

Registered No. 03287591

MSFC LIMITED

Report and Financial Statements

31 July 2005



MSFC LIMITED
REPORT AND FINANCIAL STATEMENTS
31 July 2005

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MSFC LIMITED
COMPANY INFORMATION
31 July 2005

Full name of company:	MSFC Limited
Company registration number:	3287591
Directors:	Eric Nicoli Janie Orr (appointed 24 June 2005) Rupert Perry
Secretary:	Mawlaw Secretaries Limited
Registered office:	27 Wrights Lane London W8 5SW
Bankers:	Barclays Bank plc Hammersmith London W6 9HY
Auditors:	Ernst & Young LLP 1 More London Place London SE1 2AF

MSFC LIMITED
DIRECTORS' ANNUAL REPORT
31 July 2005

The directors present the statutory report with the financial statements of MSFC Limited for the year ended 31 July 2005.

Incorporation and change of accounting reference date

The company was incorporated on 4 December 1996.

State of affairs of the company

In the year to 31 July 2005, MSFC Limited made a profit of £21 (2004: profit £6.)

Principal activity

The company is the wholly owned subsidiary of EMI Music Sound Foundation and as such operates in support of the Charity by fundraising and undertaking trading activities which are outside the Charity's objects. MSFC Limited has entered into a deed of covenant whereby it covenants its taxable profits to EMI Music Sound Foundation.

Future developments

It is intended that the company should continue to be available to complement the work of EMI Music Sound Foundation.

Directors

The directors who served during the period were:

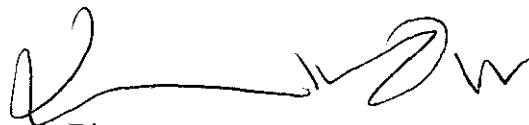
Eric Nicoli
Rupert Perry
Janie Orr (appointed 24 June 2005)

Auditors

The company having passed an Elective Resolution at a duly convened General Meeting of the members, is exempt from the need to re-appoint auditors annually. Ernst and Young LLP will therefore continue in office in the forthcoming year in accordance with section 385A of the Companies Act 1985.

Approved by the Directors on 19 December 2005

and signed by



Director

MSFC LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

31 July 2005

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 maintaining proper accounting records which 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. The directors are responsible for safeguarding the assets of the Company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MSFC LIMITED

We have audited the company's financial statements for the year ended 31 July 2005 which comprise the Profit and Loss Account, Balance Sheet, and Cash Flow Statement, and the related notes 1 to 9. 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.

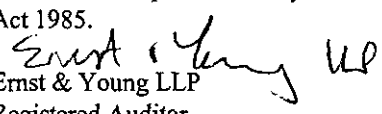
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 July 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Ernst & Young LLP
Registered Auditor
London

Date 20/12/05

MSFC LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 2005

	Notes	31 July 2005 £	31 July 2004 £
Turnover		-	-
Cost of sales		-	-
GROSS PROFIT		<u>-</u>	<u>-</u>
Administrative expenses	4, 5	(34)	(30)
OPERATING LOSS		<u>(34)</u>	<u>(30)</u>
Finance income	3	55	36
PROFIT ON ORDINARY ACTIVITIES		<u>21</u>	<u>6</u>
Covenant payment to parent charity		(21)	(6)
TRANSFER TO RESERVES		<u><u>-</u></u>	<u><u>-</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There were no other recognised gains and losses during the year other than the retained profit of £Nil (2004: Nil).

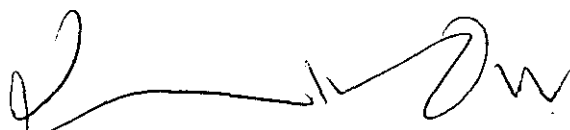
MSFC LIMITED

BALANCE SHEET

	Notes	31 July 2005 £	31 July 2004 £
CURRENT ASSETS			
Short term deposits		4,548	4,493
Cash		<u>508</u>	<u>566</u>
		5,056	5,059
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	7	<u>(5,055)</u>	<u>(5,058)</u>
		(5,055)	(5,058)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>1</u></u>	<u><u>1</u></u>
CAPITAL AND RESERVES			
Share capital	9	1	1
Profit and loss account		-	-
EQUITY SHAREHOLDERS' FUNDS	6	<u><u>1</u></u>	<u><u>1</u></u>

Approved by the directors on 19 December 2005

and signed by



Director

MSFC LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2005

	Notes	£	31 July 2005 £	31 March 2004 £
Net cash outflow from operating activities	1		(58)	0
Returns on investments and servicing of finance:				
Interest received		55	36	
Net cash inflow from returns on investments and servicing of finance			55	36
Capital expenditure and financial investment:				
Net acquisition of short term deposits		(55)	(36)	
Net cash outflow from capital expenditure and financial investment			(55)	(36)
Decrease in cash			(58)	0

NOTES TO THE CASH FLOW STATEMENT

1. Reconciliation of operating loss to net cash outflow from operating activities

	Year ended 31 July 2005 £	Year ended 31 July 2004 £
Operating profit	(34)	(30)
Covenant to parent charity	(21)	(6)
Increase / (decrease) in creditors	(3)	36
	(58)	0

2. Analysis of changes in cash and short term deposits during the year

	At 1 August 2004	Cash flow	At 30 July 2005
Cash at bank and in hand	566	(58)	508
Short term deposits	4,493	55	4,548
	5,059	(3)	5,056

MSFC LIMITED
NOTES TO THE ACCOUNTS
at 31 July 2005

1. ACCOUNTING POLICIES

The financial statements have been prepared under the historic cost convention, on a going concern basis and in accordance accounting standards applicable in the UK. The principal accounting policies adopted are as follows:

Turnover

Turnover represents the invoiced value of goods and services supplied by the company. Turnover excludes value added tax.

2. TAXATION

The company is a wholly owned subsidiary of the EMI Music Sound Foundation (charity registration number 5062390) and has entered into a deed of covenant whereby it covenants its taxable profits to the Music Sound Foundation.

3. FINANCE INCOME

	31 July 2005 £	31 July 2004 £
Bank interest receivable	<u>55</u>	<u>36</u>

4. FEES TO AUDITORS

	31 July 2005 £	31 July 2004 £
Audit fees	<u>-</u>	<u>-</u>

5. DIRECTORS' AND EMPLOYEES' COSTS

	31 July 2005 £	31 July 2004 £
Wages and salaries	-	-
Social security costs	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

The Directors were not remunerated.

MSFC LIMITED
NOTES TO THE ACCOUNTS
at 31 July 2005

6. RECONCILIATION OF SHAREHOLDERS FUNDS

	Share capital	Profit and loss account	Total funds
	£	£	£
At 1 August 2004	1	-	1
Profit for the year	-	-	-
At 31 July 2005	<u>1</u>	<u>-</u>	<u>1</u>

7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 July 2005 £	31 July 2004 £
Sundry creditors	-	-
Amounts owed to parent undertaking	5,025	5,004
Income tax payable	-	-
Accruals	30	54
	<u>5,055</u>	<u>5,058</u>

8. RELATED PARTY TRANSACTIONS

Eric Nicoli is a Director of EMI Group plc

9. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	2005 No.	2004 No.	2005 £	2004 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1</u>	<u>1</u>