EMI Group Limited

Directors' report and financial statements

Registered number 229231

for the year ended 31 March 2011

DIRECTORS' REPORT

The dırector presents the Directors' Report and financıal statements for the year ended 31 March 2011

Principal Activities and Review of the Business

EMI Group Limıted (the "Company") ıs a wholly owned subsıdıary of and ıs part of the EMI Group Worldwıde Holdıngs Lımıted group (the "Group") (formerly Maltby Acquısitions Lımıted) Cıtıgroup Inc ıs the ultımate parent undertakıng

The pnncıpal actıvıty of the Company ıs that of a holdıng company There has not been any change to the pnncıpal actıvıty of the Company dunng the penod ended 31 March 2011 or subsequently The dırectors do not antıcıpate any change to the pnncıpal actıvıty of the Company dunng the next year

The Company operates as part of the Group and ıts actıvıtıes are dependent on the actıvıtıes of the Group as a whole Therefore, the Company's key financıal and other performance ındicators dunng the year were as follows

	2011	restated 2010	Change
	£m	£m	%
Loss before tax	255 4	1,098 0	(76 7)
Loss after tax	255 5	1,098 2	(76 7)
Shareholder's funds	823 0	1,075 0	(23.4)

As stated ın the profit and loss account on page 7 the Company made a loss before tax of £255 4 mıllıon ın the year to 31 March 2011 compared wıth the prevıous year's loss before tax of £1,098 0 millıon. Thıs represents a decrease of 76.7% and ıs maınly due to a lower ımpaırment of ınvestments compared to the pnor year.

In the balance sheet shown on page 8, the net assets of the Company have decreased by 23 4% due to the ımpaırment of ınvestments and the ıncrease ın ıntercompany ın ıntercompany payables. Shareholder's funds have decreased by 23 4% as a result of retaıned loss for the year.

As a result of further analysıs by the Dırectors, they have concluded that there should have been an addıtıonal ımpaırment reflected ın the Company's financial statements in the previous year The Dırectors have therefore reduced the carryıng value of ınvestments shown ın the Company's balance sheet by £ 1,038 6 mıllıon at 31 March 2010 compared to the prevıously presented financıal ınformatıon Thıs has led to an addıtıonal ımpaırment charge beıng included ın the company's profit and loss account of £1,038.6 million in the year ended 31 March 2010.

DIRECTORS' REPORT (continued)

Principal Risks and Uncertainties

The Company operates as part of the Group and all of its transactions are with fellow group undertakings As such its activities are dependent on the activities of the Group as a whole

The risks and uncertainties facing the Company are linked to those of the Group A detailed discussion of the Group risks and uncertainties is contained in EMI Group Worldwide Holdings Limited's annual report

Going concern

As set out in more detail in note 1 the Directors have assessed the current and expected future funding position of the Company After appropriate consideration they have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements

Dividends

The directors do not recommend payment of a dividend (2010: £nil).

Directors' Qualifying Third Party Indemnity Provisions

Certain directors benefited from qualifying third party indemnity provisions in place during the financial year and at the date of this report

Donations

Grants and charitable donations made during the period amounted to £nil (2010: £nil). There were no political contributions made during the period (2010: £nil)

Directors

The directors throughout the period and subsequently were as follows

S P Naughton	(Appointed 8 September 2010)
R C Faxon	(Appointed 23 July 2010)
R C Prior	(Appointed 16 December 2010)
K L A Mullins	(Appointed 28 January 2011)
A P Chadd	(Resigned 23 July 2010)

DIRECTORS' REPORT (continued)

Disclosure of information to the auditor

The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditors are unaware, and the directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Pursuant to Section 487 of the Companies Act 2006, the auditors will be deemed to be reappointed and KPMG LLP will therefore continue in office

By Order of the Board

R C Prior
Director
21 October 2011

Registered Office
27 Wrights Lane
London
W8 5SW

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

The dırectors are responsıble for preparing the Dırectors' Report and the financıal statements ın accordance wıth applıcable law and regulatıons

Company law requıres the dırectors to prepare financıal statements for each financıal year Under that law they have elected to prepare the financıal statements ın accordance wıth UK Accountıng Standards and applıcable law (UK Generally Accepted Accountıng Practıce)

The financıal statements are requıred by law to gıve a true and faır vıew of the state of affaırs of the Company and of the profit or loss of the Company for that penod

In preparıng these financıal statements, the dırectors are requıred to.

• select suıtable accountıng polıcıes and then apply them consıstently,

• make judgments and estımates that are reasonable and prudent,

• state whether applıcable UK Accountıng Standards have been followed, subject to any materıal departures dısclosed and explaıned ın the financıal statements; and

• prepare the financıal statements on the going concern basıs unless ıt ıs ınappropnate to presume that the Company wıll contınue ın busıness

The dırectors are responsıble for keepıng proper accountıng records that dısclose wıth reasonable accuracy at any tıme the financıal posıtıon of the Company and enable them to ensure that ıts financıal statements comply wıth the Companıes Act 2006 They have general responsıbılıty for takıng such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other ırregularıties

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMI GROUP LIMITED

We have audited the financial statements of EMI Group Limited for the year ended 31 March 2011 set out on pages 7 to 26 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 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 auditor's 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www frc org uk/apb/scope/private cfm

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 and of its loss for the year then ended
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EMI GROUP LIMITED (continued)

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

H Green (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
London E14 5GL
United Kingdom

21 October 2011

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2011

	Notes	2011 £m	Restated 2010 £m
Administrative expenses		(63 5)	(70 9)
Other operating income	2	52 3	76 7
Other operating expenses	3	(49 9)	(35 6)
Amounts written off investments	9	(152 5)	(1,038 6)
OPERATING LOSS		(213 6)	(1,068 4)
Interest receivable	4	21 5	23 9
Interest payable	5	(63 3)	(53 5)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(255 4)	(1,098 0)
Taxation	6	(0 1)	(0 2)
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(255 5)	(1,098 2)

All operating loss is from continuing operations

The notes on pages 9 to 26 form part of the financial statements

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 2011

	2011 £m	restated 2010 £m
Loss for the year	(255 5)	(1,098 2)
Total gains and losses related to the financial year	(255 5)	(1,098 2)
Prior year adjustment (as explained in note 9)	(1,038 6)	
Total gains and losses recognised since last annual report	**(1,294.1)**	

BALANCE SHEET - 31 MARCH 2011

	Notes	2011 £m	restated 2010 £m
Fixed assets			
Tangıble assets	8	16 2	18 7
Investments	9	1,782 8	1,935 9
		1,799 0	1,954 6
Current assets			
Debtors· amounts fallıng due wıthın one year	10	2,488 5	2,502 4
Cash at bank and ın hand and cash deposits		77 6	0 5
		2,566 1	2,502 9
Creditors: amounts fallıng due wıthın one year			
Other credıtors	11	(1,579 6)	(1,661 5)
Net current assets		986 5	841 4
Total assets less current liabilities		2,785 5	2,796 0
Creditors: amounts fallıng due after more than one year			
Other credıtors	12	(1,937 0)	(1,713 1)
Provısıons for lıabılıtıes and charges	13	(25 5)	(7 9)
Net assets		**823.0**	**1,075.0**
Capital and reserves			
Called up share capıtal	14	128 9	128 9
Share premıum account	14	630 8	630 8
Capıtal redemptıon reserve	18	495 8	495 8
Other reserves	18	408 7	408 7
Profit and loss reserve	18	(841 2)	(589 2)
Shareholder's funds		**823.0**	**1,075.0**

These financıal statements were approved for ıssue by the Board of Dırectors on and were sıgned on ıts behalf by

Keith C. Prior

R C Prıor
Dırector

21st October 2011

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of Preparation

The financial statements are prepared under the historical cost convention

The financial statements are prepared in accordance with applicable accounting standards

The following accounting policies have been applied on a consistent basis, except as noted below As set out in note 9 an adjustment has been made to the balances for Investments as at 31 March 2010 as previously presented The adjustment decreased recognised gains or losses for the year ended 31 March 2010 by £1,038.6 million.

The Company is exempt by virtue of s400 of the Companies Act 2006 from the requirement to prepare group financial statements These financial statements present information about the Company as an individual undertaking and not about its group

Going Concern

EMI Group Limited has made a loss for the year of £255 5 million (2010 £1,098 2 million) and has net current assets of £986 5 million (2010. £841.4 million) at the reporting date. The Company operates as part of the EMI Group Worldwide Holdings Limited group ("the Group") and has provided a guarantee to the Group's lender, as such the Company is affected by the terms of the Group's banking facilities. The continued availability of existing bank facilities requires the Group to comply with the covenants set out in those bank facilities

On 1 February 2011, the Group was acquired by Citibank and the Group's debt was significantly reduced This has resulted in the Group's lender and its sole shareholder both being part of the US finance institution Citigroup Immediately following the acquisition, Citigroup completed a recapitalisation of the EMI Group Worldwide Holdings Limited, resulting in the significant reduction of debt from £3.2 billion of bank debt and £1 7 billion of inter-company debt, to £1 2 billion of total debt for the Group. The strengthened balance sheet combined with continued strong operating performance means that the Group is able to meet its ongoing working capital needs and its current debt service obligations under the finance facility agreements to which the Company and a number of its subsidiaries are party to

After considering the financial projections, the financing facilities and their covenants the Directors have concluded that they have a reasonable expectation that the Group as a whole and the Company have adequate resources to continue as a going concern for the foreseeable future For these reasons, they continue to adopt the going concern basis in preparing the annual report and financial statements

NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. ACCOUNTING POLICIES (Continued)

Foreign Currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction Monetary assets and liabilities denominated in foreign currencies are translated using the contracted rate or the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Cash Flow Statement

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated financial statements

Related Parties

As the Company is a wholly owned subsidiary of EMI Group Worldwide Holdings Limited, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Group (or investees of the Group qualifying as related parties) The consolidated financial statements of EMI Group Worldwide Holdings Limited, within which this Company is included, can be obtained from the address given in note 21

Investments

Investments in subsidiary and associated undertakings are stated at cost less provision to reflect any impairment.

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Impairment of fixed assets

The carrying amounts of the Company's assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount of the fixed asset may not be recoverable If any such indication exists, the asset's recoverable amount is estimated

An impairment loss is recognised whenever the carrying amount of an assets or its income-generating unit exceeds its recoverable amount Impairment losses are recognised in the profit and loss account unless it arises on a previously revalued fixed asset An impairment loss on a revalued fixed asset is recognised in the profit and loss account if it is caused by a clear consumption of economic benefits Otherwise impairments are recognised in the statement of total recognised gains and losses until the carrying amount reaches the asset's depreciated historic cost

Calculation of recoverable amount

The recoverable amount of fixed assets is the greater of their net realisable value and value in use In assessing value in use, the expected future cash flows are discounted back to their present value using a pre-tax discount rate that reflects current market assessments of the rate of return expected on an equally risky investment For an asset that does not generate largely independent income streams, the recoverable amount is determined for the income-generating unit to which the asset belongs

Reversals of impairment

An impairment loss is reversed on intangible assets and goodwill only if subsequent external events reverse the effect of the original event which caused the recognition of the impairment or the loss arose on an intangible asset with a readily ascertainable market value and that market value has increased above the impaired carrying amount For other fixed assets where the recoverable amount increases as a result of change in economic conditions or in the expected use of the asset then the resultant reversal of the impairment loss should be recognised in the current period

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES (continued)

Taxation

The charge for taxation is based on the profit or loss for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Retirement benefits

Retirement benefits are accounted for under FRS 17 Retirement Benefits The Company operates both defined benefit and defined contribution schemes for its employees. The Company is unable to identify its share of the underlying assets and liabilities of its defined benefit schemes and so, in accordance with FRS 17, the Company accounts for them as defined contribution schemes

Tangible assets

Assets are held at depreciated historical cost

Depreciation of tangible fixed assets is calculated on cost at rates estimated to write off the cost, less the estimated residual value of 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, long-term leasehold property	2%
Short-term leasehold property	Lower of period of lease and useful economic life
Plant, equipment and vehicles	10 – 33 1/3%

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

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES CONTINUED

Share-based payments

Employees of the Company and the Group render servıces to the Company and receıve remuneratıon ın the form of share-based payment transactıons as consıderatıon for equıty ınstruments or ın the form of share apprecıatıon unıts whıch can only be settled ın cash As the Company has no oblıgatıon to settle ın eıther case, the Company measures the servıces receıved as an equıty-settled share-based payment transactıon, ın accordance wıth FRS 20

The cost of equıty-settled transactıons wıth employees ıs measured by reference to the faır value at the date on whıch they are granted The faır value ıs determıned by an external valuer usıng an appropnate valuatıon methodology, further detaıls are gıven ın note 17

The cost of equıty-settled transactıons ıs recognısed, together wıth a correspondıng ıncrease ın equity, over the penod ın whıch the performance and/or servıce condıtıons are fulfilled, endıng on the date on whıch the relevant employees become fully entıtled to the award ('the vestıng date') The cumulatıve expense recognısed for equıty-settled transactıons at each reportıng date untıl the vestıng date reflects the extent to whıch the vesting penod has expired and the Company's best estımate of the number of equıty ınstruments that wıll ultımately vest The ıncome statement expense or credıt for a penod represents the movement ın cumulatıve expense recognısed as at the begınnıng and end of that year

Where the terms of an equıty-settled award are modıfied, the mınımum expense recognısed ıs the expense as ıf the terms had not been modıfied. An addıtıonal expense ıs recognısed for any modıficatıon, whıch ıncreases the total faır value of the share-based payment arrangement

Where an equıty-settled award ıs cancelled, ıt ıs treated as ıf ıt had vested on the date of cancellatıon, and any expense not yet recognısed for the award ıs recognısed ımmedıately Thıs ıncludes any award where non vestıng condıtıons wıthın the control of eıther the entıty or the counterparty are not met However, ıf a new award ıs substıtuted for the cancelled award, and desıgnated as a replacement award on the date that ıt ıs granted, the cancelled and new awards are treated as ıf they were a modıficatıon of the orıgınal award, as descnbed ın the prevıous paragraph

All share-based payment transactıons ultımately vested when the group was sold to Cıtıgroup Inc. on 1 February 2011

NOTES TO THE FINANCIAL STATEMENTS (continued)

1. ACCOUNTING POLICIES CONTINUED

Provisions

Provısıons are recognısed when the Company has a present oblıgatıon (legal or constructıve) as a result of a past event, when ıt ıs probable that an outflow of resources embodyıng economıc benefits wıll be requıred to settle the oblıgatıon and when a relıable estımate can be made of the amount of the oblıgatıon Where the Company expects some or all of a provısıon to be reımbursed, for example under an ınsurance contract, the reımbursement ıs recognısed as a separate asset but only when the reımbursement ıs vırtually certaın The expense relatıng to any provısıon ıs presented ın the ıncome statement net of any reımbursement If the effect of the tıme value of money on the quantıficatıon of the provısıon ıs materıal, provısıons are determıned by dıscountıng the expected future cash flows at a pre-tax rate that reflects current market assessments of the tıme value of money and, where approprıate, the rısks specıfic to the lıabılıty Where dıscountıng ıs used, the ıncrease ın the provısıon due to the passage of tıme ıs recognısed as finance costs

2. OTHER OPERATING INCOME

	2011 £m	2010 £m
Net exchange gaın on foreıgn currency balances	4 3	33 8
Management fees	48 0	42 9
	52 3	76 7

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. OTHER OPERATING EXPENSES

	2011 £m	2010 £m
Restructunng costs	49 9	35 6

Durıng the year ended 31 March 2011, the restructurıng ınıtıatıves ıncluded redundancy costs followıng further staff reductıons, and contınuıng ratıonalısatıon of the property portfolıo Costs have been ıncurred leadıng up to and ıncludıng the change of ownershıp and the changes to the Group's capıtal structure The Company was responsıble for the lıtıgatıon expenses ıncurred by Cıtıbank ın connectıon wıth Terra Fırma's unsuccessful claıms ın the New York Court case Management antıcıpate the restructurıng ınıtıatıves wıll contınue for at least the next perıod

Durıng the year ended 31 March 2010, the restructurıng ınıtıatıves ıncluded redundancy costs, addressıng the debt equıty financıng structure, contınuıng ratıonalısatıon of the property portfolıo, securıty and capıtal reorganısatıon ıssues.

4. INTEREST RECEIVABLE

	2011 £m	2010 £m
Loans to fellow subsıdıary undertakıngs	21 5	23 9

5. INTEREST PAYABLE

	2011 £m	2010 £m
Loans from fellow subsıdıary undertakıngs	0 6	-
Loans from parent undertakıng	62 7	53 5
	63 3	53 5

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAX

Tax on loss on ordinary activities	2011 £m	restated 2010 £m
UK corporation tax		
UK corporation income tax for the year	-	-
Adjustments in respect of previous year	-	-
Foreign tax	-	-
Total current tax charge	-	-
Deferred tax	-	-
Tax on loss on ordinary activities	-	-

Factors affecting current tax charge:
The current tax charge for the period is lower (2010 lower) than the standard rate of corporation tax in the UK The differences are explained below

	2011 £m	restated 2010 £m
Loss on ordinary activities before tax	(255 4)	(1,098.0)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2010 – 28%)	(71 5)	(307 4)
Effect of		
Permanent differences including prior year adjustment	35 8	292 3
Group relief surrendered for nil payment – current year	35 6	12 7
Current year tax losses carried forward / unutilised	-	2 2
Total current tax charge	(0 1)	(0 2)

Factors affecting future tax charge

As part of the Group, the Company may receive or surrender losses by way of Group relief This receipt or surrender is made without charge

On 5 July 2011, legislation to further reduce the main rate of corporation tax from 26 per cent to 25 per cent from 1 April 2012 was substantially enacted, which has not been reflected in the above calculation

Further reductions to the main rate are proposed to reduce the rate by 1 per cent per annum to 23 per cent by 1 April 2014. None of these expected rate reductions had been substantively enacted at the balance sheet date and, therefore, are not included in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. TAX (contınued)

Deferred tax

At the balance sheet date the Company had unused tax losses of £175 0m (2010. £175 0m) avaılable for offset agaınst future profits Capıtal allowances avaılable for offset agaınst future profits for the year ıs £1 1m (2010 £1.3m). No deferred tax asset has been recognısed on grounds that there ıs currently ınsufficıent evıdence for thıs asset to be realısed (2010 £ nil)

7. DIRECTORS' EMOLUMENTS AND STAFF COSTS

	2011 £m	2010 £m
Wages and salarıes	22 5	30 0
Socıal securıty costs	2 5	3 4
Defined contrıbutıon pensıon cost	18 3	1 9
Share based payments – equıty settled	3 5	10.4
	46 8	45 7

The aggregate cost of the dırectors of the company ıs as follows

	2011 £m	2010 £m
Directors' Emoluments	2 3	0.4
Amounts paıd through thırd partıes ın respect of directors' servıces	0 2	0.8

The total amount payable to the hıghest paıd dırector ın respect of emoluments was £1,132,950 (2010: £762,000).

Employee benefits

For detaıls regarding the Group's share based payment transactıons, see note 17

The company had 154 employees durıng the year (2010 192).

NOTES TO THE FINANCIAL STATEMENTS (continued)

8. TANGIBLE FIXED ASSETS

	Freehold property £m	Leasehold property £m	Plant, equıpment and vehıcles £m	Total £m
Cost at 31 March 2010	5 2	22 7	5 8	33 7
Addıtıons	-	0 1	0 3	0 4
Dısposals and transfers	-	-	(0 9)	(0 9)
Cost at 31 March 2011	**5.2**	**22.8**	**5.2**	**33.2**
Depreciatıon at 31 March 2010	1 3	9.9	3 8	15 0
Charge for year	0 1	1.4	0 4	1 9
Dısposals and transfers	-	-	-	-
Depreciation at 31 March 2011	**1.4**	**11.3**	**4.2**	**16.9**
Net book values at 31 March 2011	**3.8**	**11.5**	**1.0**	**16.3**
Net book values 31 March 2010	**3.9**	**12.8**	**2.0**	**18.7**

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. INVESTMENTS

	2011 £m	2010 £m
Investments comprise·		
Subsidiary undertakings (i)	1,782 2	1,935 3
Associated undertakings (ii)	0 6	0 6
Other fixed asset investments (iii)	-	-
	1,782 8	1,935 9

(i) Investments in subsidiary undertakings

	Cost of shares £m	Loans £m	restated Provisions £m	restated Net book value £m
At 31 March 2009	2,469 4	885 5	(352 5)	3,002 4
Additions and disposals	-	(28 5)	-	(28 5)
Impairments	-	-	(1,038 6)	(1,038 6)
At 31 March 2010	2,469 4	857 0	(1,391 1)	1,935 3
Additions and disposals	-	(0 6)	-	(0 6)
Impairments	-	-	(152 5)	(152 5)
At 31 March 2011	**2,469.4**	**856.4**	**(1,543.6)**	**1,782.2**

During the year loans in subsidiary undertakings to the amount of £0 6m was repaid by EMI Group Finance Limited

As a result of further analysis by the Directors, they have concluded that there should have been an additional impairment reflected in the Company's financial statements in the previous year The Directors have therefore reduced the carrying value of investments shown in the Company's balance sheet by £1,038 6 million at 31 March 2010 compared to the previously presented financial information This has led to an additional impairment charge being included in the company's profit and loss account of £1,038.6 million in the year ended 31 March 2010

During the year, the Company identified impairment indicators under FRS11 triggering an impairment review In accordance with FRS 11 'Impairment of Fixed Assets and Goodwill' the carrying values of the assets have been compared to their recoverable amounts, represented by their value in use to the Company The value in use has been derived from discounted cash flow projections using a nominal discount rate between 9 4% and 10 1% for the recorded music segment on a post-tax basis. For the Company's investments in the music publishing segment nominal discount rates between 9.3% and 9 8% were used on a post-tax basis For the recorded music segment annual growth rates of 0% have been assumed over five years plus a terminal value to determine the net present value of the cash flows into perpetuity at the end of the five year period based on a growth rate of 0%, reflecting the Company's view of the outlook for the business For the music publishing segment annual growth rates between 2 5% and 3% have been assumed over a 5 year period, whilst a terminal growth rate of 2 8% was applied

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. INVESTMENTS (continued)

In the opınıon of the dırectors the value of the ınvestments ıs at least equal to theır carryıng value

The prıncıpal subsıdıary undertakıngs set out below are those whıch were part of the Company at 31 March 2011 and ın the opınıon of the Dırectors sıgnıficantly affected the Company's results and net assets durıng the year

Except where otherwıse stated, the country of ıncorporatıon ıs England, the operatıons are wıthın the Unıted Kıngdom, the shares are ın equıty share capıtal and the busınesses are wholly owned

Music and Music Publishing
Capıtol-EMI Musıc, Inc (USA)
Capıtol Records, Inc (USA)
Chrysalıs Records Ltd
EMI Musıc Germany GmbH & Co KG
EMI Entertaınment World, Inc
EMI Musıc Australıa Pty Ltd
EMI Musıc France S A
EMI Musıc Italy SpA
EMI Musıc Publıshıng Ltd
EMI Records Ltd
Jobete Musıc Co , Inc (USA)
Toshıba-EMI Ltd (Japan)
Vırgın Records Amerıca, Inc (USA)
Vırgın Records Ltd

Corporate
EMI Group Fınance Ltd*
EMI Group Fınance (Jersey) Ltd*
EMI Group Holdıngs (UK) Ltd
EMI Group Internatıonal Holdıngs Ltd
EMI Group North Amerıca Holdıngs, Inc (USA)
EMI Group North Amerıca, Inc. (USA)
EMI Group Worldwıde Ltd
Vırgın Musıc Group*

* Held dırectly by the Company

(ii) Investments in associated undertakings

	Cost of shares £m	Provısıons £m	Net book value £m
At 31 March 2010 and 31 March 2011	0 7	(0 1)	0 6

(iii) Other fixed asset investments

	Cost of shares £m	Provısıons £m	Net book value £m
At 31 March 2010 and 31 March 2011	3 0	(3.0)	-

NOTES TO THE FINANCIAL STATEMENTS (continued)

10. DEBTORS

	2011 £m	2010 £m
Due within one year		
Amounts owed by subsidiary undertakings	2,327 4	2,338 4
Investment in preference shares	152 1	160 1
Other debtors	9 0	3 9
Total	**2,488.5**	**2,502.4**

The investment in preference shares relates to preference shares issued by EMI Group Finance (Jersey) Limited The shares have no voting rights and do not represent equity and so have been disclosed as current receivable from EMI Group Finance (Jersey) Limited. Dividends are payable at a rate of 5 25% per annum but the Company has waived its rights to dividends in the year

11. OTHER CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2011 £m	2010 £m
Amounts owed to subsidiary undertakings	1,560 0	1,630 1
Accruals and deferred income	19 6	31 4
Total	**1,579.6**	**1,661.5**

12. OTHER CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2011 £m	2010 £m
Amounts owed to subsidiary undertakings	1,937 0	1,713 1
Total	**1,937.0**	**1,713.1**

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. OTHER PROVISIONS FOR LIABILITIES AND CHARGES

	Restructurıng £m	Tradıng £m	Total £m
At 31 March 2010	7 5	0 4	7 9
Provısıons utılısed	(1 4)	-	(1 4)
Charge for the year	19 0	-	19 0
At 31 March 2011	**25.1**	**0.4**	**25.5**

The above ınclude provısıons for redundancy payments and lıtıgatıon costs ıncurred by Cıtıgroup

14. SHARE CAPITAL

Ordınary shares, allotted, called up and fully paıd

			Share capıtal		Share premıum	
	2011 Number	2010 Number	2011 £m	2010 £m	2011 £m	2010 £m
At the begınnıng and end of the perıod	920,361,759	920,361,759	128 9	128 9	630 8	630 8

NOTES TO THE FINANCIAL STATEMENTS (continued)

15. AUDITORS' REMUNERATION

	2011	2010
	£'000	£'000
Audıt of these financıal statements	8	500

Amounts receıvable by the Company's audıtors and theır associates ın respect of servıces to the Company and ıts associates, other than the audıt of the Company's financıal statements, have not been dısclosed as the ınformatıon ıs requıred, ınstead, to be dısclosed on a consolıdated basıs ın the consolıdated financıal statements of EMI Group Worldwıde Holdıngs Lımıted, the Company's parent

16. TERMS OF INTERCOMPANY BALANCES

Amounts to and from fellow Group undertakıngs and parent undertakıngs are repayable on demand, some attract ınterest at market rates and some are ınterest free Interest bearıng loans attract ınterest at a floatıng rate

17. SHARE-BASED PAYMENT

The total share-based payment expense recognısed for employee servıces receıved durıng the year ıs £3 5m (2010: £10 4m)

The share-based payment transactıons contaın clauses setting out the employees' entitlement ın relatıon to the share-based payment ın the specıfic event of termınatıon by the employer and under certaın condıtıons leavers retaın theır awards or a portıon of them Sınce leavers wıll not be provıdıng any servıces after termınatıon of theır contracts, the unrecognısed grant faır value ıs accelerated ın the financıal year wıth the contract termınatıon to the extent that the underlyıng awards vested The accelerated vestıng charges are based on a theoretıcal calculatıon of the value of the rıght on the date they were orıgınally granted, and not theır value at the tıme of the employees' leavıng the group.

All outstandıng share based payment awards ultımately vested when the group was sold on 1 February 2011 The unrecognısed grant faır value of the awards at transactıon date accelerated ın the year ended 31 March 2011 Sınce the proceeds of the sale dıd not exceed the relevant amount, none of the partıcıpants are entıtled to, nor receıved a cash payment under any of the share-based payment schemes

The share-based payment plans relevant for the Company are descrıbed below.

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. SHARE-BASED PAYMENT (continued)

Equity-settled share-based payment transactions – share appreciation units

Under the terms of this plan, employees are granted share appreciation units The share appreciation units are settled in cash and are paid by the Company's former ultimate parent companies Terra Firma Investments (GP) 2 and (GP) 3 Limited As the Company has no obligation to settle, it measures the services received as an equity-settled share-based payment transaction

The share appreciation units vest from the earlier of (1) the sale, disposition or transfer of the Group or a Division of the Group (including an IPO), and (2) 31 August 2014 (31 August 2017 for one employee) If the sale, disposition or transfer occurs first, the awards are settled in two tranches, being 30 days and 6 months from the date of the sale If 31 August 2014 is the earlier date, the awards are settled in their entirety on 30 September 2014 (30 September 2017 for one employee). Under certain conditions the awards or a portion of them vest at an earlier date under a good leaver provision

During the year ended 31 March 2011 the Group did not grant any share appreciation units (2010 nil)

Before the sale, awards of 0 2 per cent of the growth in value of the Group vested in the year ended 31 March 2011 (2010 0 6 per cent) and 0 1 per cent forfeited (2010 0.4 per cent). When the Group was sold, no unvested share appreciation units were outstanding

Equity-settled share-based payment transactions – equity instruments

Under the terms of this plan, certain employees of the Group are awarded ordinary shares and preference shares in Maltby Capital Limited, the former intermediate parent company The awards vest in annual tranches over five years from the grant date of the award As the Company has no obligation to settle, it measures the services received as an equity-settled share-based payment transaction

During the year ended 31 March 2011, the Group made no awards under these equity plans (2010 awards of 665 ordinary shares and 3,999,333 preference shares with a total fair value of £3 9 million). The total fair value of the ordinary shares and preference shares is determined at the grant date by reference to a discounted cash flow valuation of the Group, taking into account the terms and conditions upon which the awards were granted The valuation methodology assumes that no dividends will be paid during the vesting period

NOTES TO THE FINANCIAL STATEMENTS (continued)

17. SHARE-BASED PAYMENT (continued)

Equity-settled share-based payment transactions – equity instruments

Before the Group was sold, awards of 665 ordınary shares and 3,999,333 preference shares vested ın the year ended 31 March 2011 (2010 1,321 ordınary shares and 7,918,679 preference shares) and no awards forfeıted (2010 268 ordınary shares and 1,599,732 preference shares) At the tıme of the sale of the Group, all awards under the equıty plans had already vested

18. RESERVES

	Capıtal redemptıon reserve £m	Other reserves £m	restated Profit and loss reserve £m
At 1 Aprıl 2009	495 8	408 7	498 6
Loss for the year (as restated – see note 9)	-	-	(1,098.2)
Equıty-settled share based payment charge (note 17)	-	-	10 4
At 1 April 2010 (as restated)	**495.8**	**408.7**	**(589.2)**
Loss for the year	-	-	(255 5)
Equıty-settled share based payment charge (note 17)	-	-	3 5
At 31 March 2011	**495.8**	**408.7**	**(841.2)**

(i) Capital redemption reserve
The capıtal redemptıon reserve represents the reductıon ın dıstrıbutable reserves for the amount paıd to redeem preference B shares as part of the share capıtal reorganısatıon

(ii) Other reserves
Other reserves of the Company contaın a special reserve whıch reflects the share premıum account reductıon of July 1988 and unrealısed profits on dısposal of ınvestments

19. PENSIONS

As noted ın the accountıng polıcies sectıon, the Company ıs a member of the EMI Group Pensıon Fund (UK Fund), a defined benefit pensıon scheme for EMI Group Lımıted and ıts subsıdıarıes ın the UK As the Company ıs unable to ıdentıfy ıts share of the underlyıng assets and lıabılıtıes of the UK fund, ın accordance wıth FRS 17 ıt has accounted for ıt as a defined contrıbutıon scheme. The cost of contrıbutıons by the Company to the UK fund durıng the year was £18 3m (2010 £1 9m)

As at 31 March 2011, the UK Fund had schemes assets wıth a faır value of £956m (2010 £935m) and a present value of defined benefit oblıgatıons of £1,026m (2010 £1,015m) resultıng ın a net pensıon lıabılıty of £70m (2010 net pensıon lıabılıty of £115m) The date of the last actuarıal valuatıon of scheme assets and oblıgatıons was 31 March 2011, and was based on the projected unıt method

NOTES TO THE FINANCIAL STATEMENTS (continued)

20. CONTINGENT LIABILITIES

EMI Group Lımıted acceded, on 28 January 2008, to a debenture dated 30 August 2007 (as amended, supplemented, novated, extended, restated or varıed from tıme to tıme) and made between, EMI Group Worldwıde Holdıngs Lımıted (formerly known as Maltby Acquısıtıons Lımıted) and Cıtıbank, N A , London Branch as Securıty Agent, pursuant to whıch the company charged, by way of mortgage or fixed charge or assıgn by way of securıty (as appropriate) all of theır rıght, tıtle and ınterest ın certaın assets, charge all or substantıally all of theır present and future assets and undertakıng by way of first floatıng charge ın favour of the Securıty Agent to secure the repayment of the Secured Lıabılıtıes (as defined thereın) and covenant that they wıll, on demand, pay and dıscharge the Secured Lıabılıtıes

21. PARENT UNDERTAKING

The ımmedıate parent of the Company ıs EMI Group Worldwıde Holdıngs Lımıted The ultımate parent undertakıng and controllıng party ıs Cıtıgroup Inc , a company regıstered ın Delaware, Unıted States of Amerıca

The parent undertakıng of the largest and smallest Group to consolıdate these financıal statements ıs EMI Group Worldwıde Holdıngs Lımıted Copıes of the consolıdated financıal statements of EMI Group Worldwıde Holdıngs Lımıted for the year ended 31 March 2011 can be obtaıned from the Company's regıstered address, 27 Wrıghts Lane, London W8 5SW

Prıor to the change of ownershıp, the Company's previous ultimate parent undertaking and controllıng party was TFCP Holdıngs Lımıted, a company regıstered ın Guernsey

22. SUBSEQUENT EVENTS

In June 2011, the Board of Dırectors of EMI Group Global Lımıted announced that they had ınıtıated a process to explore and evaluate potentıal strategıc alternatıves, ıncludıng a possıble sale, recapıtalısatıon or ınıtıal publıc offerıng of ıts wholly owned subsıdıary, EMI Group Worldwıde Holdıngs Ltd and ıts controlled entıtıes ıncludıng the Company

Other than as noted above, there has not arısen ın the ınterval between the end of the financıal year and the date of thıs report any ıtem, transactıon or event of a materıal and unusual nature lıkely, ın the opınıon of the dırectors of the Company, to affect sıgnıficantly the Company ın future financıal years