Jaydone Limited

Directors' Report and Financial Statements

31 March 2010

Registered No 04631083

Registered No 04631083

Directors
S P Naughton
D N Kassler

Secretary
Mawlaw Secretaries Limited

Auditors
KPMG LLP
8 Salisbury Square
London
EC4Y 8BB

Registered Office
27 Wrights Lane
London
W8 5SW

Registered No 04631083

Directors' report

The directors present their report and financial statements for the year ended 31 March 2010

Results and dividends

The Company's loss for the year, after taxation was £241,250 (2009 – loss of £161,740)

The directors do not recommend the payment of a dividend (2009 – £nil)

Principal activities and review of the business

The future artist-signing activities of the Company were transferred to another statutory entity, Relentless 2006 Limited, in April 2006, leaving only the existing artist roster in Jaydone Limited Nevertheless, the Company is still engaged in the sale and distribution of all forms of recorded music

Financial review

Turnover has decreased by £15,249 (21%) compared to the prior year, while operating loss has increased by £73,281 (49%) and net liabilities have increased by £241,250 (83%)

The Company operates as part of the Maltby Capital 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 Company is also dependent for its working capital on funds provided to it by Maltby Investments Limited ('Maltby Investments'), one of the Company's parent companies Both the Company and Maltby Investments operate as part of the Group

Maltby Investments has indicated that for the foreseeable future it intends to continue to provide financial and other support to the Company, if need be The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment The directors have prepared the financial statements on a going concern basis, which they believe is appropriate as set out in note 1 to these financial statements

Analysis of key performance indicators

The directors and management of the Company use a number of key performance indicators (KPIs) to assess the ongoing performance of the business The principal profit KPI used by the directors is EBITDA, which is considered a proxy for cash flow The directors define EBITDA as the profit from operations stated before depreciation, amortisation, exceptional items (including restructuring costs) and the share of associates' and joint ventures' results EBITDA for the year ended 31 March 2010 was a loss of £222,350 (2009 loss of £149,069)

Key risks and uncertainties

The Company's business faces a number of risks and uncertainties as is normal for a Company of its size and complexity The directors consider that the principal risks faced by the business include

- The market for recorded music product has been declining and may continue to decline,
- The current uncertainty in global economic conditions would adversely affect the prospects and results of the business,
- The downward pressure on the pricing of music products leading to pressure on the margins,
- The dependence on identifying, signing and retaining artists with long-term potential, and the effect of results of successful artists,
- The continuing exposure of the music industry to illegal music downloads and file sharing

Registered No 04631083

Directors' report (continued)

Directors and their interests

The directors who served the Company during the year are shown below

A Chadd (resigned 12 August 2009)
D N Kassler (appointed 8 July 2009)
C Kennedy (resigned 8 July 2009)
D D'Urbano (appointed 15 August 2009, resigned 15 April 2010)

The directors who were appointed since the year end are shown below

S P Naughton (appointed 15 April 2010)

None of the directors had any interests in the shares of the Company during the year

Certain directors benefit from qualifying third party indemnity provisions at the date of this report

Political and charitable contributions

During the year, the Company made no political or charitable contributions (2009 – £nil)

Supplier payment policy

The Company negotiates payment terms with its suppliers on an individual basis, with the normal spread being payment at the end of the month of delivery plus 30 to 60 days Agreement to the applicable payment terms is secured in every case

The Company emphasises the importance of prompt payment to small-sized businesses in line with UK governmental and CBI initiatives

At 31 March 2010 the Company had an average of 50 days' purchases outstanding in trade creditors (2009 – 50)

Disclosure of Information to Auditors

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

KPMG LLP have expressed their willingness to continue in office as auditors and in accordance with section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting

By order of the Board

S P Naughton
Director

29 September 2010

27 Wrights Lane
London
W8 5SW

Statement of directors' responsibilities

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

Independent auditors' report

to the members of Jaydone Limited

We have audited the financial statements of Jaydone Limited for the year ended 31 March 2010 set out on pages 6 - 17 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 out 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 set out on page 3, 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

A description of the scope of an audit of financial statements is provided on the APB's web-site at www frc org uk/apb/scope/UKNP

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 2010 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

Emphasis of matter - Going concern

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the Company's ability to continue as a going concern The Company incurred a net loss of £241,250 during the year ended 31 March 2010 and, at that date, the Company's current liabilities exceeded its current assets by £531,456

The Company has provided a guarantee to the Group's lender and as such 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 ability of the Company to continue as a going concern is dependent upon funds provided to it by Maltby Investments Limited, one of the Company's parent undertakings, which has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available Maltby Investments Limited's financial statements for the year ended 31 March 2010 indicated that it had net liabilities of £1,315 million at that date

Independent auditors' report (continued)

to the members of Jaydone Limited

Emphasis of matter - Going concern (continued)

The ability of Maltby Investments Limited and the Group to continue as a going concern is dependent upon the continued availability of existing banking facilities, which require the Group to comply with the covenants set out in those facilities The ability of the Group to comply with its covenants is dependent upon the outcome of the actions as described in note 1, in particular the agreement of the Group's shareholders to the provision of equity cure funding on the basis described, as well as the Group's ability to generate earnings and cash flows substantially in line with its forecasts However, as described in note 1, notwithstanding the conditional commitment received from the Group's shareholders to provide certain equity cure funding relating to the covenant test periods to 31 December 2010, there is no certainty that such funding will be sufficient to effect all the cures required in relating to those test periods Furthermore, current indications are that further funds will be required from the Group's shareholders for cure payments in respect of test periods ending 2011 No agreement has been reached with the Group's shareholders for such further equity injections, nor is there certainty that such an agreement will eventually be reached, or will be reached within the time available under the Group's banking facilities

Furthermore, a satisfactory funding agreement with the Trustees of the EMI Group Pension Fund still has yet to be reached As described in note 1, should contributions to remove any deficit in the Fund be required prior to the expiry of the Group's existing banking facilities, it is expected that, absent agreement from the lender, funding for these contributions, which would be likely to be spread over a number of years, will need to be met by additional funds from the Group's shareholders There is no certainty that such funds will be available

These conditions, along with the other matters explained in note 1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern The financial statements do not include the adjustments that would result if the Company were unable to continue as a going concern

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

Hugh Green, Senior Statutory Auditor
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
8 Salisbury Square
London
EC4Y 8BB

1 October 2010

Registered No 04631083

Profit and loss account

for the year ended 31 March 2010

	Note	2010 £	2009 £
Turnover	2	58,514	73,763
Cost of sales		(79,688)	(23,189)
Gross (loss)/profit		(21,174)	50,574
Distribution costs		(1,129)	552
Administrative expenses		(200,047)	(200,195)
Net operating loss		(222,350)	(149,069)
Interest payable	3	(18,900)	(12,671)
Loss on ordinary activities before taxation		(241,250)	(161,740)
Tax on loss on ordinary activities	6	–	–
Loss for the year after taxation	10	(241,250)	(161,740)

As stated in the Directors' report, the results above for the year ended 31 March 2010 are all derived from continuing activities

The notes on pages 9 to 17 form part of these financial statements

A note of historical cost profit and losses has not been prepared as part of the financial statements since the results disclosed in the profit and loss account are prepared on an unmodified historical cost basis

Registered No 04631083

Statement of total recognised gains and losses

for the year ended 31 March 2010

There are no recognised gains or losses other than the loss of £241,250 in the year ended 31 March 2010 (2009 – loss of £161,740)

Registered No 04631083

Balance sheet

at 31 March 2010

	Note	2010 £	2009 £
Current assets			
Debtors	7	36,138	31,657
Creditors amounts falling due within one year	8	(567,594)	(321,863)
Net current liabilities		(531,456)	(290,206)
Total assets less current liabilities		(531,456)	(290,206)
Capital and reserves			
Called up share capital	9,10	100	100
Profit and loss account	10	(531,556)	(290,306)
Equity shareholders' deficit	10	(531,456)	(290,206)

The notes on pages 9 to 17 form part of these financial statements

The financial statements were approved by the board of directors on 29 September 2010 and were signed on its behalf by

S P Naughton
Director

29 September 2010

Registered No 04631083

Notes to the financial statements

at 31 March 2010

1. Accounting policies

Basis of preparation

Jaydone Limited has made a loss for the year of £241,250 (2009 loss of £161,740) and has net current liabilities of £531,456 (2009 net liabilities of £290,206) at the reporting date The Company operates as part of the Maltby Capital 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

The directors have prepared the financial statements on a going concern basis, which they believe is appropriate for the following reasons

The Company is dependent for its working capital on funds provided to it by Maltby Investments Limited ('Maltby Investments'), one of the Company's parent companies Maltby Investments' financial statements for the year ended 31 March 2010 indicated that it had net liabilities of £1,315 million at that date Maltby Investments has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available The directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so

The Group's lender has provided the Group with a number of banking facilities which are repayable from 2014 and 2015 The facilities include certain financial covenant tests which are performed quarterly in respect of rolling one year periods ending on 31 March, 30 June, 30 September and 31 December and certain other covenants and events of default The breach of a covenant or occurrence of an event of default renders all of the facilities repayable on demand at the option of the lender

Maltby Investments made the following disclosures within its financial statements for the year ended 31 March 2010, approved 11 August 2010, regarding going concern

> "The operating performance of EMI has improved markedly over the period since its acquisition by its current shareholders The Group's Profit before impairment and restructuring costs has increased from £143m for the financial year ended March 2009 to £192m for the financial year ended March 2010 The Group's Cash generated from operations has increased from £192m for the financial year ended March 2009 to £273m for the financial year ended March 2010 This represents a 34% increase in Profit before impairment and restructuring costs and a 42% increase in Cash generated from operations over the last financial year
>
> This enhanced operational performance, together with equity injections provided to date by the shareholders of Maltby Capital Limited (the "ultimate shareholders"), means the Group is able to meet its ongoing working capital needs and its current debt service obligations under the facilities agreements to which the Company and a number of its subsidiaries are party However, the banking facilities contain a financial covenant for each division based on Debt/EBITDA which has been tightening over the same period to a greater extent than can be covered by the improvement in the Group's performance (especially in the EMI Music division) The covenant steps down significantly each March year end making it progressively harder to achieve the required ratio

Notes to the financial statements (continued)

at 31 March 2010

1. Accounting policies (continued)

Basıs of preparation (contınued)

The covenants are tested quarterly ın respect of rollıng one year perıods endıng on 31 March, 30 June, 30 September and 31 December The breach of a financıal covenant (or any other covenant or the occurrence of an event of default) renders all of the facılıtıes repayable on demand at the optıon of the lender As the financıal covenant ratıos have tıghtened over thıs perıod, shortfalls to the financıal covenant have occurred and (due to the contınued tıghtenıng of the financıal covenants ın future perıods) are antıcıpated to occur goıng forward, notwıthstandıng the operatıonal ımprovements The requırement for further equıty cures ıs dıscussed ın more detaıl below

The prıncıpal uncertaınty for the Group ıs whether addıtıonal equıty fundıng wıll be avaılable ın future perıods to enable ıt to comply wıth the financıal covenant under the bankıng facılıtıes Due to the sound operatıng performance of the busıness, the dırectors belıeve that ıt would be ın the ınterests of the Group's lender to maıntaın the Group's busıness as a goıng concern and to mınımıse any dısruptıon to ıts ongoıng operatıons ıf the covenant were breached

In order to meet financıal covenant tests ın respect of several quarterly perıods ended sınce 30 September 2008 the Group applıed funds orıgınally provıded by the ultımate shareholders under equıty cure provısıons wıthın the bankıng facılıtıes as follows

	2008	2009	2010
Quarter ended	**£m**	**£m**	**£m**
31 March	39	25	87 5
30 June		37 0	
30 September	16 0	nıl	
31 December	12 75	nıl	

The equıty cure ın relatıon to the quarter ended 31 March 2010 was effected on 10 June 2010 out of new equıty raısed from the ultımate shareholders of £78 1m together wıth £9 4m already held by Maltby Capıtal Lımıted ("Maltby Capıtal") These equıty cures were made to ensure that the EMI Musıc dıvısıon remaıned complıant wıth the covenants relatıng to ıts financıng facılıtıes No cure was requıred for the EMI Musıc Publıshıng dıvısıon

The financıal statements are prepared on a goıng concern basıs In preparıng the financıal statements on thıs basıs the dırectors have taken account of the followıng matters

1 The Group meets ıts day to day workıng capıtal requırements and medıum term fundıng requırements through ıts bankıng facılıtıes whıch are repayable from 2014 and 2015

The dırectors have prepared base case tradıng and cash flow forecasts for a perıod ın excess of one year from the date of approval of these financıal statements whıch project that the total amount of each of the facılıtıes ıs not exceeded However, there are a number of rısks attached to these projectıons ıncludıng the current general economıc clımate, ınherent rısks that exıst ın the musıc market of market growth or declıne varyıng from the rates expected and the nature of the Group's busıness ıs such that there can be consıderable unpredıctable varıatıon ın the tımıng of earnıngs and cash ınflows ıf there ıs a change ın the forecast release date for key projects

Notes to the financial statements (continued)

at 31 March 2010

1. Accounting policies (continued)

Basis of preparation (continued)

2 The latest projections for the Group indicate that funds of up to £26 9m in aggregate will be required for cure purposes in respect of the 12 month test periods ending on 30 June 2010, 30 September 2010 and 31 December 2010 Maltby Capital has received a commitment from the ultimate shareholders to provide it with further injections up to this amount provided that (i) no "Default" under the Group's banking facilities is continuing at the time of injection and (ii) at least 3 business days' notice of the cure amount required is given by Maltby Capital to the ultimate shareholders In turn, the Maltby Capital will make funds of up to £26 9m in aggregate available to the Company in relation to the test periods remaining in 2010, provided that (i) no "Default" under the Group's banking facilities is continuing at the time of injection, (ii) the provision of such funds would result in the financial covenants being complied with, and (iii) at least 5 business days' notice of the cure amount required is given by the Company to Maltby Capital In agreeing the amount of funds to be committed, no headroom in excess of the expected level of further cure requirements for the three 12 month periods referred to above has been included and there are uncertainties associated with the forecasts and projections for the business which could result in earnings and cash flows being below their forecast levels without mitigating factors occurring The Group has already factored into its projections assumptions around tight cash management over this period so as to minimise the quantum of cure payments it is required to make, so efforts to mitigate the impact of any trading shortfall by further cash conservation measures is likely to be challenging There is therefore no certainty that the committed funds will be sufficient to effect any cures which are required in relation to periods ended up to 31 December 2010

3 The directors continue to engage with Maltby Capital, the ultimate shareholders and debt provider to ensure continued operations The current forecasts for the Group indicate that it is likely there will be a further significant shortfall when the covenants under its banking facilities are tested as at 31 March 2011 Current indications are that in the absence of other initiatives additional funds in an amount that could be substantially in excess of the total amount of equity cure payments provided by the ultimate shareholders to cure covenant breaches for test periods ended during the financial year to 31 March 2010 would be required from shareholders to fund the cure payment for the test period ending 31 March 2011 The directors have been exploring various strategic options which may be available to the Group but, even though the strategic options are expected to reduce the quantum of the further equity injection, they consider that it is unlikely that the financial covenants tested as at 31 March 2011 will be met without a further substantial equity injection In addition further smaller cures may also be required in relation to the other test periods ending in 2011

Accordingly the directors will need to engage, together with Maltby Capital, in discussions with the ultimate shareholders for additional funding in respect of the above as they did for the additional equity raised to cure the covenant for the test period ended 31 March 2010 However, there is no certainty that an agreement for further equity injections will be reached, or will be reached within the time available under the Group's banking facilities

Notes to the financial statements (continued)

at 31 March 2010

1. Accounting policies (continued)

Basis of preparation (continued)

Consequently, should the conditions attached to the additional funding which the ultimate shareholders and Maltby Capital have undertaken to provide in relation to the June, September and December 2010 test periods not be met or should the consent of the ultimate shareholders to the provision of further equity cure funding required in respect of the test period ending 31 March 2011 not be forthcoming, or not be forthcoming within the applicable period, the outcome for the Group of a breach of financial covenants in respect of these periods would be dependent upon discussions with the Group's lender This would also be the case if any equity cure funding provided by the ultimate shareholders was insufficient to prevent breaches of financial covenants in relation to subsequent test periods, and consent of the ultimate shareholders to any subsequent request for the provision of further equity cure funding was not forthcoming, or not forthcoming within the applicable period

In these circumstances, the directors consider that it would be in the interests of the Group's lender to maintain the Group's business as a going concern and to minimise any disruption to its ongoing operations In coming to this view, the directors have taken account of the improvement in the Group's operating cashflow, which means that based on current forecasts the Group has sufficient cash flow to meet its current debt service obligations under its banking facilities absent any breach of covenants which would render all facilities repayable on demand at the option of the lender

The directors also recognise that existing forecasts indicate further significant shortfalls in respect of the covenant test periods to the end of March in each year until the facilities expire in 2014 and 2015

The directors are aware of the ongoing litigation in respect of certain matters relating to the acquisition of the Company's subsidiary, EMI Group Limited (formerly EMI Group plc) between, amongst others, shareholders of Maltby Capital and the Group's lender Neither Maltby Capital, the Company nor any other members of the Group is party to these proceedings

EMI Group Limited has been in discussions with the Trustee of the EMI Group Pension Fund regarding the cash contributions under the scheme funding regime Agreement has not been able to be reached regarding a long-term funding policy for the Fund and absent such agreement the Pensions Regulator has referred the matter to the Determinations Panel for resolution The Group's current lending arrangements require the deficit existing at the date of acquisition of EMI Group Limited to be met by additional equity investment Under proposals put forward to the Determinations Panel, the scheme funding deficit could fall somewhere in a range between £115 million and £217 million based on a valuation at 31 March 2008 Absent any prior agreement with the Trustees, the size of this deficit and the number of years over which the deficit is removed will be resolved by the Determinations Panel "

The directors have concluded that the combination of these circumstances represents a material uncertainty that may cast significant doubt upon the ability of the Company to continue as a going concern The Company may therefore be unable to continue realising its assets and discharging its liabilities in the normal course of business The financial statements do not include any adjustments that would result if the Company were unable to continue as a going concern due to a withdrawal of the Group's banking facilities by the Group's lender

Nevertheless, after making enquiries and considering the uncertainty described above, 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 For these reasons, they continue to adopt the going concern basis in preparing the financial statements

Notes to the financial statements (continued)

at 31 March 2010

1. Accounting policies (continued)

Statement of cash flows

Under FRS 1 'Cash flow statements', the Company is exempt from the requirement to prepare a cash flow statement since it is a wholly owned subsidiary undertaking The consolidated financial statements of Maltby Capital Limited include a consolidation cash flow statement dealing with the cash flows of the group

Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured The following specific recognition criteria must also be met before revenue is recognised

- Sale of goods revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer i e on despatch and can be reliably measured Revenue is measured at fair value after making provision in respect of expected future returns of goods and services supplied by the company prior to the balance sheet date,

- Copyright, royalty, licence and other income revenue is recognised based on the contractual arrangements entered into with third parties, which allow them to exploit the Group's intellectual property in return for a fee Where the Group is entitled to a fee which is not dependent upon future usage, revenue is recognised when the Group has fulfilled its contractual commitments Where the fees due to the Group are dependent upon usage, revenue is recognised based upon that usage Where no reliable basis is available for estimating such usage, revenue is recognised when reported to the Group by third parties,

Stocks and work in progress

These are stated at the lower of cost and net realisable value, which is arrived at by making a provision for obsolete and slow moving items Cost includes a proportion of manufacturing overheads

Advances

In the ordinary course of business the company pays advances and other expenses recoupable from future royalties to performing artists, songwriters, producers and third-party repertoire owners The amounts paid are carried at cost less recoupment and less an allowance for any unrecoupable amounts The allowance is based on past revenue performance, current popularity and projected revenue Advances are recoupable during the business operating cycle All advances are therefore reported as current assets, including advances recoupable more than 12 months after the balance sheet date

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties It is attributable to one continuing activity wholly within the UK

Notes to the financial statements (continued)

at 31 March 2010

3. Notes to the profit and loss account

Net operating loss is stated after charging

	2010	*2009*
	£	*£*
Interest payable – parent	18,900	12,671

4. Auditors' remuneration

	2010	*2009*
	£	*£*
Audit of these financial statements	95	150

Auditors' remuneration for the current year and prior year was paid in full by EMI Records Limited

5. Directors' remuneration and staff costs

The company has no directly contracted employees (2009 – nil)

There were no staff or salary costs during 2010 (2009 – £nil)

The directors are employed and remunerated as directors or executives of, or consultants to, other group undertakings

The following directors benefited from qualifying third party indemnity provisions

A Chadd
D N Kassler
D D'Urbano

6. Tax

(a) Tax on loss on ordinary activities

	2010	*2009*
	£	*£*
UK corporation tax		
UK corporation tax on losses of the period	–	–
Other timing differences	–	–
	–	–
Foreign tax		
Current year	–	–
Adjustments in respect of previous periods	–	–
	–	–
Total current tax charge	–	–

Notes to the financial statements (continued)

at 31 March 2010

6. Tax (continued)

Deferred tax		
Origination and reversal of timing differences	–	–
Effect of changes in tax rate on opening liability	–	–
Changes in recoverable amounts of deferred tax assets	–	–
	–	–
Tax on loss on ordinary activities	–	–

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2009 – 28%) The differences are reconciled below

	2010 £	*2009* £
Loss on ordinary activities before tax	(241,250)	(161,740)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2009 – 28%)	(67,550)	(45,287)
Effect of		
Group relief surrendered/(received) for payment at 28% (2009 – 28%)	67,550	45,287
Total current tax charge	–	–

(c) Factors affecting future tax charge

As part of Maltby Capital Limited, the company may receive or surrender losses by way of group relief This receipt or surrender may be made with or without charge

(d) Deferred tax

At the balance sheet date the company had unused tax losses of £68,489 (2009 £68,489) available for offset against future profits

7. Debtors

	2010 £	*2009* £
Trade debtors	29,661	24,967
Other debtors	6,477	6,690
	36,138	31,657

Notes to the financial statements (continued)

at 31 March 2010

8. Creditors: amounts falling due within one year

	2010	*2009*
	£	£
Trade creditors	20,244	26,378
Amounts owed to other group undertakings	528,700	282,860
Royalties payable	2,757	4,509
Accruals	15,893	8,116
	567,594	321,863

9. Share capital

	2010	*2009*
Authorised	£	£
5,000 Class 'A' shares of 10p each	500	500
5,000 Class 'B' shares of 10p each	500	500
	1,000	1,000

	2010	*2009*
Allotted, called up and fully paid	£	£
501 Class 'A' shares of 10p each	50	50
499 Class 'B' shares of 10p each	50	50
	100	100

There are no differences in rights between Class 'A' and Class 'B' shareholders

10. Reconciliation of shareholders' funds and movement on reserves

	Share capital	*Profit and loss account*	*Total share-holders' deficit*
	£	£	£
At 31 March 2009	100	(290,306)	(290,206)
Loss for the year		(241,250)	(241,250)
At 31 March 2010	100	(531,556)	(531,456)

Notes to the financial statements (continued)

at 31 March 2010

11. Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8, "Related Party Disclosures" (FRS 8), not to disclose related party transactions between wholly owned group undertakings

12. Charge over assets

Jaydone Limited acceded, on 28 January 2008, to a debenture dated 30 August 2007 (amended, supplemented, novated, extended, restated or varied from time to time) and made between, amongst others, Maltby Acquisitions Limited (formerly known as Maltby Limited) and Citibank, NA, London Branch as Security Agent, pursuant to which the company charged, by way of mortgage or fixed charge or assign by way of security (as appropriate) all of their right, title and interest in certain assets, charge all or substantially all of their present and future assets and undertaking by way of first floating charge in favour of the Security Agent to secure the repayment of the Secured Liabilities (as defined thereon) and covenant that they will, on demand, pay and discharge the Secured Liabilities

13. Ultimate parent undertaking

The company's immediate parent undertaking is Virgin Records Limited, a company incorporated in England and Wales The directors of Virgin Records Limited have confirmed in writing that they will provide financial support to Jaydone Limited to assist in meeting its liabilities as and when they fall due, but only to the extent that money is not otherwise available to meet such liabilities

The ultimate parent undertaking and controlling party is TFCP Holdings Limited, a company registered in Guernsey The parent undertaking of the largest group to consolidate these financial statements is Maltby Capital Limited Copies of the consolidated financial statements of Maltby Capital Limited can be obtained from the Company Secretary at 27 Wrights Lane, London W8 5SW