

MUSIC FOR PLEASURE LIMITED**DIRECTORS' REPORT**

The Directors present their report and the accounts for the year ended 31 March 2002.

Results and Dividends

The Company did not trade during the year and made neither a profit nor a loss. The Directors do not recommend payment of a dividend. There are no plans for the Company to commence trading within the foreseeable future.

Directors and their Interests

The Directors throughout the year and subsequently were as follows:

I L Hanson
C J Kennedy
J A King
J French

No Director had any interest in the shares of the Company at any time during the year.

The interests of the Directors in the share capital of EMI Group plc, the ultimate parent undertaking, at the year end were as follows:

	<u>Ordinary Shares</u>		<u>Options*</u>			
	1/4/01	31/3/02	1/4/01	Granted During the Year	Exercised / Renounced	31/3/02
I L Hanson	-	-	18,734	-	-	18,734
C J Kennedy	-	-	3,888	-	-	3,888
J A King	-	-	29,975	11,759	-	41,734
J French	-	-	4,068	-	-	4,068

* Options over Ordinary Shares are granted under Savings-Related and Executive Share Option Schemes



Directors' Report Continued

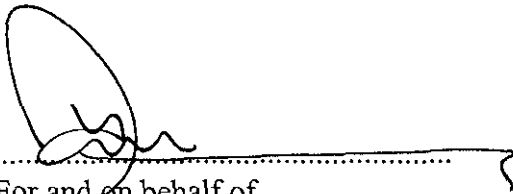
Directors' and Officers' Liability Insurance

The ultimate parent undertaking, EMI Group plc, has maintained insurance to cover Directors' and Officers' liability as permitted by Section 310(3) of the Companies Act 1985.

Auditors

In accordance with Section 388A of the Companies Act 1985 the Company is exempt from the obligation to appoint auditors.

By Order of the Board.



For and on behalf of
Mawlaw Secretaries Limited
Joint Secretary

Date: 23.1.2003

Registered Office
EMI House
43 Brook Green
London
W6 7EF

MUSIC FOR PLEASURE 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts.

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 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.

MUSIC FOR PLEASURE LIMITED

BALANCE SHEET - 31 MARCH 2002

	Note	2002 £	2001 £
CURRENT ASSETS: DEBTORS AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amount due from parent undertaking		100,051	100,051
CAPITAL AND RESERVES			
Called up share capital	2	100,051	100,051

- (a) For the year ended 31 March 2002 the Company was entitled to exemption under Section 249A(1) of the Companies Act 1985.
- (b) Members have not required the Company to obtain an audit in accordance with Section 249B(2) of the Companies Act 1985.
- (c) The directors acknowledged their responsibility for:
- (i) ensuring the Company keeps accounting records which comply with Section 221; and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year, and of its profit or loss for the financial year, in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company.

The balance sheet was approved by the directors on 23 Jan 2003

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) Director
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MUSIC FOR PLEASURE LIMITED

NOTES TO THE ACCOUNTS

1. BASIS OF ACCOUNTING

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

2. SHARE CAPITAL	2002 £	2001 £
Authorised		
99 ordinary shares of £1 each	99	99
100,001 non-cumulative 0.7% preference shares of £1 each	100,001	100,001
Allotted, called up and fully paid		
50 ordinary shares of £1 each	50	50
100,001 non-cumulative 0.7% preference shares of £1 each	100,001	100,001

The dividend due on the 0.7% non-cumulative preference shares has been waived.

Rights of non-equity shares

- i) Preference shareholders are entitled, in priority to ordinary shareholders, to a fixed cumulative preferential dividend at a rate of 0.7% per annum per share, payable half yearly on 30 June and 31 December.
- ii) On a return of capital on a winding up, or otherwise, the preference shares will carry the right in priority to ordinary shareholders to repayment of:
 - a) capital paid up;
 - b) a sum equal to any arrears or accruals of dividends;
 - c) a premium in respect of each preference share being a sum equal to the average premium above par on each preference share after deducting an amount equal to any arrears or accruals of dividends less an amount equal to standard rate income tax on such.
- iii) Preference shares carry the right to attend and vote on a show of hands and on a poll, in which instance the preference shareholder shall have one vote for every preference share held, at a general meeting of the Company only if, at the date of the notice convening the meeting:-
 - a) the dividend on the preference shares is at least six months in arrears; or
 - b) if a resolution is to be considered at the meeting for:
 - 1) winding up the company; or
 - 2) varying or abrogating the special rights attached to the preference shares.

MUSIC FOR PLEASURE LIMITED

NOTES TO THE ACCOUNTS CONTINUED

3. DIRECTORS' EMOLUMENTS

No Director received any remuneration during the year in respect of his/her services to the Company.

4. PARENT UNDERTAKING

The parent undertaking of the group of undertakings for which group accounts 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 accounts can be obtained from EMI Group plc, 4 Tenterden Street, Hanover Square, London W1A 2AY, England.