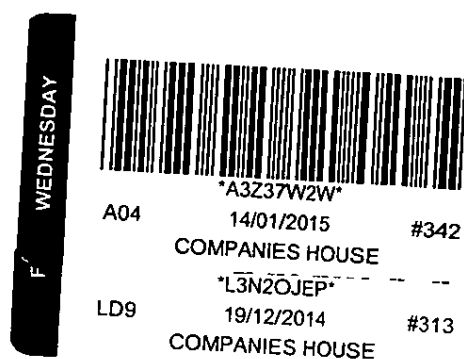


Music House (International) Limited
Annual Report and Financial Statements
For the Year Ended 31 March 2014



Music House (International) Limited

Annual Report and Financial Statements

Year ended 31 March 2014

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Music House (International) Limited

Officers and Professional Advisers

The board of directors F Crimmins
D Johnson

Company secretary TMF Corporate Administration Services Limited

Registered office 30 Golden Square
London
United Kingdom
W1F 9LD

Music House (International) Limited

Directors' Report

Year ended 31 March 2014

The directors present their report and the unaudited financial statements of Music House (International) Limited ("the Company") for the year ended 31 March 2014. The comparatives are for the year ended 31 March 2013.

Going concern

The directors of the DH Publishing, L P group (the "Group") have prepared consolidated Group financial projections for a period of more than twelve months from the date of approval of these financial statements. After considering these financial projections, the directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future and as a result have prepared these financial statements on a going concern basis.

Financial risk management

The Company's operations expose it to certain financial risks, primarily comprised of credit and liquidity risk.

The Company is part of the Group's administration agreement with Sony/ATV (the "Administrator") whereby the Administrator follows the agreed upon processes in conformity with generally accepted industry standards.

Credit risk

The Company has implemented policies in accordance with generally accepted industry standards for monitoring credit risk.

Liquidity risk

Credit checks performed on potential customers ensure the Company's current assets are sufficiently liquid to enable it to pay its bills and fund its current liabilities.

Results and dividends

The profit for the financial year amounted to £1,007,885 (2013: £1,660,778). The directors have not recommended a dividend (2013: £nil).

The Company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Directors

The directors who served the Company during the year and up to the date of signing the financial statements are listed on page 2.

Qualifying third party indemnity provisions

Certain directors benefited from the qualifying third party indemnity provisions in place during the financial year and at the date of approval of the financial statements.

Music House (International) Limited

Directors' Report (continued)

Year ended 31 March 2014

Strategic report

The directors have not prepared a strategic report as the Company is entitled to the special provisions applicable to companies subject to the small companies regime within Part 15 of the Companies Act 2006

Signed on behalf of the directors



F Crimmins
Director

30 Golden Square
London
United Kingdom
W1F 9LD

Approved by the directors on 11/11/2014

Music House (International) Limited

Statement of Directors' Responsibilities

Year ended 31 March 2014

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 the directors have prepared 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 accounting 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,
- 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 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 House (International) Limited**Profit and Loss Account****Year ended 31 March 2014**

	<i>Note</i>	2014 £	2013 £
Turnover	2	2,436,166	4,127,174
Cost of sales		(1,243,824)	(2,238,296)
Gross profit		1,192,342	1,888,878
Administrative expenses		(184,457)	(228,100)
Profit on ordinary activities before taxation	3	1,007,885	1,660,778
Tax on profit on ordinary activities	6	-	-
Profit for the financial year	10	1,007,885	1,660,778

The notes on pages 8 to 13 form part of these financial statements

All of the activities of the Company are classed as continuing for the current and prior years

The Company has no recognised gains and losses (2013 none) other than the results for the current and prior years as set out above

There are no material differences between the profit on ordinary activities before taxation and the profit for the financial year stated above and their historical cost equivalents

Music House (International) Limited**Balance Sheet****At 31 March 2014**

	<i>Note</i>	2014 £	2013 £
Current assets			
Debtors	7	5,819,772	5,354,437
Creditors: amounts falling due within one year	8	(600,544)	(1,143,094)
Total assets less current liabilities		5,219,228	4,211,343
Net assets		5,219,228	4,211,343
Capital and reserves			
Called-up share capital	9	810,000	810,000
Other reserves	10	65,000	65,000
Profit and loss account	10	4,344,228	3,336,343
Total shareholders' funds	10	5,219,228	4,211,343

The notes on pages 8 to 13 form part of these financial statements

For the year ending 31 March 2014 the Company was entitled to exemption from audit under section 479A of the Companies Act 2006 relating to subsidiary companies

The members have not required the Company to obtain an audit of its accounts for the year in question in accordance with section 476

The directors acknowledge their responsibilities for complying with the requirements of this Act with respect to accounting records and the preparation of accounts

The financial statements on pages 6 to 13 were approved by the Board of Directors on 11/11/2014 and signed on their behalf by



F Crimmins
Director

Company Registration Number 1994142

Music House (International) Limited**Notes to the Financial Statements****Year ended 31 March 2014**

1 Accounting policies**Basis of preparation**

These financial statements are prepared on a going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom

The accounting policies have been applied consistently, other than where new policies have been adopted

Going concern

Music House (International) Limited ("the Company") has made a profit for the financial year of £1,007,885 (2013 £1,660,778) and has total assets less current liabilities of £5,219,228 (2013 £4,211,343) and net assets of £5,219,228 (2013 £4,211,343) at the reporting date

The Company operates as part of DH Publishing, L P 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

The strong group 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 for a period of more than twelve months from the date of approval of these financial statements

The directors of the Group have prepared consolidated Group financial projections for a period of more than twelve months from the date of approval of these financial statements

After considering the financial projections, the directors have concluded that they have a reasonable expectation that the Company has adequate resources to continue as a going concern for the foreseeable future and as a result have prepared these financial statements on a going concern basis

Cash flow statement and related party disclosures

At the balance sheet date the Company was a wholly owned subsidiary of DH Publishing, L P and is included in the consolidated financial statements of DH Publishing, L P which can be requested from 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands. Consequently the Company has taken exemption from preparing the cash flow statement under the terms of FRS 1 (revised 1996). The Company is also exempt under the terms of FRS 8 from disclosing related party transactions with entities that are part of the Group or investees of the Group

Turnover

The Company's turnover is wholly attributable to its principal activity and the directors do not believe that any part of the Company's worldwide market is significantly different from any other

Turnover consists of income from copyrights and is recorded when reported to the Company by the relevant source. Turnover is stated after deducting all commissions and any sales related taxes levied on turnover

All turnover arises from continuing activities. In certain countries, the Company has assigned its rights to royalty income to other undertakings of the EMI Music Publishing Group

Music House (International) Limited**Notes to the Financial Statements (continued)****Year ended 31 March 2014****1 Accounting policies (continued)****Taxation**

The charge for taxation is based on the profit 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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Debtors - royalty advances

Royalties due to an advancee are credited against the outstanding advance in the year of receipt until the amount of the advance is extinguished. If it is thought that future earnings will not amount to the written-down value of an advance, a provision for the estimated shortfall will be raised. Advances are included in debtors as recoverable within one year although certain amounts may be recovered after more than one year

Provisions

A provision is recognised where the expected future earnings of a writer do not support the net value of the advance. In past periods the provision was based on the historic recoupment level and an additional subjective review for both new writers and those with historic recoupment. During the prior period the basis for calculating the provision was revised and an additional provision was made against any advances to writers who were deemed to be unproven at the time of the advance. The directors considered this to be a better estimate of recoverability. A further review of the recoverability of unproven and proven writers was undertaken during the current period and an adjustment to the provision was subsequently made. The additional expense charged to the Profit and Loss account in the year as a result of this change in estimate totals £81,610 (2013: £1,000)

2. Turnover

The turnover is attributable to the one principal activity of the Company

An analysis of turnover by geographical market is given below

	2014 £	2013 £
United Kingdom	1,532,844	2,614,638
Rest of Europe	301,591	462,515
USA	461,842	838,412
Rest of the world	139,889	211,609
	<u>2,436,166</u>	<u>4,127,174</u>

Music House (International) Limited**Notes to the Financial Statements (continued)****Year ended 31 March 2014****3. Profit on ordinary activities before taxation**

	2014	2013
	£	£
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration - audit of these financial statements	-	9,000
	<u> </u>	<u> </u>

The audit fee incurred by the Company in the prior year represented an apportion of the overall group audit fee which was allocated based on net profit share

Management charges of £184,457 (2013 £219,100) due to EMI Music Publishing Limited are included in administrative expenses in the profit and loss account

Amounts receivable in the prior year by the Company's auditors and their associates were borne by EMI Music Publishing Limited

4 Directors' emoluments

The directors did not receive any emoluments in respect of their services to the Company (2013 £nil)

The directors were remunerated by a member of the US Group for their services to the Group as a whole

5. Staff costs

The Company had no employees (2013 none)

Music House (International) Limited**Notes to the Financial Statements (continued)****Year ended 31 March 2014****6 Tax on profit on ordinary activities****Analysis of charge in the year**

	2014 £	2013 £
Total current tax	-	-

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower (2013 - lower) than the standard rate of corporation tax in the UK of 23% (2013 - 24%)

	2014 £	2013 £
Profit on ordinary activities before taxation	1,007,885	1,660,778
Current tax at 23% (2013 - 24%)	231,814	398,587
Group relief received for nil consideration	(231,814)	(398,587)
Total current tax	-	-

Factors that may affect future tax charges

In the 2012 Finance Act, the UK Government reduced the main rate of UK corporation tax from 24% to 23% with effect from 1 April 2013. This rate reduction was substantively enacted on 3 July 2012.

In March 2013, the UK Budget announced a reduction in the UK corporation tax rate from 23% to 21%, effective from 1 April 2014, and also announced a reduction in the UK corporation tax rate from 21% to 20%, effective from 1 April 2015. The rate reductions to 21% and 20% were both substantively enacted on 2 July 2013.

7 Debtors

	2014 £	2013 £
Trade debtors	54,720	-
Amounts owed by group undertakings	5,017,066	4,147,465
Prepayments and accrued income	747,986	1,206,972
	5,819,772	5,354,437

Amounts owed by group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

Prepayments and accrued income amounts relate to advances paid to artists less the provisions made against those balances, and an estimate of accrued income at the balance sheet date.

Music House (International) Limited**Notes to the Financial Statements (continued)****Year ended 31 March 2014****8. Creditors: amounts falling due within one year**

	2014 £	2013 £
Trade creditors	600,544	1,143,094
	<u>600,544</u>	<u>1,143,094</u>

9. Called up share capital**Allotted and fully paid.**

	2014 Number	£	2013 Number	£
8,100,000 (2013 8,100,000) Ordinary shares of £0.10 each	8,100,000	810,000	8,100,000	810,000
	<u>8,100,000</u>	<u>810,000</u>	<u>8,100,000</u>	<u>810,000</u>

10. Reconciliation of movements in shareholders' funds and reserves

	Called up share capital	Share premium	Profit and loss account	Total shareholders' funds
	£	£	£	£
At 1 April 2013	810,000	65,000	3,336,343	4,211,343
Profit for the financial year	-	-	1,007,885	1,007,885
	<u>810,000</u>	<u>65,000</u>	<u>4,344,228</u>	<u>5,219,228</u>
At 31 March 2014	810,000	65,000	4,344,228	5,219,228

Music House (International) Limited

Notes to the Financial Statements (continued)

Year ended 31 March 2014

11. Ultimate parent company

The ultimate parent undertaking and controlling party of the Group is DH Publishing, L P , a partnership registered in the Cayman Islands

The Company's immediate parent undertaking is EMI Music Publishing Limited, a company incorporated and registered in England and Wales

The parent undertaking of the largest group to consolidate these financial statements is DH Publishing, L P

The address from which the financial statements can be requested is DH Publishing, L P , 190 Elgin Avenue, George Town, Grand Cayman, KY1-9005, Cayman Islands

The parent undertaking of the smallest group to consolidate these financial statements is EMI Music Publishing Finance (UK) Limited

The address from which the financial statements can be requested is EMI Publishing Finance (UK) Limited, 30 Golden Square, London, W1F 9LD, United Kingdom