

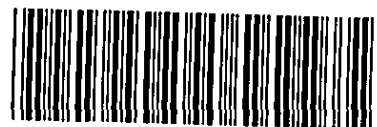
Virgin Studios Limited

**Directors' report and financial
statements**

Registered number 1214591

31 March 2012

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COMPANIES HOUSE

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 March 2012

Principal Activities and Review of the Business

The Company is a wholly owned subsidiary of EMI Group Worldwide Holdings Limited Citigroup Inc is the ultimate parent undertaking

The principal activity of the Company is that of an investment holding company There has not been any change to the principal activity of the Company during the year ended 31 March 2012 or subsequently

The Company did not trade during the year and made neither a profit nor a loss The Directors do not anticipate any change to the principal activity of the Company during the next year.

On 11 November 2011, Citigroup signed definitive agreements to sell the Group's Recorded Music business to Universal Music Group and Music Publishing business to an investor Group that comprised of Sony Corporation of America, the Estate of Michael Jackson, Mubadala Development Company PJSC, Jynwel Capital Limited, the Blackstone Group's GSO Capital Partners LP and David Geffen (the 'Investor Group') The agreements do not take effect until clearance is received from various Competition authorities and other conditions are met. The Music Publishing business sale completed on 29 June 2012 This Company forms part of the Recorded Music business and has had no change in ultimate owner

Principal Risks and Uncertainties

The Company operates as part of the EMI Group Worldwide Holdings Limited Group ("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

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 (2011 dividend £nil)

Directors

The Directors throughout the year and subsequently were as follows

S P Naughton
D N Kassler
R C Faxon
R C Prior

DIRECTORS' REPORT (Continued)

Directors' and Officers' Liability Insurance

Certain Directors benefited from qualifying third party indemnity provisions at the date of this report.

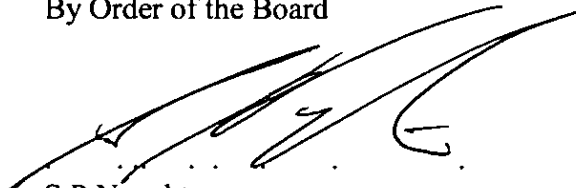
Donations

Grants and charitable donations made during the year amounted to £nil (2011 £nil) There were no political contributions made during the year (2011. £nil).

Auditors

In accordance with Section 480 of the Companies Act 2006 the Company is exempt from the obligation to appoint auditors

By Order of the Board



S P Naughton
Director

26 September 2012

Registered Office
27 Wrights Lane
London
W5 5SW

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

The Directors are responsible for preparing the Directors' 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

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 judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, 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 adequate 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2012

During the financial period the Company did not trade and received no income and incurred no expenditure. Consequently, during that period the Company made neither a profit nor a loss.

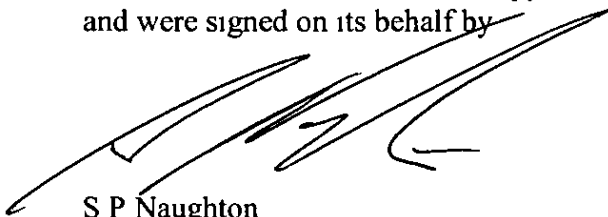
BALANCE SHEET AS AT 31 MARCH 2012

	Note	2012 £	2011 £
CURRENT ASSETS DEBTORS			
AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amounts due from fellow subsidiary undertaking		3,675,579	3,675,579
CREDITORS			
AMOUNTS FALLING DUE WITHIN ONE YEAR			
Amounts due to parent undertaking		(3,675,479)	(3,675,479)
		<hr/>	<hr/>
		100	100
CAPITAL AND RESERVES			
Called up share capital	2	100	100
Profit and loss account		-	-
		<hr/>	<hr/>
		100	100
		<hr/>	<hr/>

BALANCE SHEET
AS AT 31 MARCH 2012 (Continued)

- (a) For the year ended 31 March 2012 the Company was entitled to exemption under Section 480 of the Companies Act 2006
- (b) No members have required the Company to obtain an audit of its accounts for the year in question in accordance with Section 476 of the Companies Act 2006.
- (c) The Directors acknowledge their responsibility for
 - (i) ensuring the Company keeps accounting records which comply with Section 386, 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 393, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the Company

These financial statements were approved for the issue by the Board of Directors on 26 September 2012 and were signed on its behalf by



S P Naughton
Director

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

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 4

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

NOTES TO THE FINANCIAL STATEMENTS (Continued)

2. SHARE CAPITAL	2012	2011
	£	£
Allotted, called up and fully paid		
100 ordinary shares of £1 each	100	100

3. DIRECTORS' EMOLUMENTS AND STAFF COSTS

No Director received any remuneration during the year in respect of his services to the Company (2011 £nil) The Company had no employees during either the current or prior year

4. PARENT UNDERTAKING

The immediate parents of the Company are Virgin Records Limited holding 99 shares and EMI Nominees Limited holding 1 share The ultimate parent undertaking and controlling party is Citigroup Inc , a company registered in Delaware, United States of America

The parent undertaking of the largest and smallest Group to consolidate these financial statements is EMI Group Worldwide Holdings Limited Copies of the consolidated financial statements of EMI Group Worldwide Holdings Limited for the year ended 31 March 2012 can be obtained from the Company's registered address, 27 Wrights Lane, London W8 5SW

5. SUBSEQUENT EVENTS

There has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the Company in future financial years