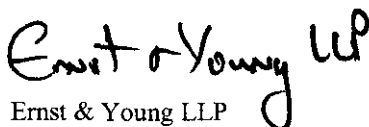
Independent auditors' report

to the members of Widgeon Investments Limited (continued)

Qualified opinion

As explained in note 8, 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 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
London

29 NOV 2005

Profit and loss account

for the year ended 31 January 2005

	Notes	2005 £	2004 £
Turnover		—	—
Administrative expenses		20,897	22,535
Operating loss	2	(20,897)	(22,535)
Income from participating interests	4	—	850,000
Interest receivable	5	4,600	16,948
		<u>4,600</u>	<u>866,948</u>
(Loss)/profit on ordinary activities before taxation		(16,297)	844,413
Tax on (loss)/profit on ordinary activities	6	—	—
(Loss)/profit for the financial year		<u>(16,297)</u>	<u>844,413</u>
Dividends:			
ordinary dividends on equity shares	7	—	1,350,000
Retained loss for the financial year		<u>(16,297)</u>	<u>(505,587)</u>

Statement of total recognised gains and losses

There are no recognised gains or losses other than the loss of £16,297 attributable to the shareholders for the year ended 31 January 2005 (2004 - profit of £844,413).

Balance sheet

at 31 January 2005

	Notes	2005 £	2004 £
Fixed assets			
Investments	8	15,000,020	15,000,020
Current assets			
Debtors	9	847,527	901,304
Cash at bank		12,752	528,315
		860,279	1,429,619
Creditors: amounts falling due within one year	10	813,108	1,366,151
		47,171	63,468
Net current assets			
Total assets less current liabilities		15,047,191	15,063,488
Capital and reserves			
Called up share capital	11	14,500,000	14,500,000
Profit and loss account	12	547,191	563,488
Equity shareholders' funds	12	15,047,191	15,063,488


H L Gerrard
Director

25 NOV 2005

Statement of cash flows
for the year ended 31 January 2005

	<i>Notes</i>	<i>2005</i> £	<i>2004</i> £
<i>Net cash inflow/(outflow) from operating activities</i>	13(a)	829,837	(20,660)
<i>Returns on investments and servicing of finance</i>	13(b)	4,600	16,948
<i>Equity dividends paid</i>		(1,350,000)	—
<i>Decrease in cash</i>		<u>(515,563)</u>	<u>(3,712)</u>

Reconciliation of net cash flow to movement in net funds

		<i>2005</i> £	<i>2004</i> £
Decrease in cash		(515,563)	(3,712)
Movement in net funds		(515,563)	(3,712)
Net funds at 1 February	13(c)	<u>528,315</u>	<u>532,027</u>
Net funds at 31 January	13(c)	<u>12,752</u>	<u>528,315</u>

Notes to the financial statements

at 31 January 2005

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention.

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.

Fixed assets

All fixed assets are initially recorded at cost.

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.

Deferred taxation

Deferred tax 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 a 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.

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.

Notes to the financial statements

at 31 January 2005

2. Operating loss

This is stated after charging:

	2005 £	2004 £
Auditors' remuneration - audit services	<u>8,714</u>	<u>11,113</u>

3. Directors' remuneration

There were no employees other than the directors during the year. None of the directors received any remuneration for their services (2004 - £nil).

Legal and professional fees totalling £3,525 (2004 - £2,937) for the year have been rendered by a firm in which one of the directors, Mr J G Hemingway, has a material interest.

4. Income from participating interests

	2005 £	2004 £
Dividends receivable from subsidiary undertaking	<u>—</u>	<u>850,000</u>

5. Interest receivable

	2005 £	2004 £
Bank interest receivable	2,900	16,948
Other interest receivable	1,700	—
	<u>4,600</u>	<u>16,948</u>

6. Taxation

(a) Tax on (loss)/profit on ordinary activities

	2005 £	2004 £
<i>Current tax</i>		
UK corporation tax on the (loss)/profit for the year	<u>—</u>	<u>—</u>

Notes to the financial statements

at 31 January 2005

6. Taxation (continued)

(b) Factors affecting current tax charge

The tax assessed on the (loss)/profit on ordinary activities for the year differs from the standard rate of corporation tax in the UK of 30% (2004 - 30%). The differences are reconciled below:

	2005 £	2004 £
(Loss)/profit on ordinary activities before taxation	(16,297)	844,413
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2004 - 30%)	(4,889)	253,324
Dividends receivable not taxable for tax purposes	—	(255,000)
Group relief	4,889	1,676
Total current tax (note 6(a))	—	—

7. Dividends

No dividend has been recommended for the year ended 31 January 2005, (2004: final proposed £1,350,000)

8. Investments

*Subsidiary
undertaking and
associated
undertaking
£*

Cost:

At 1 February 2004 and 31 January 2005 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.

Notes to the financial statements

at 31 January 2005

8. Investments (continued)

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>
Subsidiary undertaking Startling Music Limited	Ordinary shares	100%	Music publishing, provision of promotional services and related activities
Associated undertaking 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 2005 £</i>	<i>Startling Music Limited Year ended 31 January 2005 £</i>
(Loss) / Profit for the year after tax	(544,819)	480,036
Aggregate capital and reserves	6,345,938	593,871

9. Debtors

	<i>2005 £</i>	<i>2004 £</i>
Dividend receivable	—	850,000
Other debtors	796,992	769
Group relief receivable	50,535	50,535
	847,527	901,304

Notes to the financial statements

at 31 January 2005

10. Creditors: amounts falling due within one year

	2005 £	2004 £
Group relief payable	10,315	10,315
Other creditors	795,291	—
Accruals and deferred income	7,502	5,836
Proposed final dividend	—	1,350,000
	<u>813,108</u>	<u>1,366,151</u>

11. Share capital

	2005 £	Authorised 2004 £
Ordinary shares of £1 each	<u>15,000,000</u>	<u>15,000,000</u>

	No.	2005 £	No.	2004 £
Ordinary shares of £1 each	14,500,000	<u>14,500,000</u>	14,500,000	<u>14,500,000</u>

12. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	Profit and loss account £	Total share- holders' funds £
At 1 February 2003	14,500,000	1,069,075	15,569,075
Profit for the year	—	844,413	844,413
Dividends	—	(1,350,000)	(1,350,000)
At 31 January 2004	<u>14,500,000</u>	<u>563,488</u>	<u>15,063,488</u>
Loss for the year	—	(16,297)	(16,297)
At 31 January 2005	<u>14,500,000</u>	<u>547,191</u>	<u>15,047,191</u>

13. Notes to the statement of cash flows

(a) Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2005 £	2004 £
Operating loss	(20,897)	(22,535)
Decrease/(increase) in debtors	53,777	(720)
Increase in creditors	796,957	2,595
Net cash inflow/(outflow) from operating activities	<u>829,837</u>	<u>(20,660)</u>

Notes to the financial statements

at 31 January 2005

13. Notes to the statement of cash flows (continued)

(b) Returns on investments and servicing of finance

	2005 £	2004 £
Interest received	<u>4,600</u>	<u>16,948</u>

(c) Analysis of changes in net funds

	<i>At</i> <i>1 February</i> 2004 £	<i>Cash flows</i> £	<i>At</i> <i>31 January</i> 2005 £
Cash at bank and in hand	<u>528,315</u>	<u>(515,563)</u>	<u>12,752</u>

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 (2004 - £8,225).

During the year the company advanced the sum of £795,292 to Apple Corps Limited, a company in which 25% of the share capital is owned by Widgeon Investments Limited. The loan is fully outstanding at the year end and included within other debtors.

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.