

68172

EMI RECORDS LIMITED

Report and Accounts

31 March 2000

 ERNST & YOUNG



# EMI Records Limited

---

Registered No. 68172

## **DIRECTORS**

J A King  
I L Hanson  
C J Kennedy

## **SECRETARIES**


I L Hanson  
Mawlaw Secretaries Limited

## **AUDITORS**

Ernst & Young  
Becket House  
1 Lambeth Palace Road  
London SE1 7EU

## **REGISTERED OFFICE**

EMI House  
43 Brook Green  
London W6 7EF

 **ERNST & YOUNG**

# EMI Records Limited

## DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 March 2000.

### RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 6.

The directors do not recommend the payment of a dividend (1999 – £nil).

### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS DEVELOPMENT

The company continues to be engaged in the manufacture, sale and distribution of all forms of recorded music. These activities are unlikely to change in the foreseeable future.

### FIXED ASSETS

Details of the company's fixed assets are in notes 8 and 9 of the accounts.

### DIRECTORS AND THEIR INTERESTS

The directors during the year ended 31 March 2000 were as listed on page 1.

The directors of the company who served during the year ended 31 March 2000 are listed below. The only interest held by the directors in the share capital and loan stocks of the company's ultimate parent undertaking at that date, EMI Group plc, or any subsidiary undertakings thereof, were ordinary shares and options to purchase ordinary shares of EMI Group plc, granted in accordance with the provisions of that company's share option schemes, as follows:

	<i>At 31 March 2000</i>		<i>At 1 April 1999</i>	
	<i>Options over Ordinary shares</i>	<i>Ordinary shares</i>	<i>Options over Ordinary shares</i>	<i>Ordinary shares</i>
J A King	–	25,734	–	33,560
I L Hanson	–	–	–	–
C J Kennedy	–	–	–	–

The directors of the company are not subject to retirement by rotation or otherwise.

### COMPANY SECRETARIES

The company secretaries during the year ended 31 March 2000 were as follows:

I L Hanson  
Mawlaw Secretaries Limited

### POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year, the company made various charitable contributions totalling £88,000.

DIRECTORS' REPORT

**EMPLOYMENT OF DISABLED PERSONS**

It is company practice to encourage, wherever practicable, the employment of disabled persons and to provide appropriate opportunities for their training, career development and promotion. When employees become disabled while in the service of the company, every effort is made to rehabilitate them into their former jobs or some other suitable alternative.

**EMPLOYEE INVOLVEMENT**

The company has continued to further its employee involvement policies. These include the provision of information to employees and consultation with their representatives on matters affecting them, as well as the regular communication of financial information and details of the company's performance.

**SUPPLIER PAYMENT POLICY**

The company negotiates payment terms with its suppliers on an individual basis, with the normal spread being payment at the end of the month following delivery plus 30 or 60 days. Agreement to the applicable payment terms is secured in every case.

The company emphasises the importance of prompt payment to small-sized businesses in line with UK Governmental and CBI initiatives.

At 31 March 2000 the company had an average of 63 days' purchases outstanding in trade creditors.

**YEAR 2000 COMPLIANCE**

The company considered the issues and business risks resulting from the date change to the Year 2000. The likely impact on key business activities and processes, those systems which could cause a significant financial or legal impact on the company's business if they were to fail, were assessed and action plans developed. The company has not experienced any problems or system failures with the roll-over into the Year 2000. All systems have continued to perform normally.

Given the complexity of the issue, it is not possible for any organisation to guarantee that no Year 2000 problems remain. However, the directors do not anticipate problems arising as the year progresses.

**AUDITORS**

In accordance with section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually. Accordingly, Ernst & Young shall be deemed to be reappointed as auditors.

On behalf of the board



Director

19 January 2001

## EMI Records Limited

### STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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 accounts 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.

**REPORT OF THE AUDITORS**

to the members of EMI Records Limited

We have audited the accounts on pages 6 to 17, which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

**Respective responsibilities of directors and auditors**

As described on page 4, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

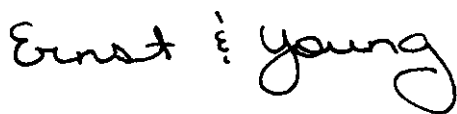
**Basis of opinion**

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
London

19 January 2001



# EMI Records Limited

## PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2000

		2000	1999
			<i>As restated</i>
	Notes	£000	£000
<b>TURNOVER</b>	2	145,701	121,075
Cost of sales		(66,707)	(68,748)
<b>GROSS PROFIT</b>		<u>78,994</u>	<u>52,327</u>
Distribution costs		(18,319)	(18,312)
Administrative expenses		(64,527)	(58,575)
Other operating income		7,822	6,678
		<u>(75,024)</u>	<u>(70,209)</u>
<b>NET OPERATING PROFIT/(LOSS)</b>	3	<u>3,970</u>	<u>(17,882)</u>
Interest receivable from group undertakings		4,926	10,813
Interest payable and similar charges	6	(11,863)	(22,327)
		<u>(6,937)</u>	<u>(11,514)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(2,967)</u>	<u>(29,396)</u>
Taxation	7	(4,815)	—
<b>RETAINED LOSS FOR THE FINANCIAL YEAR</b>		<u><u>(7,782)</u></u>	<u><u>(29,396)</u></u>

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2000	1999
		<i>As restated</i>
	£000	£000
Retained loss for the financial year	(7,782)	(29,396)
Total recognised losses relating to the year	<u>(7,782)</u>	<u>(29,396)</u>
Prior year adjustment (as explained in note 22)	(3,321)	—
Total losses recognised since last report and accounts	<u><u>(11,103)</u></u>	<u><u>—</u></u>



# EMI Records Limited

## BALANCE SHEET

At 31 March 2000

		2000	1999
			<i>As restated</i>
	Notes	£000	£000
<b>FIXED ASSETS</b>			
Tangible assets	8	43,036	48,059
Investments	9	49,200	50,100
		<u>92,236</u>	<u>98,159</u>
<b>CURRENT ASSETS</b>			
Stocks	10	4,033	3,872
Debtors	11	230,333	208,340
Cash at bank and in hand		11,272	13,036
		<u>245,638</u>	<u>225,248</u>
<b>CREDITORS: amounts falling due within one year</b>	12	<u>(268,280)</u>	<u>(444,377)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(22,642)</u>	<u>(219,129)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>69,594</u>	<u>(120,970)</u>
<b>CREDITORS: amounts falling due after more than one year</b>	13	(16,223)	(18,203)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	14	(5,407)	(5,081)
		<u>(21,630)</u>	<u>(23,284)</u>
		<u>47,964</u>	<u>(144,254)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	15	202,605	2,605
Profit and loss account	16	(154,641)	(146,859)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>47,964</u>	<u>(144,254)</u>

 Director

19 January 2001

# EMI Records Limited

## NOTES TO THE ACCOUNTS

at 31 March 2000

### 1. ACCOUNTING POLICIES

#### *Basis of preparation*

The accounts are prepared under the historical cost convention, and on a going concern basis, supported by a statement of intent from the ultimate parent undertaking to provide all necessary financial support to enable the company's operations to continue for the foreseeable future.

The accounts have been prepared in accordance with applicable accounting standards.

Consolidated accounts of the company and its subsidiary undertakings are not presented since the company is a wholly-owned subsidiary undertaking of another company that prepares group accounts and is incorporated in England and Wales.

#### *Cash flow statement*

A cash flow statement has not been prepared as the company is a wholly-owned subsidiary of a parent undertaking, registered in England and Wales, which prepares a consolidated cash flow statement.

#### *Investments*

Investments in subsidiary and associated undertakings are stated at cost less, where relevant, a provision to reflect any permanent diminution in value.

#### *Foreign currencies*

All amounts denominated in foreign currencies have been translated into sterling at year end rates. All exchange adjustments relate to monetary assets and liabilities and are therefore dealt with in determining the result for the year.

#### *Depreciation*

Depreciation of property, plant, equipment and vehicles is calculated on cost or valuation at rates estimated to write off the relevant assets by equal annual amounts over their expected useful lives. Effect is given, where necessary, to commercial and technical obsolescence.

The annual rates used are:

Freehold buildings at 2%

Plant, machinery and furniture at rates varying from 10% to 33.33%

Motor vehicles at 25%

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Stocks and work in progress*

These are stated at the lower of cost and net realisable value which is arrived at by making a provision for obsolete and slow-moving items. Cost includes a proportion of manufacturing overheads.

#### *Advances and royalties*

Advances made to artists and licensors are provided against to the extent of the estimated shortfall in future royalty earnings. Royalties receivable and payable are dealt with on an accruals basis. Payments to artists which constitute introductory expenses are held within trade debtors and are amortised over the shorter of the period of the contract or 20 years.

#### *Leasing*

Rentals payable under operating leases are charged to the profit and loss account as incurred (note 3).

# EMI Records Limited

## NOTES TO THE ACCOUNTS at 31 March 2000

### 1. ACCOUNTING POLICIES (continued)

#### *Pension costs*

The company contributes to the EMI Group plc defined benefit pension scheme. The expected costs of pensions are charged to the profit and loss account so as to spread the costs over the service lives of the participating employees. The costs of the group scheme are assessed in accordance with the advice of qualified actuaries.

### 2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, group undertakings and associates. It is attributable to one continuing activity wholly within the UK.

### 3. NET OPERATING PROFIT/(LOSS)

This is stated after charging/(crediting):

	2000	1999
		<i>As restated</i>
	£000	£000
Depreciation	8,834	9,374
Operating leases		
– Plant and machinery	605	1,062
– Land and buildings	1,366	1,415
Other equipment rental – Plant and machinery	382	363
Audit fees	125	141
Other professional fees paid to auditors	112	126
Exchange (gain)/loss on foreign currency balances	(777)	300
	<u>          </u>	<u>          </u>

### 4. DIRECTORS' REMUNERATION

	2000	1999
	£000	£000
Remuneration	525	598
Company contributions to pension	31	11
	<u>          </u>	<u>          </u>
	556	609
	<u>          </u>	<u>          </u>

	No.	No.
The following number of directors are accruing benefits under the defined benefit pension scheme	1	3
	<u>          </u>	<u>          </u>

During the year, one director exercised options to purchase ordinary shares of EMI Group plc.

The remuneration, excluding pension contributions, of the highest paid director were £273,203 (1999 – £292,244). Company contributions to the highest paid director's defined contribution pension scheme were £22,592 (1999 – £3,504).

# EMI Records Limited

## NOTES TO THE ACCOUNTS at 31 March 2000

### 5. STAFF COSTS

	2000	1999
	£000	£000
Wages and salaries	52,500	41,413
Social security costs	3,498	3,157
Other pension costs	90	29
	<u>56,088</u>	<u>44,599</u>

This includes remuneration paid to directors of the company of £555,928 (1999 – £597,878). See note 4.

	2000	1999
	No.	No.
The average number of employees including directors was	<u>998</u>	<u>973</u>

### 6. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£000	£000
Bank overdraft wholly repayable within five years	883	725
Interest payable to group undertakings	10,980	21,602
	<u>11,863</u>	<u>22,327</u>

### 7. TAXATION

	2000	1999
	£000	£000
Payment to parent undertaking for group relief	<u>4,815</u>	<u>–</u>

The company is primarily liable for UK corporation tax on its profits. However, no provision has been made in these accounts 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 responsibility for any such taxation, so long as the company remains a subsidiary undertaking.

However, payment of £4,815,000 has been made in the year to the ultimate parent undertaking for group relief relating to 1998. This payment was made on a basis of £1 for every £1 of group relief surrendered.

# EMI Records Limited

## NOTES TO THE ACCOUNTS

at 31 March 2000

### 8. TANGIBLE FIXED ASSETS

	<i>Freehold property £000</i>	<i>Equipment, plant and vehicles £000</i>	<i>Total £000</i>
Cost:			
At 1 April 1999	30,561	61,200	91,761
Additions	—	4,092	4,092
Disposals	—	(1,236)	(1,236)
Group transfers	(643)	2,985	2,342
At 31 March 2000	29,918	67,041	96,959
Depreciation:			
At 1 April 1999	2,616	41,086	43,702
Provided during the year	460	8,374	8,834
Disposals	—	(1,214)	(1,214)
Group transfers	(134)	2,735	2,601
At 31 March 2000	2,942	50,981	53,923
Net book value:			
At 31 March 2000	26,976	16,060	43,036
At 31 March 1999	27,945	20,114	48,059

### 9. INVESTMENTS

	<i>Cost £000</i>	<i>Provision £000</i>	<i>Net book value £000</i>
At 1 April 1999	53,503	3,403	50,100
Group transfers	(900)	—	(900)
At 31 March 2000	52,603	3,403	49,200

In the opinion of the directors, the aggregate value of investments in subsidiary undertakings is not less than the amount at which it is stated in the accounts.

# EMI Records Limited

## NOTES TO THE ACCOUNTS

at 31 March 2000

### 9. INVESTMENTS (continued)

The principal subsidiary undertakings at 31 March 2000 were as follows:

<i>Company</i>	<i>Country of Registration</i>	<i>Nature of business</i>	<i>Ordinary shares owned</i>
EMI Music International Services Limited	England	Service company	100%
Chrysalis Records International Limited	England	Record company	100%
EMI Global Limited	England	Non-trading	100%
Food Limited	England	Dormant	100%

### 10. STOCKS

	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>£000</i>
Raw materials and components	2,610	2,490
Work in progress	—	—
Finished goods	1,423	1,382
	<u>4,033</u>	<u>3,872</u>

The replacement cost of the above stocks is not materially different from the value reported.

### 11. DEBTORS

	<i>2000</i>	<i>1999</i>
	<i>£000</i>	<i>As restated £000</i>
Trade debtors	102,926	63,995
Fellow subsidiary undertakings	31,514	23,368
Subsidiary undertakings	13,390	12,095
Parent undertaking	3,524	2,913
Other debtors	2,371	1,992
Prepayments and accrued income	767	1,069
Interest-free loans to parent undertaking	127	127
Interest-bearing loans to subsidiary undertakings	25,309	23,376
Interest-bearing loan to parent undertaking	50,405	79,405
	<u>230,333</u>	<u>208,340</u>

Loans to fellow subsidiary undertakings are not the subject of a loan note nor are they repayable under fixed terms. Therefore, they may be recoverable after more than one year.

# EMI Records Limited

## NOTES TO THE ACCOUNTS at 31 March 2000

### 12. CREDITORS: amounts falling due within one year

	2000	1999
		<i>As restated</i>
	£000	£000
Bank overdrafts	10,506	8,493
Trade creditors	11,533	11,878
Royalties payable	55,624	62,095
Fellow subsidiary undertakings	—	1,363
Subsidiary undertakings	6,363	8,168
Parent undertaking	18,815	11,023
Other taxes including VAT and social security costs	95	948
Accruals and deferred income	27,729	29,423
Interest-free loan from parent undertaking	40,086	35,271
Interest-bearing loan from parent undertaking	24,443	214,942
Interest-free loans from subsidiary undertaking	70,273	60,773
Interest-bearing loan from fellow subsidiary undertaking	2,813	—
	<u>268,280</u>	<u>444,377</u>

### 13. CREDITORS: amounts falling due after more than one year

	2000	1999
	£000	£000
Trade creditors	<u>16,223</u>	<u>18,203</u>

### 14. PROVISIONS FOR LIABILITIES AND CHARGES

	£000
Provisions as at 1 April 1999	5,081
Charged to profit and loss	3,096
Utilised during year	(2,192)
Released during year	(578)
Provisions as at 31 March 2000	<u>5,407</u>

The balance as at 31 March 2000 includes provisions for future closure of operations of £1,721,000 (1999 – £1,452,000) and future audit claims of £3,686,000 (1999 – £3,629,000).

# EMI Records Limited

## NOTES TO THE ACCOUNTS

At 31 March 2000

### 15. SHARE CAPITAL

	2000 £000	1999 £000
Authorised:		
200,000,000 (1999 – nil) 3.75% cumulative redeemable preference shares of £1 each	200,000	–
3,340,000 (1999 – 3,340,000) Ordinary shares of £1 each	3,340	3,340
	<u>203,340</u>	<u>3,340</u>
Allotted, called up and fully paid:		
200,000,000 (1999 – nil) 3.75% cumulative redeemable preference shares of £1 each	200,000	–
2,605,000 (1999 – 2,605,000) Ordinary shares of £1 each	2,605	2,605
	<u>202,605</u>	<u>2,605</u>

During the year the authorised share capital was increased by £200,000,000 by the creation of 200,000,000 3.75% cumulative redeemable preference shares of £1 each. During the year 200,000,000 preference shares of £1 each, with an aggregate nominal value of £200,000,000 were issued and settled through inter-company balances.

The preference shares which were issued at par are redeemable with notice of one month.

The preference shares carry no votes at meetings unless the dividend thereon is six months or more in arrears or the business of the meeting includes a resolution for the winding-up of the company or reducing its share capital, in which event the holder will be entitled to one vote per share on a poll.

On a winding-up of the company, the preference shareholders have a right to receive, in preference to any payments to the ordinary shareholders, £1 per share plus any accrued dividend.

### 16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Profit and loss account £000	Total share- holders' funds £000
At 1 April 1998	2,605	(117,463)	(114,858)
Loss for the year (originally £26,075,000 before prior year adjustment of £3,321,000)	–	(29,396)	(29,396)
As restated at 31 March 1999	<u>2,605</u>	<u>(146,859)</u>	<u>(144,254)</u>
Loss for the year	–	(7,782)	(7,782)
Proceeds from share issue	200,000	–	200,000
At 31 March 2000	<u>202,605</u>	<u>(154,641)</u>	<u>47,964</u>



# EMI Records Limited

## NOTES TO THE ACCOUNTS

At 31 March 2000

### 17. FINANCIAL COMMITMENTS

At 31 March 2000 the following future expenditure had been authorised:

	2000	1999
	£000	£000
Other		
Contracted for but not provided	57,487	57,165

Other expenditure largely refers to performance-related commitments to pay advances to artists and repertoire owners.

### 18. OPERATING LEASE COMMITMENTS

At 31 March 2000, annual commitments under operating leases in respect of land and buildings were as follows:

	2000	1999
	£000	£000
Expiring in less than one year	—	—
Expiring in the second to fifth years inclusive	882	1,252
Expiring after the fifth year	490	—
	1,372	1,252

At 31 March 2000, annual commitments under other operating leases were as follows:

	2000	1999
	£000	£000
Expiring in less than one year	377	254
Expiring in the second to fifth years inclusive	656	825
Expiring after the fifth year	—	—
	1,033	1,079

# EMI Records Limited

## NOTES TO THE ACCOUNTS

At 31 March 2000

### 19. PENSION COMMITMENTS

The UK employees of EMI Records Limited are eligible for membership of the EMI Group Pension Fund ("the Fund"). This is a funded defined benefit scheme. The Fund, previously the THORN EMI Pension Fund was, until 31 March 1997, open to employees of what is now Thorn Plc. Thorn's active members and certain pensioners and deferred pensioners were transferred to the Thorn Pension Fund on 1 April 1997. A share of assets of the Fund, determined by the actuaries to be appropriate, was also transferred to the Thorn Pension Fund.

Contributions to the Fund are made by the ultimate parent undertaking in accordance with the recommendations of independent actuaries, based on pension costs across the group. The company made no contributions, during the year ended 31 March 2000, to EMI Group plc for its employees' pension costs (1999 - £nil).

The latest actuarial valuation of the Fund was made by a qualified actuary at 1 April 1997 using the projected unit method. At that date, the market value of the assets of the Fund was taken to be £809.8 million after allowing for the full transfer payment to the Thorn Pension Fund. The actuarial value of the assets was sufficient to cover 121% of the benefits that had accrued to the members, after allowing for assumed increases in earnings. Part of the surplus disclosed by the 1997 valuation was allocated towards the reduction of employer contributions below the long-term rate, the balance being carried forward as a reserve in the Fund.

With effect from 1 April 1988, employer expense in respect of the Fund has been calculated in accordance with SSAP 24 - *Accounting for Pension Costs*. On the basis of actuarial advice, it is calculated that employer expense would represent a credit to the profit and loss account on full application of SSAP 24 principles. However, for reasons of conservatism, such expense has been taken as £nil for the three years ended 31 March 2000. The long-term annual growth rate assumptions used for calculating employer expense under SSAP 24 are shown below:

*Growth relative to  
investment return*

Pay increases	(2.0)%
Pension increases	(4.5)%
Dividend increases	(3.5)%

These rates included allowance for the effects of the tax credit changes introduced by the Finance (No. 2) Act 1997.

### 20. CONTINGENT LIABILITIES

Within the music industry a variety of claims arise from time to time in the normal course of business. Some have little or no foundation in fact or law and others cannot be quantified. Provisions have been made in the accounts for those claims against the company which the directors consider are likely to result in significant liabilities.

At 31 March 2000 the company had provided a guarantee to its clearing bank in respect of borrowings of other EMI Group plc UK group undertakings. The guarantee was limited to the amount of cash held by the company with the bank. At 31 March 2000 no liability existed.

## EMI Records Limited

---

### NOTES TO THE ACCOUNTS

At 31 March 2000

**21. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption under Financial Reporting Standard 8 – Related Party Disclosures (FRS 8) not to disclose related party transactions between wholly-owned group undertakings.

**22. PRIOR YEAR ADJUSTMENT**

A prior year adjustment has been made in the 31 March 2000 statutory accounts, decreasing the profit for the year ended 31 March 1999 by £3,321,000. This reflects an error in the classification of the trade generated by certain artists between EMI Records Limited and Chrysalis Records Limited.

**23. TRANSFER OF TRADE TO EMI RECORDS LIMITED.**

The trade of EMI Global Limited was transferred to EMI Records Limited on 1 April 1999. Additionally the benefit of the net amount owed to EMI Global Ltd by EMI Records Limited was transferred, with a value of £1,807,350. In consideration, EMI Records Limited took on the remaining liabilities of EMI Global Limited, with a value of £2,812,837. As a result, a net loss of £1,005,487 arose on the transfer of assets.

**23. PARENT UNDERTAKING**

The ultimate parent undertaking of the group of undertakings for which group accounts were drawn up for the year ended 31 March 2000 and of which the company was a member was EMI Group plc, registered in England and Wales.

Copies of EMI Group plc's accounts can be obtained from EMI Group plc, 4 Tenterden Street, Hanover Square, London, W1A 2AY, England.