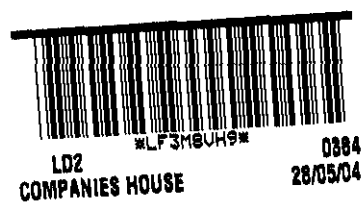


# **Delabel Music Publishing (UK) Limited**

## **Report and Financial Statements**

31 March 2003



# Delabel Music Publishing (UK) Limited

Registered No. 04128736

## **Directors**

P H C Reichardt

T J Foster-Key

P J Cox

C Milesen

J C Channon

G K Moot

M Smith

## **Secretary**

C Milesen

## **Auditors**

Ernst & Young LLP

1 More London Place

London SE1 2AF

## **Registered Office**

*Publishing House*

127 Charing Cross Road

London WC2H 0QY

## Directors' report

The directors present their report and financial statements for the year ended 31 March 2003.

### Results and dividends

The loss for the year, after taxation, amounted to £759,501 (2002 – loss of £466,198).

The directors do not recommend payment of a dividend.

### Principal activity and review of the business

The company continued to provide a management service to its associated undertaking, Moss Rose Music Limited, and, together with it, to be engaged in music publishing. Business decreased during the year with a resultant decrease in profits. No material change in the activities of the business is contemplated.

### Events since the balance sheet date

On 23 December 2002 100% of the company's ordinary share capital was acquired by EMI Music Publishing Limited, a subsidiary undertaking of EMI GROUP plc.

### Fixed assets

Movements in fixed assets are shown in note 8 of the financial statements.

### Directors and their interests

The directors of the company who served during the year were as listed on page 1.

J C Channon, P J Cox, T J Foster-Key, C Milesen, G K Moot, P H C Reichardt and M Smith were appointed as directors on 24 April 2003. T F Bradley was appointed as a director on 24 April 2003 and resigned on 31 July 2003. S D Perryman was appointed as a director on 24 April 2003 and resigned on 2 December 2003. M Duval and L Hammar resigned on 26 April 2003 and E de Buretel resigned on 31 March 2004.

### Directors' and officers' liability insurance

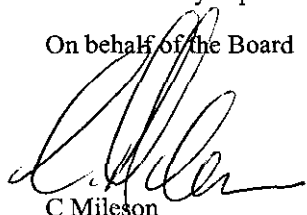
The parent undertaking, EMI GROUP plc, has maintained insurance to cover directors' and officers' liability, as defined by section 310(3)(a) of the Companies Act 1985 (as amended).

### Auditors

OJ Kilkenny & Co Limited were auditors to the company for the period to March 2002. They have been succeeded by Ernst & Young LLP with effect from 1 April 2002.

Ernst & Young LLP will be reappointed as the company's auditor in accordance with the elective resolution passed by the company under section 386 of the Companies Act 1985, unless their appointment is brought to an end by a resolution at a meeting of the shareholders pursuant to a notice of such resolution duly deposited in accordance with section 393 of the Companies Act 1985.

On behalf of the Board



C Milesen

Director

27 MAY 2004

## **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 Delabel Music Publishing (UK) Limited**

We have audited the company's financial statements for the year ended 31 March 2003 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet 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 Delabel Music Publishing (UK) Limited (continued)

### Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'EY LLP', is written over the printed name of the auditor.

Ernst & Young LLP  
Registered Auditor  
London

27 MAY 2004

## Profit and loss account

for the year ended 31 March 2003

	Notes	2003 £	2002 £
<b>Turnover</b>	2	349,317	162,770
Cost of sales		(238,110)	(93,324)
<b>Gross profit</b>		111,207	69,446
Administrative expenses		(750,948)	(535,644)
<b>Loss on ordinary activities before interest and taxation</b>	3	(639,741)	(466,198)
Interest payable		(119,760)	—
<b>Loss on ordinary activities before taxation</b>		(759,501)	(466,198)
Tax on loss on ordinary activities	7	—	—
<b>Loss on ordinary activities after taxation</b>	13	(759,501)	(466,198)

## **Statement of total recognised gains and losses**

***for the year ended 31 March 2003***

There are no recognised gains or losses other than the loss for the year of £759,501 (2002 – loss of £466,198).



## Balance sheet

at 31 March 2003

	Notes	2003 £	2002 £
<b>Fixed assets</b>			
Tangible assets	8	6,957	8,280
<b>Current assets</b>			
Bank		75,016	118,492
Debtors	9	644,732	420,881
		719,748	539,373
<b>Creditors:</b> amounts falling due within one year	10	(334,706)	(75,367)
		385,042	464,006
<b>Net current assets</b>			
<b>Creditors:</b> amounts falling due after more than one year	11	(1,617,696)	(938,482)
<b>Total liabilities</b>		(1,232,654)	(474,476)
<b>Total assets less current liabilities</b>		(1,225,697)	(466,196)
<b>Capital and reserves</b>			
Called up share capital	12	2	2
Loss brought forward	13	(466,198)	—
Loss for the year	13	(759,501)	(466,198)
Equity shareholders' funds	13	(1,225,697)	(466,196)



Director

Date

27 MAY 2004

## Notes to the financial statements

at 31 March 2003

### 1. Accounting policy

#### Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### Fixed assets

Depreciation is calculated on a reducing balance basis to write off the cost of all fixed assets over their expected useful lives. The rates, which have been consistently applied, are as follows:

Studio equipment	—	25%
Computer equipment	—	25%
Computer software	—	25%
Fixtures and fittings	—	25%

#### Pension costs

Pension fund contributions are charged in the profit and loss account so as to spread the cost of pensions over the employees' working lives. Differences between the amounts funded and the amounts charged in the profit and loss account are treated as either provisions or prepayments in the balance sheet.

#### Statement of cash flows

The company has taken advantage of the exemption from preparing a statement of cash flows in FRS 1 as at least 90% of the voting rights are controlled within the group and the consolidated financial statements of the group are publicly available.

#### Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities expressed in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. All differences are taken to the profit and loss account.

#### Related parties

The company has taken advantage of the exemption from disclosing transactions with other group undertakings and qualifying related parties under FRS 8.

### 2. Turnover

Turnover is defined as income from copyrights on a cash basis after deducting all commissions and any sales-related taxes levied on turnover.

All turnover arises from continuing activities.

In certain countries, the company has assigned its rights to royalty income to other undertakings of the EMI group.

## Notes to the financial statements

at 31 March 2003

### 2. Turnover (continued)

All turnover is attributable to music publishing, the analysis by market being as follows:

	2003	2002
	£	£
United Kingdom	349,317	162,770

### 3. Loss on ordinary activities before taxation

This is stated after charging:

	2003	2002
	£	£
Depreciation of tangible assets	5,079	2,760
Auditors' remuneration	4,703	3,500

### 4. Directors' emoluments

The directors are employed and remunerated as directors or executives of EMI Music Publishing Limited, a fellow subsidiary undertaking of EMI GROUP plc, for their services to the group as a whole. It is not practicable to split the emoluments across the group.

### 5. Staff costs

Staff costs, including directors' emoluments:

	2003	2002
	£	£
Wages and salaries	84,053	112,390
Social security costs	8,250	5,546
	92,303	117,936

The average number of employees, including the directors of the company, in each month of the year were:

	2003	2002
	No.	No.
Marketing and professional divisions	4	4

## Notes to the financial statements

at 31 March 2003

### 6. Interest payable

The company recorded interest payable of £119,760 in the year to 31 March 2003, relating to an intercompany loan.

### 7. Tax on loss on ordinary activities

The company is primarily liable for UK corporation tax on its profits. However, no provision has been made in these financial statements for either current or deferred taxation, as an undertaking has been received from its ultimate parent undertaking, EMI GROUP plc, that the latter will assume all liability for any such taxation for accounting periods ending up to 31 March 2003, so long as the company remains a subsidiary. In view of the undertaking received, no disclosure is made in these financial statements of any potential liability to taxation.

### 8. Tangible fixed assets

	<i>Studio and computer equipment £</i>
Cost:	
At 1 April 2002	11,040
Additions	996
At 31 March 2003	12,036
Depreciation:	
At 1 April 2002	2,760
Provided during the year	2,319
At 31 March 2003	5,079
Net book value:	
At 31 March 2003	6,957
At 31 March 2002	8,280

### 9. Debtors

	<i>2003 £</i>	<i>2002 £</i>
Trade debtors	31,157	14,436
Advances	613,575	406,445
	644,732	420,881

## Notes to the financial statements

at 31 March 2003

### 10. Creditors: amounts falling due within one year

	2003	2002
	£	£
Bank loans and overdrafts	—	57,204
Trade creditors	319,439	—
Taxation and social security	2,387	1,979
Accruals	11,540	—
Sundry creditors	1,340	16,184
	<u>334,706</u>	<u>75,367</u>

### 11. Creditors: amounts falling due after more than one year

	2003	2002
	£	£
Amounts owed to group undertakings	<u>1,617,696</u>	<u>938,482</u>

### 12. Share capital

	2003	2002
	£	£
<i>Authorised</i>		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called up and fully paid</i>		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

## Notes to the financial statements

at 31 March 2003

### 13. Reconciliation of shareholders' funds and movements on reserves

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total share- holders' funds £</i>
At 1 April 2001	2	–	2
Loss for the year	–	(466,198)	(466,198)
At 1 April 2002	2	(466,198)	(466,196)
Loss for the year	–	(759,501)	(759,501)
At 31 March 2003	2	(1,225,699)	(1,225,697)

### 14. Pension arrangements

The UK employees of Delabel Music Publishing (UK) Limited are eligible for the EMI GROUP Pension Fund ("the Fund"), which is based in the UK and is of the defined benefit type. The assets of the Fund are held in a separate trustee-administered fund. The company's contributions to the Fund are based on pension costs across the EMI group as a whole.

The latest actuarial valuation of the Fund was made by a qualified actuary at 1 April 1997 and relevant details are disclosed in the financial statements of EMI GROUP plc.

Pension expense for the year was £nil (2002 – £nil).

### 15. Ultimate parent undertaking

The parent undertaking of the group of undertakings for which group financial statements are drawn up and of which the company is a member is EMI GROUP plc, which is the ultimate parent undertaking registered in England and Wales. Copies of EMI GROUP plc's financial statements can be obtained from EMI GROUP plc, 4 Tenterden Street, Hanover Square, London W1A 2AY, England.

The company has taken advantage of the exemption contained in FRS 8, Related Party Disclosures, from disclosure of related party transactions with group undertakings on the basis that such transactions are included in the consolidated group financial statements of EMI GROUP plc.