

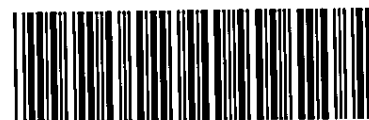
Company Registration No. 629815

Yellow Sky Music Limited

Report and Financial Statements

30 June 2009

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Yellow Sky Music Limited

Report and financial statements 2009

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Yellow Sky Music Limited

Report and financial statements 2009

Officers and professional advisers

Directors

R Wise
C Butler
D B Rockberger
A E Latham

Registered Office

14/15 Berners Street
London
W1T 3LJ

Bankers

Barclays Bank Plc
Media Banking Centre
27 Soho Square
London
W1D 3QR

Auditors

Deloitte LLP
Chartered Accountants and Registered Auditors
London

Yellow Sky Music Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2009

This report has been prepared in accordance with the special provisions relating to small companies under Section 417 of the Companies Act 2006

Principal activities

The company is principally engaged in music publishing

Dividends

The directors not recommend the payment of a dividend for 2009 (2008 £nil)

Future Outlook

The level of business is satisfactory and the directors look to the future with confidence

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements

Directors

The directors who served throughout the year were as follows

R Wise
C Butler
D B Rockberger
A E Latham

Auditors

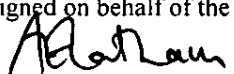
In the case of each of the persons who are directors of the company at the date when this report is approved

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of which the company's auditors are unaware, and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Deloitte LLP have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting

Approved by the Board of Directors
and signed on behalf of the Board

 15 February 2010
A E Latham

Director

Yellow Sky Music Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed,
- 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 that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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 Yellow Sky Music Limited

We have audited the financial statements of Yellow Sky Music Limited for the year ended 30 June 2009 which comprise the profit and loss account and the balance sheet, and the related notes 1 to 12. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with sections 495 and 496 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 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 explained more fully in the Directors' Responsibilities Statement, 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 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

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 30 June 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

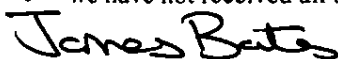
Opinion on other matter prescribed by the Companies Act 2006

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.



James Bates (Senior Statutory Auditor)

for and on behalf of Deloitte LLP

Chartered Accountants and Statutory Auditors

London, United Kingdom

15 February 2010

Yellow Sky Music Limited

Profit and loss account Year ended 30 June 2009

	Notes	Year ended 30 June 2009 £	18 months to 30 June 2008 £
Turnover		6,741	10,800
Cost of sales		(2,457)	(3,501)
Gross profit		4,284	7,299
Administrative expenses		(700)	(2,408)
Operating profit	3	3,584	4,891
Interest receivable and similar income		76	2
Profit on ordinary activities before taxation		3,660	4,893
Tax on profit on ordinary activities	4	(960)	(1,452)
Profit for the financial period	8	2,700	3,441

All activities derive from continuing operations

There are no recognised gains and losses other than as stated above. Accordingly, no statement of total recognised gains and losses is given.

Yellow Sky Music Limited

Balance sheet 30 June 2009

	Notes	2009 £	2008 £
Current assets			
Debtors	5	19,552	20,487
Cash at bank and in hand		-	32
		<u>19,552</u>	<u>20,519</u>
Creditors amounts falling due within one year	6	<u>(4,524)</u>	<u>(8,191)</u>
Net assets		<u>15,028</u>	<u>12,328</u>
Capital and reserves			
Called up share capital	7	500	500
Profit and loss account	8	<u>14,528</u>	<u>11,828</u>
Shareholders' funds	9	<u>15,028</u>	<u>12,328</u>

These financial statements of Yellow Sky Music Limited, registered number 629815, were approved by the Board of Directors and authorised for issue on 15TH FEBRUARY 2010.

Signed on behalf of the Board of Directors

A E Latham 15 February 2010

A E Latham

Director

Yellow Sky Music Limited

Notes to the financial statements **Year ended 30 June 2009**

1. Accounting policies

The principal accounting policies are summarised below. They have all been applied consistently throughout the year and preceding 18 month period.

Basis of preparation

The financial statements are prepared on the going concern basis under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

Going Concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern bases in preparing the financial statements.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 (revised) 'Cash flow statements' and has not prepared a cash flow statement. A consolidated cash flow statement is shown in the consolidated accounts of Music Sales Group Limited.

Turnover

Turnover comprises hire fees, performing rights and royalties receivable by the company in the ordinary course of business with outside customers for goods supplied as a principal and for services provided, excluding VAT. Hire fees and performing rights income are recognised upon the fulfilment of contractual obligations to a customer through the supply of goods and services. Royalty income is recognised when received.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is provided in full on timing differences, which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

2. Information regarding directors and employees

The directors received no remuneration for their services to this company and there were no other employees.

3. Operating profit

Auditors' remuneration of £1,794 (2008 - £1,794)

Yellow Sky Music Limited

Notes to the financial statements Year ended 30 June 2009

4. Tax on profit on ordinary activities

	Year ended 30 June 2009 £	18 months to 30 June 2008 £
Current tax		
United Kingdom corporation tax based on the result for the period at 28 % (2008 29 67%)	960	1,452

The standard rate of tax for the period, based on the UK standard rate of corporation tax is 28% (2008 28%)

	Year ended 30 June 2009 £	18 months to 30 June 2008 £
Profit on ordinary activities before tax	3,660	4,893
Tax on profit on ordinary activities at standard rate	1,025	1,452
Income not taxable	(65)	-
Total actual amount of current tax	960	1,452

5. Debtors

	2009 £	2008 £
Amounts falling due within one year		
Trade debtors	-	-
Amounts owed by group undertakings	19,552	18,411
Other debtors	-	2,076
	19,552	20,487

6. Creditors: amounts falling due within one year

	2009 £	2008 £
Trade creditors	1,740	3,829
Corporation tax	960	1,452
Other creditors	1,824	2,910
	4,524	8,191

Yellow Sky Music Limited

Notes to the financial statements Year ended 30 June 2009

7. Called up share capital

	2009 £	2008 £
Authorised		
500 ordinary shares of £1 each	500	500
Called up, allotted and fully paid		
500 ordinary shares of £1 each	500	500

8 Profit and loss account

	£
At 1 July 2008	11,828
Profit for the financial period	2,700
At 30 June 2009	14,528

9. Reconciliation of movements in shareholders' funds

	2009 £	2008 £
Profit for the financial period	2,700	3,441
Opening shareholders' funds	12,328	8,887
Closing shareholders' funds	15,028	12,328

10 Contingent liabilities

The company is included in a group registration for VAT purposes and is therefore jointly and severally liable for all other Music Sales Group companies' unpaid debts in this connection

The Music Sales group of companies have collectively provided a group-wide cross guarantee to Barclays Bank and each group member guarantees to the Bank on a joint and several basis, all present and future group indebtedness in respect to the group overdraft facility

11. Related party transactions

As a wholly owned subsidiary the company has taken advantage of the exemption within Financial Reporting Standard No 8 'Related party disclosures' with respect to the disclosure of transactions with related parties which are part of the Music Sales group

Details of other related party transactions are given below

	2009 £	2008 £
Bosworth GmbH	288	706
Campbell Connelly Australia	38	38
Music Sales Corporation, USA	63	1

Yellow Sky Music Limited

Notes to the financial statements

Year ended 30 June 2009

12. Ultimate parent company

The ultimate parent undertaking and controlling related party is Newman Street Investments Limited which is registered in Jersey. Music Sales Group Limited is the largest and smallest undertaking for which group accounts are prepared. Group accounts are available from 14/15 Berners Street, London W1T 3LJ. The immediate controlling party is Music Sales Limited a company registered in England.