

**Chrysalis Music Publishing Limited (Formerly
Featherdove Limited)**

Directors' report and financial statements

Period from incorporation on 18 December 2000 to 31 August 2001
Registered number 4126652



Contents

Directors' report	1
Statement of directors' responsibilities	2
Report of the Independent Auditor to the members of Chrysalis Music Publishing Limited	3
Profit and loss account	4
Statement of total recognised gains and losses	5
Reconciliation of movements in shareholders' funds	5
Balance sheet	6
Notes	7

Directors' report

The directors present their annual report and the audited financial statements for the period from incorporation on 18 December 2000 to 31 August 2001.

Principal activities and future developments

The principal activity of the company is music publishing. The directors do not anticipate any change in this activity over the coming year.

The company was incorporated on 18 December 2000 and changed its name during the period to Chrysalis Music Publishing Limited.

Results and dividends

The retained profit for the period and transfer to reserves are set out in the profit and loss account on page 4.

The directors do not recommend the payment of a dividend for the year under review.

Directors and directors' interests

The directors who held office during the year were as follows:

NRA Butterfield	(appointed 23 February 2001)
NR Fenton	(appointed 23 February 2001)
S Lewis	(appointed 23 February 2001) (resigned 4 July 2001)
R Lascelles	(appointed 23 February 2001)
W Jackson	(appointed 23 February 2001)
SPV Management Limited	(appointed 23 February 2001)

None of the directors who held office at the end of the period had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the period.

At 31 August 2001, NRA Butterfield was also a director of Chrysalis Group PLC, the ultimate parent company, and his interests in the share capital of that company are set out in the directors' report of that company.

At 31 August 2001, NR Fenton held 10,355 ordinary shares of 2p each in Chrysalis Group PLC and had an interest in a further 10,355 ordinary shares of 2p each held by Mrs Fenton.

By order of the Board



CR Potterell
Secretary

The Chrysalis Building
Bramley Road
London
W10 6SP

Statement of directors' responsibilities

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;
- state whether applicable 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.

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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG Audit Plc

PO Box 695
8 Salisbury Square
London EC4Y 8BB
United Kingdom

Report of the Independent Auditor to the members of Chrysalis Music Publishing Limited

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

Basis of audit opinion

We conducted our audit in accordance with 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 the company's affairs as at 31 August 2001 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

25 JUNE 2002

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account

for the period ended 31 August 2001

	<i>Note</i>	Period from 18 Dec to 31 Aug £
Turnover	<i>1</i>	1,286,488
Cost of sales		(1,029,734)
		<hr/>
Gross profit		256,754
Administrative expenses		(540)
		<hr/>
Profit on ordinary activities before and after taxation	<i>2, 1</i>	256,214
		<hr/> <hr/>

Amounts relating to turnover and operating profit in the current period derive from continuing activities.

The notes on pages 7 to 9 form part of these financial statements.

Statement of total recognised gains and losses

for the period ended 31 August 2001

There were no recognised gains or losses in the current period other than the retained profit for the period.

Reconciliation of movements in shareholders' funds

for the period ended 31 August 2001

	2001 £
Shareholders' funds brought forward	-
Profit for the period	256,214
Issue of share capital	2
	<hr/>
Shareholders' funds carried forward	256,216
	<hr/>

Balance sheet

at 31 August 2001

	<i>Note</i>	2001 £
Current assets		
Debtors	4	1,879,002
		<hr/>
		1,879,002
Creditors: amounts falling due within one year	5	(1,622,786)
		<hr/>
Net current assets		256,216
		<hr/>
Capital and reserves		
Called up share capital	6	2
Profit and loss account		256,214
		<hr/>
Shareholders' funds – equity		256,216
		<hr/>

These financial statements were approved by the Board of directors on **25/06/02** and were signed on its behalf by:


NRA Butterfield
Director

The notes on pages 7 to 9 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following policies have been consistently applied.

Turnover

Turnover represents royalties receivable. It is the company's policy only to bring into account record royalties notified to the company by the accounting date.

Royalties

Royalties received are accounted for on a notified basis. Royalties payable are expensed on an accruals basis except that music publishing royalty advances are carried forward and recognised as an asset where such advances relate to proven artists or songwriters and where it is estimated that sufficient future royalties will be earned for recoupment of these advances.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

2 Profit on ordinary activities before taxation

2001
£

*Profit on ordinary activities before taxation
is stated after charging:*

Auditor's remuneration:
Audit

540

Notes (continued)

3 Directors' and employees' remuneration

The directors received no remuneration from the company for services during the period. The company did not have any other employees and as a result incurred no staff costs.

4 Debtors: due within one year

	2001 £
Artist advances	1,879,000
Unpaid share capital	2
	<hr/> 1,879,002 <hr/>

5 Creditors: amounts falling due within one year

	2001 £
Trade creditors	693,000
Amounts owed to group undertakings	929,246
Accruals and deferred income	540
	<hr/> 1,622,786 <hr/>

6 Called up share capital

	2001 £
<i>Equity</i>	
<i>Authorised</i>	
100 ordinary shares of £1 each	100
	<hr/>
<i>Allotted and called up</i>	
2 ordinary shares of £1 each	2
	<hr/>

Notes (continued)

7 Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 (revised 1996) to prepare a cash flow statement on the grounds that its parent undertaking, Chrysalis Group PLC, includes the company in its own published consolidated financial statements.

8 Related party transactions

As the company is a wholly owned subsidiary of Chrysalis Group PLC, the company has taken advantage of the exemption contained in FRS 8 Related Party Disclosures and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Chrysalis Group PLC, within which the company is included, can be obtained from the address given in note 9. There were no other related party transactions.

9 Ultimate parent company

The ultimate parent company is Chrysalis Group PLC, which is registered in England and Wales, for which consolidated financial statements are prepared. The consolidated financial statements of this company may be obtained from The Secretary, Chrysalis Group PLC, The Chrysalis Building, Bramley Road, London W10 6SP.

10 Taxation

The tax charge for the period has been reduced by £76,846 as a result of group relief from a fellow subsidiary undertaking's losses.

There is no deferred taxation asset and liability.