

411080

HMV Group Limited

Report and Accounts

Fifty-three weeks ended April 29, 2000



DIRECTORS

The Directors throughout the period and subsequently were as follows:

D C Bell
N I Bright
P M Luckhurst (appointed April 5, 2000)
B F McLaughlin

SECRETARY

G M Smith (resigned March 31, 2000)
D L Tomblin (appointed March 31, 2000)

SOLICITORS

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London EC2A 2HA

Rowe & Maw
20 Blackfriars Lane
London EC4V 6HD

REGISTERED OFFICE

Shelley House
2-4 York Road
Maidenhead
Berkshire
SL6 1SR

REGISTERED NUMBER

00411080

DIRECTORS' REPORT

The Directors present their Report and the Accounts for the fifty-three weeks ended April 29, 2000.

RESULTS AND DIVIDENDS

The Company did not trade during the period and made neither a profit nor a loss. The Directors do not recommend payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The Directors, listed on page 1, held no interest in the share capital of HMV Group Limited during the period. The interests of N I Bright and B F McLaughlin in the share capital of the parent undertaking HMV Media Group plc are disclosed in the accounts of that Company. The interests of D C Bell and P M Luckhurst in the share capital of HMV Media Group plc are as follows:

	Ordinary Shares		Junior Preference Shares		Options over Ordinary Shares	
	At April 24, 1999	At April 29, 2000	At April 24, 1999	At April 29, 2000	At April 24, 1999	At April 29, 2000
P M Luckhurst	18,140	18,140	2,360	2,360	22,494	22,494
D C Bell	14,240	17,240	37,760	37,760	15,609	15,609

EMU PROGRAMME

The implementation of the single currency unit (Euro) is not expected to have any significant impact on the Company.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The ultimate parent undertaking, HMV Media Group plc, has maintained insurance to cover Directors' and Officers' liability as permitted by Section 310(3) of the Companies Act 1985.

AUDITORS

In accordance with Section 388(A) of the Companies Act 1985, the Company is exempt from the obligation to appoint auditors.

On behalf of the Board.



D L Tomblin
Secretary

October 23, 2000

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare accounts 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 of the Company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the accounts.

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. 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.

Balance Sheet

At period end:

		April 29, 2000	April 24, 1999
	Notes	£	£
FIXED ASSETS			
Investments	3	-	-
CURRENT ASSETS: DEBTORS			
Amount due from a fellow subsidiary undertaking		404,102	404,102
TOTAL ASSETS		404,102	404,102
CAPITAL AND RESERVES			
Called up share capital	2	404,000	404,000
Profit and loss account		102	102
Equity Shareholders' Funds		404,102	404,102

The Company was dormant (within the meaning of Section 250 of the Companies Act 1985), throughout the period ended April 29, 2000.

The financial statements on pages 4 to 6 were approved by the Board of Directors on October 23, 2000 and were signed on its behalf by:



D C Bell
Director

October 23, 2000

Notes to the financial statements

for the period ended April 29, 2000

1. Accounting Policies

Basis of Preparation

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards. The Company is exempt from preparing group accounts as it is itself a subsidiary undertaking under S228 of Companies Act 1985. These accounts present information about the Company as an individual undertaking and not about its group.

Related Parties

The Company has taken advantage of the exemption in Financial Reporting Standard (FRS) 8 not to disclose related party transactions with wholly owned fellow subsidiary undertakings.

Cash flow statement

Under FRS 1 (Revised), HMV Group Limited is exempt from the requirement to prepare a cash flow statement as the Company is a wholly-owned subsidiary undertaking of HMV Media Group plc whose accounts include a consolidated cash flow statement in accordance with FRS1 (Revised).

2. Share Capital

	April 29, 2000 £	April 24, 1999 £
Authorised: 550,000 ordinary shares of £1 each	550,000	550,000
Allotted, called up and fully paid: 404,000 ordinary shares of £1 each	404,000	404,000

3. Investment in Subsidiaries

	Cost £	Provisions £	Net £
Shares in subsidiary undertakings: At April 24, 1999 and April 29, 2000	614,000	(614,000)	-

The subsidiary undertakings of the Company are HMV Limited and HMV UK Limited. Both of these subsidiaries are directly and wholly owned, are dormant, and are registered in England and Wales.

4. Directors' Emoluments

No Director received any remuneration during the period in respect of his services to the Company.

5. Contingent liabilities

There were the following contingent liabilities at April 29, 2000:

- (i) As part of the acquisition of the businesses of HMV Group, Dillons and Waterstone's, HMV Media Group plc entered into a Senior Facility Agreement (the 'Agreement') to secure various bank facilities (the 'Senior Facilities') totalling £423.6m. The full details of the Agreement are disclosed in the accounts of HMV Media Group plc. However, its effect on HMV Group Limited is as follows:

HMV Group Limited has granted security over its assets, including English law fixed charges over certain specified properties and bank accounts, assignment of rights in respect of certain specified properties, insurance, debts, bank accounts, specified agreements and shares and a floating charge over all its other undertakings and assets.

HMV Media Group plc has further entered into an agreement with EMI whereby EMI has made available to HMV Media Group plc a £50.0m working capital facility (the 'EMI Facility'). The EMI Facility ranks pari passu with the Senior Facilities. In addition, Senior Subordinated Notes were issued by HMV Media Group plc on May 22, 1998 and are secured under the same terms as the Senior Facilities and the EMI Facility but are subordinated to those facilities.

Notes to the financial statements continued

for the period ended April 29, 2000

6. Agency Agreement

The Company has an agency agreement with HMV Music Limited (the parent undertaking) whereby the Company has an unqualified indemnity of HMV Music Limited against certain liabilities that have arisen and continue to arise under agency agreements in respect of which no expenses are incurred or received by the Company.

7. Parent Undertaking

The parent undertaking of the group of undertakings for which group accounts are drawn up and of which the Company is a member is HMV Media Group plc, which is the ultimate parent undertaking registered in England and Wales. Copies of HMV Media Group plc's accounts can be obtained from Shelley House, 2-4 York Road, Maidenhead, Berks, SL6 1SR England.