

Famous Music Publishing Limited

(Registered Number: 2778358)

Directors' report and financial statements 31 December 2006

SATURDAY



ADR88U5T

A02

27/10/2007

534

COMPANIES HOUSE

Famous Music Publishing Limited

Contents

Directors' report	3-5
Statement of directors' responsibilities	4
Independent auditors' report	6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9-15

Famous Music Publishing Limited

Directors' report for the year ended 31 December 2006

The directors present their report and audited financial statements for the year ended 31 December 2006

Principal activity, review of the business and future developments

The company provides publishing services within the music industry. During the year, the company paid royalty advances to newly signed recording music talent. It is envisaged that similar activities will continue to be provided in future years.

Subsequent event

On 31 July 2007, the entire share capital of Famous Music LLC and Famous Music Publishing Limited was acquired by Sony / ATV Music Publishing LLC, resulting in a change of ownership of Famous Music Publishing Limited.

Results and dividends

The company's profit for the year was £183,251 (2005 £1,023 profit). The directors do not recommend the payment of a dividend (2005 £ nil). The profit for the year has been transferred to reserves.

Principal risks and uncertainties

The management of the company and execution of the company's strategy are subject to a number of risks. The directors have identified the need to manage the company's material financial risks, including foreign exchange, liquidity, credit and interest rate risks. These risks are monitored through a Group Treasury management function which invests surplus funds, mitigates foreign exchange exposure and manages borrowings for Viacom Inc. group companies (the 'Group').

Group Treasury also seeks to limit counter-party risk by conducting all of its banking and dealing activities with a limited number of major international banks, whose status is kept under review.

Liquidity Risk

The company finances its operations through a combination of issued ordinary share capital, bank overdrafts and other creditors.

Interest Rate Risk

To the extent that the company enters into banking arrangements, the company's exposure to interest risk arises on surplus cash. Interest income is based on UK LIBOR -0.25bp. When accounts are overdrawn, the interest expenses are based on UK LIBOR +0.25bp. The company does not participate in interest rate hedging.

Credit Risk

The company has implemented policies that require appropriate credit checks on potential customers before sales are made. The amount of exposure to any individual counterparty is subject to a limit, which is reassessed annually by the board.

Foreign Exchange Risk

To the extent that the company enters into banking arrangements and intercompany agreements in currencies different to that of the company's functional currency, there is an exposure to movements in exchange rates. The company does not participate in cross-currency hedging.

Famous Music Publishing Limited

Directors' report for the year ended 31 December 2006 (continued)

Directors and their interests

The directors, who served during the year or between the year end and the date of issuance of these financial statements, were

G Henderson (Appointed 31 July 2007)
S Storch (Appointed 31 July 2007)
M Bandier (Appointed 31 July 2007)
M Johnson (Appointed 23 April 2001)

M O'Sullivan (Resigned 31 July 2007)
R Affourtit (Resigned 31 July 2007)
T Ellis (Resigned 30 November 2006)

None of the directors had any interest in the company's share capital or in any transactions entered into by the company during the year which are required to be disclosed in accordance with the Companies Act 1985

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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,
- 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, in which case there should be supporting assumptions or qualifications as necessary,

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records that 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 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.

So far as the director is aware, there is no relevant audit information of which the company's auditors are unaware and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Famous Music Publishing Limited

Directors' report for the year ended 31 December 2006 (continued)

Company secretary

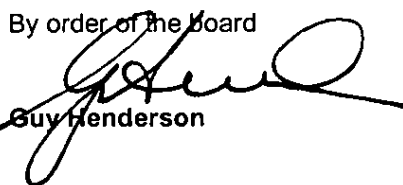
The following changes have been made in the function of the company secretary during 2006

Lucy Brosnan (Resigned 16 February 2006)
Brigit Rathouse (Resigned 16 February 2006)
Christopher Jackson (Appointed 16 February 2006)
Simon Haynes (Appointed 16 February 2006)

Auditors

PricewaterhouseCoopers LLP have expressed their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting

By order of the board



Guy Henderson

35 Vine Street
London
EC3N 2AA
25 October 2007

Independent Auditors' Report To The Members of Famous Music Publishing Limited

We have audited the financial statements of Famous Music Publishing Limited for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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

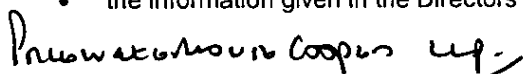
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the 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.

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London

25 October 2007

Famous Music Publishing Limited

Profit and loss account for the year ended 31 December 2006

	Notes	2006 £	2005 £
Turnover	3	5,156,808	3,931,749
Cost of sales		(4,785,818)	(3,821,086)
Gross profit		370,990	110,663
Administrative expenses		(86,960)	(83,271)
Operating profit	4	284,030	27,392
Interest receivable and similar income	7	19,632	17,134
Interest payable and similar charges	8	(41,209)	(42,268)
Profit on ordinary activities before taxation		262,453	2,258
Taxation on profit on ordinary activities	9	(79,202)	(1,235)
Retained profit for the year	15	183,251	1,023

The results for the year were derived from continuing operations

There are no recognised gains or losses other than those shown above

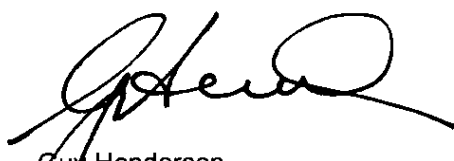
There is no difference between the results as reported and their historical cost equivalents

Famous Music Publishing Limited

Balance sheet as at 31 December 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible fixed assets	10	-	-
Current assets			
Debtors	11	903,729	345,841
Cash at bank and in hand	12	1,318,404	546,870
		2,222,133	892,711
Creditors amounts falling due within one year	13	(2,617,636)	(1,471,465)
Net current liabilities		(395,503)	(578,754)
Net liabilities		(395,503)	(578,754)
Capital and reserves			
Called up share capital	14	100	100
Profit and loss account	15	(395,603)	(578,854)
Equity shareholders' deficit	15	(395,503)	(578,754)

The financial statements on pages 7 to 15 were approved by the board of directors on 25 October 2007 and were signed on its behalf by



Guy Henderson
Director

Famous Music Publishing Limited

Notes to the financial statements for the year ended 31 December 2006

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

a) Basis of preparation

The accounts have been prepared in accordance with the Companies Act 1985, under the historical cost convention and in accordance with applicable accounting standards

The financial statements have been prepared on a going concern basis as the parent undertaking, Sony / ATV Music Publishing LLC, has formally indicated that it will continue to provide sufficient funding to the company, to enable it to meet its liabilities as they fall due for at least the twelve months following the approval of these financial statements and for the foreseeable future

b) Changes in accounting policies

The company has adopted FRS 20, 'Share-based Payment', and FRS 26, 'Financial instruments Measurement', in these financial statements. The adoption of these standards represents a change in accounting policy. There was no impact on the financial statements as a result of the adoption of FRS 20 or FRS 26

c) Foreign currencies

Assets and liabilities denominated in foreign currencies are expressed in sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are expressed in sterling at the average rates ruling during the month of the transaction. The resulting profits or losses are dealt with in the profit and loss account

d) Turnover

Turnover represents amounts invoiced excluding value added tax in respect of music publishing services provided and royalties received

e) Taxation

Corporation tax payable is provided on taxable profits at the current rate

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 that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date

A net deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from the future reversal of underlying timing differences can be deducted

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis

Famous Music Publishing Limited

Notes to the financial statements for the year ended 31 December 2006

f) Tangible fixed assets

The cost of tangible fixed assets is written off by equal annual instalments over their expected useful lives as follows

Computer equipment	3 years
--------------------	---------

g) Royalty advances

Royalty advances paid to third parties are classified as debtors and expensed at the contractual rate as cost of sales based on actual net product sales. Management evaluates the future realisation of royalty advances and provides against any amounts unlikely to be recovered at the contractual royalty rate through product sales.

2 Cash flow statement and related party disclosures

As of 31 December 2006, the company was a wholly-owned subsidiary of Viacom Inc. and was included in the consolidated financial statements of Viacom Inc, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1. The company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Viacom Inc group or investees of the Viacom Inc group. For details of other related party transactions see note 18.

3 Turnover

Turnover comprises revenue arising from royalties received. Turnover is predominately derived in the United Kingdom.

4 Operating profit

	2006 £	2005 £
Operating profit is stated after charging		
Auditors' remuneration		
- audit services	15,300	10,964

Famous Music Publishing Limited

Notes to the financial statements for the year ended 31 December 2006

5 Employee information

Staff costs during the year were as follows

	2006 £	2005 £
Wages and salaries	56,478	52,052
Social security costs	5,980	6,419
	62,458	58,471

The average number of employees during the year was 2 (2005 2)

6 Directors' emoluments

None of the directors received any remuneration in respect of their services to the company, under a Long Term Incentive Scheme or a defined benefit scheme during the year (2005 nil) One (2005 two) director was granted stock options in the year, but no (2005 nil) directors exercised stock options in the ultimate parent undertaking during the year

7 Interest receivable and similar income

	2006 £	2005 £
Interest receivable from third party	19,632	17,134

8 Interest payable and similar charges

	2006 £	2005 £
Interest payable to third parties	41,209	42,268

Famous Music Publishing Limited

Notes to the financial statements for the year ended 31 December 2006

9 Taxation on profit on ordinary activities

The tax charge based on the profit on ordinary activities comprises

	2006 £	2005 £
Current Tax		
UK Corporation Tax on profits of the year at 30% (2005 30%)	69,495	1,110
Total current tax	69,495	1,110
Deferred Tax		
Origination and reversal of timing differences	9,707	125
Total deferred tax	9,707	125
Tax on profit on ordinary activities	79,202	1,235

The tax assessed for the year varied from the amount computed by applying the standard rate of corporation tax in the UK (30%) to the profit on ordinary activities before tax. The differences are attributed to the following factors

	2006 £	2005 £
Profit on ordinary activities before tax	262,453	2,258
Profit on ordinary activity multiplied by standard UK rate, 30% (2005 30%)	78,736	678
<u>Effects of</u>		
Expenses not deductible for tax purposes	466	557
Accelerated capital allowances less than depreciation	(94)	(125)
Utilisation of brought forward losses	(9,613)	-
Current tax charge for the year	69,495	1,110

Factors that may affect future tax charges

The company expects to be able to claim capital allowances in excess of depreciation in future years

Famous Music Publishing Limited

Notes to the financial statements for the year ended 31 December 2006

9 Taxation on profit on ordinary activities (continued)

The deferred tax charge was mainly as a result of the tax effect of timing differences as follows

	2006 £	2005 £
Capital allowances in excess of depreciation	94	125
Tax losses	9,613	-
Total deferred tax charge	9,707	125

10 Tangible fixed assets

	Computer equipment £
Cost	
At 31 December 2006 and 1 January 2006	6,687
Depreciation	
At 31 December 2006 and 1 January 2006	6,687
Net Book Value	
At 31 December 2006 and 1 January 2006	-

11 Debtors

	2006 £	2005 £
Trade debtors	805,895	118,424
Royalty advances	97,552	216,629
Deferred tax asset (Note 17)	282	9,989
Other debtors	-	799
	903,729	345,841

Royalty advances include amounts which may not be fully recoverable within one year. It is not possible to quantify accurately whether such amounts are recoverable in the year or otherwise.

12 Cash at bank and in hand

At 31 December 2006 cash balances included £1,318,404 (2005 £546,870) of deposits which are managed and held on behalf of a third party company. This cash is not accessible to the company. The related liability is classified as other creditors.

Famous Music Publishing Limited

Notes to the financial statements for the year ended 31 December 2006

13 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank overdraft	902,627	893,579
Amounts owed to group undertakings	46,763	565
Accrued VAT	185,693	-
Accruals and deferred income	93,544	29,340
Corporation tax payable	70,605	1,110
Other creditors	1,318,404	546,871
	2,617,636	1,471,465

14 Share capital

	2006 £	2005 £
Authorised		
100 ordinary shares at £1 each	100	100
Allotted and fully paid		
100 ordinary shares at £1 each	100	100

15 Reconciliation of movements in shareholders' deficit and reserves

	2006 £	2005 £
Profit for the year	183,251	1,023
Reduction to shareholders' deficit	183,251	1,023
Opening shareholders' deficit	(578,754)	(579,777)
Closing shareholders' deficit	(395,503)	(578,754)

	Share Capital £	Profit and Loss Account £	Total Equity Shareholders' Deficit £
At 1 January 2006	100	(578,854)	(578,754)
Retained profit for the year	-	183,251	183,251
At 31 December 2006	100	(395,603)	(395,503)

Famous Music Publishing Limited

Notes to the financial statements for the year ended 31 December 2006

16 Financial commitments and contingencies

At 31 December 2006 the company had commitments and contingencies related to future artist advances for which management's best estimate is

	Future artist commitments	
	2006 £	2005 £
Within one year	158,200	110,000
Total	158,200	110,000

17 Deferred Taxation

The elements of deferred taxation provided for in the financial statements are as follows

	2006 £	2005 £
Accelerated capital allowances	282	376
Unrelieved tax losses carried forward	-	9,613
Total deferred tax asset	282	9,989

18 Related party transactions

Famous Music Publishing Limited was a wholly owned subsidiary of Viacom Inc. As permitted by Financial Reporting Standard 8, "Related Party Disclosures", transactions with other entities of which at least 90% is held by Viacom Inc. are not disclosed.

19 Ultimate parent undertaking

As of 31 December 2006, the company's immediate and ultimate parent companies were Viacom Global Netherlands B.V. and Viacom Inc. respectively, incorporated in the Netherlands and the USA. The ultimate controlling party of Viacom Inc. is National Amusements Inc., the beneficial owner of the majority of Viacom Inc. voting shares.

The only group in which the results of Famous Music Publishing Limited were consolidated at 31 December 2006 is Viacom Inc. The consolidated financial statements for this group are available to the public and may be obtained from 1515 Broadway, New York, N.Y., 10036-5794, USA.

20 Subsequent event

On 31 July 2007, the entire share capital of Famous Music LLC and Famous Music Publishing Limited was acquired by Sony / ATV Music Publishing LLC, resulting in a change of ownership of Famous Music Publishing Limited.