

Roadster Music (UK) Limited

**Director's report and financial
statements**

Registered number 2641804

Year ended 31 December 2003



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Director's report

The directors present their report and the audited financial statements of the company for the year ended 31 December 2003.

Principal activities

The principal activity of the company is that of music publishing.

Business review, results and dividends

The directors were pleased with the trading results for the year. The results for the year are set out on page 4 of these financial statements. The profit for the year of £5,984 (*18 months ended 31 December 2002: £18,431*) will be transferred to reserves. The directors do not recommend the payment of a dividend (*2002: £nil*).

Post balance sheet events

On 1 January 2004 the trade and net assets of the company were transferred to BMG Music Publishing Limited for a consideration of approximately £189,000. The profit on disposal was approximately £170,000.

Directors and their interests

The following directors served during the 18 month period and subsequently.

P Curran
W Downs

None of the directors held any beneficial interest in the shares of the company or any other group undertaking during the current or prior period.

Political and charitable donations

The company made no political or charitable donations in the year (*18 month period ended 31 December 2002: £nil*).

Auditors

In accordance with Section 385 of the Companies Act 1985, 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



P Wareham
Secretary

Bedford House
69-79 Fulham High Street
London
SW6 3JW

9th December 2004

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those 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, 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 group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London EC4Y 8BB

Independent auditors' report of the auditors to the members of Roadster Music (UK) Limited

We have audited the financial statements on pages 4 to 10.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at the year ended 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor
London

15 December 2004

Profit and loss account

for the year ended 31 December 2003

	Note	Year ended 31 December 2003 £	18 month period ended 31 December 2002 £
Turnover	1	44,016	114,532
Administrative expenses		(35,467)	(92,175)
Profit on ordinary activities before taxation	3	8,549	22,357
Tax on profit on ordinary activities	4	(2,565)	(3,926)
Profit on ordinary activities after taxation		5,984	18,431
Retained profit/(loss) brought forward		12,922	(5,509)
Retained profit carried forward		18,906	12,922

The company has no other material recognised gains or losses other than those reported in the above profit and loss account.

All activity in both the current and prior periods has arisen from continuing operations.

There is no difference between the profit as disclosed in the profit and loss account and profit on a historical cost basis

The notes on pages 6 to 10 form part of these financial statements.

Balance sheet
 at 31 December 2003

	<i>Note</i>	31 December 2003 £	31 December 2002 £
Current assets			
Trade debtors	5	65,317	58,030
Cash at bank and in hand		-	14,630
		<hr/>	<hr/>
		65,317	72,660
Creditors: amounts falling due within one year	6	(46,311)	(59,638)
		<hr/>	<hr/>
Net assets		19,006	13,022
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account		18,906	12,922
		<hr/>	<hr/>
Total equity shareholders' funds	8	19,006	13,022
		<hr/>	<hr/>

These financial statements were approved by the board of directors on behalf by:

9th December 2004 and were signed on its



W Downs
 Director

The notes on pages 6 to 10 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements except as noted below.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention.

The company is exempt from the requirement of Financial Reporting Standard 1 (Revised), Cash Flow Statement, being a wholly owned subsidiary of Bertelsmann AG, a company incorporated in Germany which prepares publicly available consolidated financial statements.

As 100% of the company's voting rights are controlled within the group headed by Bertelsmann AG, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed balances with entities which form part of the group (or investees of the group qualifying as related parties). The consolidated financial statements of Bertelsmann AG, within which the balance sheet of this company is included, can be obtained from Carl Bertelsmann Strasse 270, 33311 Gutersloh 1, Germany.

Turnover

Turnover represents copyright royalties receivable excluding VAT.

Royalties

- (i) Royalties receivable are recognised on the due date of receipt.
- (ii) Royalties payable are calculated by reference to statements of account used for determining royalties receivable

Taxation

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.

Bertelsmann AG UK entities are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of the group that such losses will be purchased and paid for by the recipient company. Where there is reasonable certainty that taxable losses can be utilised the group relief receivable is included in the taxation charge or credit for the year

Notes (continued)

2 Profit on ordinary activities before taxation

	Year ended 31 December 2003 £	18 months ended 31 December 2002 £
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration	-	-

The auditors' remuneration was borne by BMG Music Publishing Ltd, the company's immediate parent company.

None of the directors received any emoluments in respect of their services to the company during the year (18 month period ended 31 December 2002: £nil).

3 Directors and employees

The average number of employees during the year was nil (18 month period ending 31 December 2002: nil) consequently there were no staff costs (18 month period ending 31 December 2002: nil).

None of the directors received any emoluments in respect of their services to the company during the year (18 month period ending 31 December 2002: nil).

4 Taxation

Analysis of charge in year

	Year ended 31 December 2003 £	18 months ended 31 December 2002 £
<i>Current tax</i>		
UK corporation tax charge	2,565	7,189
<i>Deferred tax</i>		
Origination and reversal of timing differences	-	(3,263)
Tax on profit on ordinary activities	2,565	3,926

Notes (continued)

4 Taxation (continued)

Factors affecting the tax charge for the financial period.

The tax charge for the financial period is higher than the standard rate of corporation tax in the UK (30%, 2002: 30%). The differences are explained below.

	Year ended 31 December 2003 £	18 months ended 31 December 2002 £
Profit on ordinary activities before tax	8,549	22,357
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	2,565	6,707
<i>Effects of:</i>		
Adjustments to tax charge in respect of previous periods	-	482
Current tax charge for period	2,565	7,189

Factors affecting the tax charge for the financial period

The company has no deferred tax liability at 31 December 2003 (18 month period ended 31 December 2002: (£3,263)).

	Year ended 31 December 2003 £	18 months ended 31 December 2002 £
Originating and reversal of timing differences	-	(3,263)

5 Debtors

	31 December 2003 £	31 December 2002 £
Amounts owed by group undertakings	34,470	37,182
Prepayments and accrued income	30,847	20,848
	65,317	58,030

Notes (continued)

6 Creditors: amounts falling due within one year

	31 December 2003 £	31 December 2002 £
Other creditors and accruals	33,180	49,211
Corporation tax	9,013	6,514
Amounts due to group undertakings	4,118	3,913
	<u>46,311</u>	<u>59,638</u>

7 Called up share capital

	31 December 2003 £	31 December 2002 £
<i>Authorised, issued and fully paid:</i>		
100 ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

8 Reconciliation of movements in shareholders' funds

	Year ended 31 December 2003 £	18 months ended 31 December 2002 £
Profit for the financial period	5,984	18,431
Opening shareholders' deficit	13,022	(5,409)
	<u>19,006</u>	<u>13,022</u>
Closing shareholders' funds		

Notes *(continued)*

9 Ultimate holding company

The company's immediate holding company and ultimate controlling party is Bertelsmann AG, a company incorporated in Germany.

The largest and smallest group for which consolidated financial statements are prepared, and of which the company is a member, is as follows:

Name	Bertelsmann AG
Country of incorporation	Germany
Address from where copies of the Group accounts can be obtained	Carl Bertelsmann Strasse 270 4830 Gütersloh 1 Germany

10 Related party transactions

The company is exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Bertelsmann AG group of companies. There are no other related party transactions.

11 Post balance sheet events

On 1 January 2004 the trade and net assets of the company were transferred to BMG Music Publishing Limited for a consideration of approximately £189,000. The profit on disposal was approximately £170,000.