

Roadster Music (UK) Limited

**Director's report and financial
statements**

Registered number 2641804

Six months to 30 June 2000



Contents

Directors' report	1
Statement of directors' responsibilities	3
Report of the auditors to the members of Roadster Music (UK) Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

Directors' report

The directors present their report and the audited financial statements of the company for the six month period ended 30 June 2000.

Principal activities

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

Business review

The directors were disappointed with the trading results for the period.

Events during the period

On 1 January 2000 the entire share capital was transferred from Roadster Music BV, a related undertaking, to BMG Music Publishing Limited.

Results and dividend

The results for the period are set out on page 5 of these financial statements. The retained loss for the period of £3,852 (1999: £12,259) will be transferred to reserves. The directors do not recommend the payment of a dividend.

Directors and their interests

The following directors served during the period and subsequently.

Cees Wessels	(resigned 10 October 2000)
Paul G Curran	(appointed 1 August 2000)
William Downs	(appointed 1 August 2000)

None of the directors who held office at the end of the period had any disclosable interests in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the period.

Directors' report

Auditors

On 11 August 2000 Newman & Co. resigned as auditors and KPMG were appointed as the new auditors of the company.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG 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

6th November 2001

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;
- 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 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 company and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London EC4Y 8BB

Report of the auditors to the members of Roadster Music (UK) Limited

We have audited the financial statements on pages 5 to 9.

Respective responsibilities of directors and auditors

The director is responsible for preparing the director's report and, as described on page 3, 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. We also report to you if, in our opinion, the director's 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 affairs of the company as at 30 June 2000 and of its loss for the six month period then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

21 November 2001

Profit and loss account

for the six month period ended 30 June 2000

	<i>Note</i>	Six months ended 30 June 2000 £	Year ended 31 December 1999 £
Turnover - continuing operations	2	21,463	34,610
Operating expenses	3	(25,464)	(47,159)
Operating loss		(4,001)	(12,549)
Interest receivable and similar income	4	149	290
Loss on ordinary activities before and after taxation	5	(3,852)	(12,259)
Retained profit/(loss) brought forward	10	(7,025)	5,234
Retained loss carried forward	10	(10,877)	(7,025)

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

All activity has arisen from continuing operations.

There is no difference between the results on a historical cost basis and that shown in the profit and loss account.

Balance sheet

at 30 June 2000

	<i>Note</i>	30 June 2000 £	31 December 1999 £
Current assets			
Trade debtors		14,534	2,026
Amount owed by related undertaking		1,252	1,252
Cash at bank and in hand		6,493	15,889
		<u>22,279</u>	<u>19,197</u>
Creditors: amounts falling due within one year	7	(33,056)	(26,092)
		<u>(10,777)</u>	<u>(6,925)</u>
Net liabilities			
		<u>(10,777)</u>	<u>(6,925)</u>
Capital and reserves			
Called up share capital	8	100	100
Profit and loss account	10	(10,877)	(7,025)
		<u>(10,777)</u>	<u>(6,925)</u>
Equity Shareholders' deficit	9	(10,777)	(6,925)

These financial statements were approved by the board of directors on 6th November 2001 and were signed on its behalf by:



W Downs
 Director

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.

Basis of accounting

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

As the company falls within the definition of a small company under FRS1, it is not required to provide a cash flow statement.

The financial statements have been prepared on a going concern basis in view of an undertaking from its immediate parent undertaking, BMG Music Publishing Limited, to provide or procure sufficient funds to maintain the company as a going concern.

Taxation

Deferred taxation is provided, under the liability method, on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

2 Turnover

Turnover represents copyright royalties receivable excluding VAT.

3 Directors and employees

The average number of employees during the year was nil (1999: nil).

None of the directors received any emoluments in respect of their services to the company during the year (1999: £nil).

4 Interest receivable and similar income

	Six months ended 30 June 2000 £	Year ended 31 December 1999 £
Bank interest received	149	290

Notes (continued)

5 Loss on ordinary activities before taxation

	Six months ended 30 June 2000 £	Year ended 31 December 1999 £
<i>Loss on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration	5,000	500

6 Taxation

There is no UK Corporation tax charge for the period as the company made a taxable loss.

7 Creditors: amounts falling due within one year

	30 June 2000 £	31 December 1999 £
Trade creditors	19,119	18,503
Creditors and accruals	11,023	5,181
Amount owed to related undertaking	1,846	1,846
Other taxation and social security	1,068	562
	<u>33,056</u>	<u>26,092</u>

8 Called up share capital

	2000 £	1999 £
<i>Authorised, allotted, issued and fully paid:</i>		
100 ordinary shares of £1 each	100	100

9 Reconciliation of movements in equity shareholders' funds

	30 June 2000 £	31 December 1999 £
Loss for the financial period/year	(3,852)	(12,259)
Opening equity shareholders' (deficit)/funds	(6,925)	5,334
Closing equity shareholders' deficit	<u>(10,777)</u>	<u>(6,925)</u>

Notes (continued)

10 Reserves

	Profit and Loss Account £
At the beginning of the period	(7,025)
Retained loss for the period	(3,852)
	<hr/>
At the end of the period	(10,877)
	<hr/>

11 Ultimate holding company

At the start of the period the holding company was Roadster Music BV, a company incorporated in Holland. On 1 January 2000 the entire share capital was transferred to BMG Music Publishing Limited, a company incorporated in England and Wales.

The company's ultimate 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 the copies of the Group financial statements can be obtained	Carl Bertelsmann Strasse 270 4830 Gütersloh 1 Germany

12 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.