

Extreme Music RMF Limited

ANNUAL REPORT

For the year ended 31 December 2007



Company Registration No 03800894

Extreme Music RMF Limited

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Extreme Music RMF Limited

DIRECTORS AND ADVISERS

DIRECTORS

D Taylor
R Emanuel
D Pounder
M Bandier
G Henderson
J Puzio

SECRETARIES

Abogado Nominees Limited

REGISTERED OFFICE

100 New Bridge Street
London
EC4V 6JA

BUSINESS ADDRESS

30 Golden Square
London
W1F 9LD

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
1 Embankment Place
London
WC2N 6RH

Extreme Music RMF Limited

DIRECTORS' REPORT

The directors submit their annual report and the audited financial statements of Extreme Music RMF Limited for the year ended 31 December 2007

BUSINESS REVIEW AND PRINCIPAL ACTIVITIES

The company has not traded during the year

During the preceding period the accounting reference date was changed from 30 June to 31 December. The current financial statements therefore present the results of the company for a year, and comparative disclosures represent results for an eighteen month period.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £Nil (2006 £623). The company has net liabilities of £15,843 (2006 £15,843).

The directors do not recommend payment of a dividend (2006 £Nil).

DIRECTORS

The following directors have held office since 1 January 2007

D Taylor
R Emanuel
R Affourtit (resigned 31 July 2007)
M J O'Sullivan (resigned 31 July 2007)
D Pounder
M Bandier (appointed 31 July 2007)
G Henderson (appointed 31 July 2007)
S Storch (appointed 31 July 2007, resigned 31 March 2008)
J Puzio (appointed 31 March 2008)

STATEMENT OF DISCLOSURE OF INFORMATION TO AUDITORS

Each director of the company, in office at the time of approval of this report, acknowledges that

- a so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- b 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.

The confirmation is given and should be interpreted in accordance with the provisions of s2342A of The Companies Act 1985

Extreme Music RMF Limited

DIRECTORS' REPORT

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

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 year.

In preparing these financial statements, the directors are required to

- a select suitable accounting policies and then apply them consistently,
- b make judgements and estimates that are reasonable and prudent,
- c 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.

INDEPENDENT AUDITORS

PricewaterhouseCoopers LLP have indicated their willingness to continue in office and a resolution to reappoint them as auditors will be proposed at the next annual general meeting.

On behalf of the board



D. Pounder
Director

20 June 2008

Extreme Music RMF Limited

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EXTREME MUSIC RMF LIMITED

We have audited the financial statements of Extreme Music RMF Limited for the period year ended 31 December 2007 which comprises 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 annual report and 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 judgments 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 2007 and of its result 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
Date 20 June 2008

Extreme Music RMF Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2007

	<i>Notes</i>	Year ended 31 December 2007 £	18 months ended 31 December 2006 £
TURNOVER	2	-	130
Cost of sales		-	(120)
		<hr/>	<hr/>
GROSS PROFIT		-	10
Operating expenses	3	-	(633)
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	4	-	(623)
Taxation on profit on ordinary activities	6	-	-
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR/PERIOD	10	-	(623)
		<hr/>	<hr/>

The company did not trade during the year

The company has no recognised gains and losses other than the loss above and therefore no separate statement of recognised gains and losses has been presented

There are no material differences between the loss on ordinary activities before taxation and the loss for the year/period stated above and their historical cost equivalents


Extreme Music RMF Limited

BALANCE SHEET

As at 31 December 2007

	<i>Notes</i>	31 December 2007 £	31 December 2006 £
CURRENT ASSETS			
Debtors	7	569	591
		<u>569</u>	<u>591</u>
CREDITORS Amounts falling due within one year	8	(16,412)	(16,434)
NET CURRENT LIABILITIES		<u>(15,843)</u>	<u>(15,843)</u>
NET LIABILITIES		<u>(15,843)</u>	<u>(15,843)</u>
CAPITAL AND RESERVES			
Called up share capital	9	2	2
Profit and loss account	10	(15,845)	(15,845)
TOTAL SHAREHOLDERS' DEFICIT	11	<u>(15,843)</u>	<u>(15,843)</u>

The financial statements on pages 5 to 11 were approved and authorised for issue by the board on 20 June 2008 and signed on its behalf by


D Pounder
Director

Extreme Music RMF Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared on the going concern basis under the historical cost convention in accordance with applicable Accounting Standards in the United Kingdom and the Companies Act 1985. The principal accounting policies, which have been applied consistently, are set out below.

The Extreme Music Library Limited has confirmed that it will provide such financial support as necessary for the company to enable it to meet its liabilities as they fall due and to carry on its business without significant curtailment of operations, for a minimum of 12 months from the date of approval of these financial statements.

CASH FLOW STATEMENT

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary which is included in the consolidated accounts prepared by the parent company.

TAXATION

Current taxation is applied to taxable profits at the rates ruling in the United Kingdom. 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. Deferred tax balances are not discounted unless the effects are considered to be material to the company's results.

TURNOVER

Turnover, which is stated net of value added tax, represents the following:

Indirect licence revenue, which represents revenue remitted via collection societies, is recognised on a receipts basis.

Direct licence revenue, which represents directly invoiced revenue, is recognised on an accruals basis in the period to which the respective licences relate.

Direct licence revenue is recognised when the licensor has signed a non-cancellable contract, has agreed to a fixed fee, has delivered the rights to the licensee who is free to exercise them, has no remaining significant obligations to furnish music and recovery of the full fee is reasonably assured.

ROYALTY EXPENSE

Royalties are charged to the profit and loss account as incurred. In respect of direct licence revenue where the income is reflected on an accruals basis in the period to which the respective licences relate, due provision is made for any related royalty expense due to the music library owner or writer.

Where advances against future royalties have been made, royalties are charged to the profit and loss account at the rates stated in writer contracts based on royalty turnover generated during the period. Provision is made where it is anticipated that the advance will not be recouped by future royalty charges.

RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available in Financial Reporting Standard 8 not to disclose transactions with related parties that are more than 90% owned by the group.

Extreme Music RMF Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

2 TURNOVER

The company's turnover and loss on ordinary activities before taxation for the period ended 31 December 2006 was attributable to the one principal activity of the company which was wholly undertaken in the United Kingdom

3 OPERATING EXPENSES

	Year ended 31 December 2007 £	18 months ended 31 December 2006 £
Administration expenses	-	633
	<hr/>	<hr/>

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	Year ended 31 December 2007 £	18 months ended 31 December 2006 £
Operating loss on ordinary activities is stated after charging		
Auditors' remuneration – audit fees	-	400
	<hr/>	<hr/>

Auditors' remuneration for the current year has been borne by The Extreme Music Library Limited

5 EMPLOYEES

There were no employees during the year apart from the directors (2006 Nil)

No remuneration was paid to the directors in the year (2006 £Nil)

Extreme Music RMF Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

6 TAXATION

	Year ended 31 December 2007 £	18 months ended 31 December 2006 £
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The tax charge is based on the loss for the year and represents
Current tax
United Kingdom corporation tax for the current period at 30%
(2006 30%)

-	-
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The tax assessed for the year is at (2006 higher than) the standard rate of corporation tax in the UK (30%) applied to the pre-tax loss of the company. The 2006 differences are explained below

	2007 £	2006 £
Loss on ordinary activities before tax	-	(623)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 30% (2006 30%)	-	(187)
Effects of		
Expenses not allowable for tax	-	60
Group relief surrendered	-	522
Other tax adjustments	-	(395)
Current tax charge for the year	-	-

The company has estimated losses of £5,415 (2006 £5,415) available for carry forward against future trading profits

A deferred tax asset relating to trading losses has not been recognised on the grounds that there is insufficient evidence that the asset will be recoverable

Factors which may affect future tax charges

The effect of the reduction of the corporation tax from 30% to 28%, enacted in the Finance Act 2007, which is effective 1 April 2008, would be to reduce the unprovided deferred tax asset at 31 December 2007 from £1,625 to £1,516

Extreme Music RMF Limited
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2007

7	DEBTORS	31 December 2007 £	31 December 2006 £
	Amounts due from group companies	545	591
	Other debtors	24	-
		<u>569</u>	<u>591</u>

Amounts owed by group companies are unsecured, interest free and repayable on demand

8	CREDITORS Amounts falling due within one year	31 December 2007 £	31 December 2006 £
	Amounts owed to group companies	16,412	16,412
	Other tax and social security	-	22
		<u>16,412</u>	<u>16,434</u>

Amounts owed to group companies are unsecured, interest free and repayable on demand

9	CALLED UP SHARE CAPITAL	31 December 2007 £	31 December 2006 £
	Authorised 1,000 ordinary shares of £1 each	1,000	1,000
	Allotted, issued and fully paid 2 (2006 2) fully called up ordinary shares of £1 each	<u>2</u>	<u>2</u>

10	PROFIT AND LOSS ACCOUNT	31 December 2007 £	31 December 2006 £
	At beginning of year/period	(15,845)	(15,222)
	Loss for the financial year/period	-	(623)
	Closing profit and loss account	<u>(15,845)</u>	<u>(15,845)</u>

Extreme Music Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 31 December 2007

11	RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS	31 December 2007 £	31 December 2006 £
	Loss for the financial year/period	-	(623)
	Opening shareholders' deficit	(15,843)	(15,220)
	Closing shareholders' deficit	<u>(15,843)</u>	<u>(15,843)</u>

12 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

At 31 December 2007 the company's immediate parent company was The Extreme Music Library Limited, a company registered in England and Wales. Copies of The Extreme Music Library Limited consolidated accounts can be obtained from the Registrar of Companies at Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ.

On 31 July 2007 the entire issued share capital of the intermediate parent company Famous Music LLC, was acquired from Viacom Inc by Sony/ATV Music Publishing LLC. At 31 December 2007 the ultimate parent undertaking was therefore Sony/ATV Music Publishing LLC. All of these companies are incorporated in the United States of America.

Sony/ATV Music Publishing LLC is a joint venture company owned 50% by Michael Jackson, 40% by Sony Music Entertainment Inc (incorporated in the United States of America) and 10% by SMEJ (USA) Inc (incorporated in the United States of America). Both of these latter companies are ultimately controlled by Sony Corporation, which is incorporated in Japan.

13 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemptions conferred by Financial Reporting Standard No 8 from the requirement to make disclosures concerning transactions with group companies.

There were no other related party transactions.