

## **Chrysalis Group PLC**

### **Directors' report and financial statements**

For 12 months ended 30 September 2009

Registered number 946978

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## **Directors' report and financial statements**

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## **Directors' report**

The directors present their annual report and the audited financial statements for the 12 months ended 30 September 2009

### **Principal activities**

The principal activities of the company are the provision of management and administration services to members of the Chrysalis Group of companies and acting as an investment holding company. The directors do not anticipate any changes in these activities over the coming period.

### **Business review**

The loss for the period was £0.7m (2008: loss of £5.6m) is set out in the profit and loss account on page 6.

Chrysalis PLC, the Company's parent undertaking, manages the Group on a divisional basis. For this reason, the Directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the company. This company is included in the corporate division of Chrysalis PLC and the performance is discussed in the Group's Annual Report which does not form part of this report.

The directors do not recommend the payment of a dividend (2008: nil).

### **Directors**

The directors who held office during the period were as follows:

CN Wright	
J Lascelles	
A Mollett	
P Lassman	
G Howard-Spink	- resigned 17 June 2009
J Larsen	- resigned 17 June 2009
D Murrell	- resigned 17 June 2009

### **Principal risks and uncertainties**

The company has limited exposure to credit, price or liquidity risk due to the nature of its principal activities. The company also has access to the Group-wide credit facilities.

The company has a single source of third party debt which exposes it to interest rate risk. The Group's treasury function enters into derivative contracts to manage this risk at a Group level.

Group-wide risks and the risk management policies in place are discussed in the Group's Annual Report which does not form part of this report.

### **Supplier payment policy**

The company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction to ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditor days of the company at 30 September 2009, calculated in accordance with the requirements of the Companies Act 2006, was 18 days (2008: 94 days). This represents the ratio, expressed in days between the amounts invoiced to the company in the year by its suppliers and the amounts due, at the period end, to trade creditors falling due to payment within one year.

### **Charitable and political donations**

The Company did not make any political or charitable donations during either period.

## **Directors' report (continued)**

### **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**

In accordance with Section 485 of the Companies Act 2006, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting

Approved by the Board and signed on its behalf



**A Mollett**  
*Director*

The Chrysalis Building  
Bramley Road  
London  
W10 6SP

29 April 2010

## **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 approve the financial statement unless they are satisfied that they give a true and fair view of the state of the affairs of the company and of the profit or loss 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its 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 Chrysalis Group PLC**

We have audited the financial statements of Chrysalis Group PLC for the year ended 30 September 2009 which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Recognised Gains and Losses and the related notes. 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 our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, 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 relevant 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](http://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 30 September 2009 and of the 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.

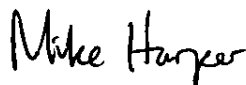
### **Opinion on other matter prescribed by the Companies Act 2006**

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
- 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.



Mike Harper, Senior Statutory Auditor  
for and on behalf of KPMG Audit Plc, Statutory Auditor  
Chartered Accountants

30 April 2010

## **Profit and loss account**

*for the 12 months ended 30 September 2009*

	<i>Note</i>	12 months ended 30 September 2009 £000	13 months ended 30 September 2008 £'000
Costs relating to offer process	2	-	(900)
Costs of pension scheme buy-out	2	-	(8,230)
Lease surrender premium	2	740	-
Restructuring costs	2	(89)	-
Costs of vacant properties		-	(1,115)
Impairment of tangible fixed assets	2	(1,500)	(1,515)
Other administration expenses		(1,772)	(2,130)
Administrative expenses		(2,621)	(13,890)
Income from shares in group undertakings		1,258	-
<b>Operating loss</b>		<b>(1,363)</b>	<b>(13,890)</b>
Loss on sale of investment	2	-	(528)
<b>Loss on ordinary activities before finance charges</b>		<b>(1,363)</b>	<b>(14,418)</b>
Interest payable and similar charges	4	(2,941)	(3,856)
Interest receivable and similar income	5	3,651	12,069
<b>Loss on ordinary activities before taxation</b>	2	<b>(653)</b>	<b>(6,205)</b>
Tax (charge)/credit on loss on ordinary activities	6	(30)	563
<b>Loss for the period</b>		<b>(683)</b>	<b>(5,642)</b>

Amounts relating to loss on ordinary activities before taxation in the current and previous period derive from continuing activities

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

The notes on pages 9 to 20 form part of these financial statements

**Statement of total recognised gains and losses**  
*for the 12 months ended 30 September 2009*

	<b>12 months ended 30 September 2009 £'000</b>	<b>13 months ended 30 September 2008 £'000</b>
Loss for the period	(683)	(5,642)
Actuarial gain on pension scheme	-	1,364
Deferred tax on actuarial gain	-	(398)
Total recognised gains and losses for the period	<u>(683)</u>	<u>(4,676)</u>



**Balance sheet**  
*at 30 September 2009*

	<i>Note</i>	<b>30 September 2009 £'000</b>	<b>30 September 2008 £'000</b>
<b>Fixed assets</b>			
Tangible assets	7	6,929	8,550
Investments	8	151,785	134,848
		<hr/>	<hr/>
		158,714	143,398
<b>Current assets</b>			
Debtors	9	339	1,062
Cash		9,913	14,151
Retirement benefits	13	-	1,495
		<hr/>	<hr/>
		10,252	16,708
<b>Creditors: amounts falling due within one year</b>	10	(34,850)	(25,090)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(24,598)	(8,382)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		134,116	135,016
		<hr/>	<hr/>
<b>Provision for other liabilities</b>	11	(898)	(1,115)
		<hr/>	<hr/>
<b>Net assets</b>		133,218	133,901
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	14	3,357	3,357
Share premium	15	62,269	62,269
Revaluation reserve	15	3,900	3,900
Other reserves	15	83	83
Profit and loss account	15	63,609	64,292
		<hr/>	<hr/>
<b>Shareholders' funds</b>		133,218	133,901
		<hr/>	<hr/>

These financial statements were approved by the Board of directors on 29 April 2010 and were signed on its behalf by



**A Mollett**  
*Director*

The notes on pages 9 to 20 form part of these financial statements

## Notes to 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 preparation**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, as modified by the periodic revaluation of certain fixed assets. Under FRS 1 *Cash Flow Statements* the Company is exempt from the requirements to prepare a cash flow statement on the grounds that it is included in the consolidated accounts of its parent company, Chrysalis PLC

The Company has taken advantage of the exemption contained in FRS 8 *Related Parties* and has therefore not disclosed transactions or balances with entities which form part of the Group

The company is exempt by virtue of section 400 of the Companies Act 2006 from the requirement to prepare group accounts on the grounds that it is a wholly owned subsidiary of another body corporate registered in England and Wales. These financial statements present information about the company as an individual undertaking and not about its group

The Company has taken advantage of the exemption contained in FRS 25 *Financial Instruments: Disclosure and presentation* as the disclosure and presentation requirements have been adopted on a consolidated basis. The consolidated financial statements of Chrysalis PLC, within which this Company is included, can be obtained from the address given in Note 17

#### **Going concern**

The accounts have been prepared on a going concern basis in view of the fact that Chrysalis PLC, the company's immediate and ultimate parent company, has formally indicated that it will provide sufficient funding to the company to enable it to meet its liabilities as they fall due, for at least twelve months from the date of this report

#### **Fixed asset investments**

Investments in subsidiary undertakings and participating interests in joint venture companies and associates are stated at cost less provisions for any impairment

#### **Depreciation**

Depreciation is provided on a straight-line basis in order to write off the cost of tangible fixed assets over their expected useful economic lives or net realisable values, on the following basis

##### **Tangible fixed assets**

Freehold and long leasehold properties	- 50 years or period of lease if shorter
Short leasehold properties	- Over the period of the lease
Furniture, fixtures, plant and equipment	- 3-10 years
Motor vehicles	- 3-5 years

#### **Leases**

Costs in respect of operating leases are charged to the profit and loss account on a straight-line basis over the life of the lease

## Notes to the financial statements

### 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 – Deferred tax.

#### Translation of foreign currencies

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction unless foreign exchange contracts are in place, in which case the transaction is translated at the contract rate.

#### Classification of financial instruments issued by the Company

Financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company, and
- b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists, these components are separated and accounted for individually under the above policy. The finance cost on the financial liability component is correspondingly higher over the life of the instrument.

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' funds are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

#### Provisions

A provision is recognised in the balance sheet when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of time value of money and, where appropriate, the risks specific to the liability.

#### Dividends

Dividends from subsidiary companies are accounted for when declared payable. Dividends payable to shareholders are recognised either in the case of final dividends in the period when they are approved by the shareholders at the Annual General Meeting or, in the case of interim dividends, in the period in which they are paid.

## 2. Loss on ordinary activities before taxation

Loss on ordinary activities is stated after charging/(crediting) the following

		12 months ended 30 September 2009 £'000	13 months ended 30 September 2008 £'000
Restructuring costs	(a)	89	-
Impairment of tangible fixed assets	(b)	1,500	1,515
Lease surrender premium	(c)	740	-
Costs relating to offer process	(d)	-	900
Costs of pension scheme buy-out	(e)	-	8,230
Costs of vacant properties	(f)	-	1,115
Loss/(gain) on sale of investment	(g)	-	528
Depreciation		266	667
Rental income		(375)	(722)
Unwind of discount on onerous lease provision		39	-
Operating lease rentals			
- land and buildings		375	798
- other		26	72
Auditor remuneration			
- audit of these financial statements		8	8
- for other services pursuant to legislation		31	35
- for other services		43	175

- a) This comprises redundancy payments and associate costs of reorganising the corporate function
- b) This relates to impairment losses recognised against land and buildings to their recoverable amount
- c) This relates to income received from a tenant, Global Radio, following the early termination of its operating leases over office space
- d) This related to the aborted costs incurred in assessing offers received from third parties for the Chrysalis Group, comprising principally legal and professional fees
- e) On 31 January 2008, the Directors committed to the winding up of the Chrysalis Group Retirement Benefits Scheme. This represents the net cost of the buyout by Paternoster UK Limited
- f) This related to the cost of vacant lease hold properties in the UK
- g) This related to amounts paid to a former Director, Richard Huntingford, following his resignation from the Board in September 2007

## Notes to the financial statements

### 3. Employee costs

The average monthly number of employees (including directors) was

	12 months ended 30 September 2009 Number	13 months ended 30 September 2008 Number
Administration	31	30

Their aggregate remuneration (excluding directors) comprised

	12 months ended 30 September 2009 £'000	13 months ended 30 September 2008 £'000
Wages and salaries	378	751
Social security costs	40	69
Other pension costs	8	72
	<u>426</u>	<u>892</u>

Directors' remuneration

	12 months ended 30 September 2009 £'000	13 months ended 30 September 2008 £'000
Emoluments	574	844
Compensation for loss of office	-	1,392
	<u>574</u>	<u>2,236</u>

None of the directors (2008 nil) were members of the defined benefit or contribution schemes

The remuneration of the highest paid director

	12 months ended 30 September 2009 £'000	13 months ended 30 September 2008 £'000
Emoluments	354	552

## Notes to the financial statements

### 3. Employee costs (continued)

Transactions with directors

During the period, a quasi loan was made to Chris Wright. The highest amount outstanding during the year was £10,414 (2008: £23,323). The amount outstanding at 30 September 2009 was £nil (2008: £nil).

### 4. Interest payable and similar charges

	12 months ended 30 September 2009 £'000	13 months ended 30 September 2008 £'000
Bank loans and overdrafts	2,714	2,162
Amortisation of issuance costs on securitisation loan	227	263
Interest costs of pension scheme liabilities	-	1,431
	<hr/> 2,941 <hr/>	<hr/> 3,856 <hr/>

### 5. Interest receivable and similar income

	12 months ended 30 September 2009 £'000	13 months ended 30 September 2008 £'000
Bank interest receivable	246	4,216
Interest receivable on intercompany balances	3,405	6,506
Return on pension scheme assets	-	1,347
	<hr/> 3,651 <hr/>	<hr/> 12,069 <hr/>

## Notes to the financial statements

### 6. Taxation (charge)/credit on (loss)/profit on ordinary activities

Analysis of (charge)/credit in the period

	12 months ended 30 September 2009 £'000	13 months ended 30 September 2008 £'000
<i>UK corporation tax</i>		
Current tax on (loss)/profit for the period	-	-
Refund in respect of prior period assessments	-	827
Adjustment in respect of prior periods	(30)	-
Group relief	-	632
	<hr/> (30)	<hr/> 1,459
<i>Deferred tax</i>		
Write-off of deferred tax asset	-	(896)
	<hr/> (30)	<hr/> 563
	<hr/> <hr/>	<hr/> <hr/>

*Factors affecting the tax (charge)/credit for the current period*

The tax for the period differs from the standard rate of corporation tax in the UK at 28% (2008 29 165%) The differences are explained below

	12 months ended 30 September 2009 £'000	13 months ended 30 September 2008 £'000
<b>(Loss)/profit on ordinary activities before tax</b>	(653)	(6,205)
	<hr/>	<hr/>
Current credit tax at 28% (2008 29 165%)	183	1,810
<i>Effects of</i>		
Utilisation of tax losses	-	513
Non-deductible expenses	899	(1,686)
Non-taxable income	352	-
Group relief	-	632
Depreciation in excess of capital allowances	(494)	(637)
Adjustments in respect of prior periods	(30)	-
Refund in respect of prior period assessments	-	827
Losses carried forward against future profits	(940)	-
	<hr/> (30)	<hr/> 1,459
<b>Current tax (charge)/credit for the period</b>	<hr/> <hr/>	<hr/> <hr/>

## Notes to the financial statements

### 6. Taxation credit on (loss)/profit on ordinary activities (continued)

Deferred tax assets arising in the UK are not recognised in the financial statements as the Directors believe that suitable taxable profits are unlikely to arise from which the future reversal of timing differences could be deducted. The unrecognised deferred tax assets can be analysed as follows:

	2009 £'000	2008 £'000
<i>Unrecognised deferred tax assets</i>		
Unutilised trading losses	2,307	1,807
Differences between accumulated depreciation and capital allowances	1,380	1,902
	3,687	3,709
	3,687	3,709

### 7. Tangible assets

	Land and buildings freehold £'000	Land and buildings leasehold £'000	Furniture, fixtures, plant and equipment £'000	Total £'000
<i>Cost</i>				
At beginning of period	12,999	189	3,272	16,460
Additions	-	-	145	145
Disposals	-	-	-	-
<b>At end of period</b>	<b>12,999</b>	<b>189</b>	<b>3,417</b>	<b>16,605</b>
<i>Accumulated depreciation</i>				
At beginning of period	4,999	114	2,797	7,910
Charge for the period	-	20	246	266
Disposals	-	-	-	-
Impairment loss	1,500	-	-	1,500
<b>At end of period</b>	<b>6,499</b>	<b>134</b>	<b>3,043</b>	<b>9,676</b>
<i>Net book value</i>				
At 30 September 2009	<b>6,500</b>	<b>55</b>	<b>374</b>	<b>6,929</b>
At 30 September 2008	<b>8,000</b>	<b>75</b>	<b>475</b>	<b>8,550</b>



## Notes to the financial statements

### 8. Fixed asset investments

	Shares in subsidiaries £'000	Loans to group undertakings £'000	Loans to participating interests £'000	Other investments £'000	Total £'000
<b>Cost</b>					
At beginning of period	16,479	128,556	43	5	145,083
Movement in the period	-	16,937	-	-	16,937
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	16,479	145,493	43	5	162,020
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Provisions</b>					
At beginning of period	2,142	8,051	42	-	10,235
Movement in the period	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	2,142	8,051	42	-	10,235
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 30 September 2009	14,337	137,442	1	5	151,785
At 30 September 2008	14,337	120,505	1	5	134,848

The majority of the movement in loans to group undertakings relates to the loan between the Company and Chrysalis PLC used to fund the return of capital to shareholders

If the Company was to realise its fixed asset investments at their carried amounts no liability to taxation on the gains would be likely to arise as the transaction would either be exempt under the substantial shareholder tax legislation or sheltered by capital losses. Shares in subsidiaries include an amount of £3.9m (2008: £3.9m) in respect of a directors' 1989 revaluation of an investment in a subsidiary company. The Directors are of the opinion that the value of the investments that have not been revalued is equal to or greater than their book value.

All investments are unlisted

## 8. Fixed asset investments (continued)

The principal companies in which the company's interest was more than 10% at 30 September 2009 were as follows

	Principal activity	Class of share	Percentage of shares held
<i><b>Subsidiary undertakings</b></i>			
Armourvale Limited	Holding company	Ordinary	100%
Chrysalis Music Limited	Music publishing	Ordinary	100%
Chrysalis Music International BV (Netherlands)	Music publishing	Ordinary	100%
Chrysalis Music SAS (France)	Music publishing	Ordinary	100%
Downboy Music Limited	Music production	Ordinary	100%
The Echo Label Limited	Music production	Ordinary	96%
Jerve Songs Limited	Music production	Ordinary	100%
Chrysalis Retail Entertainment Limited	Retail broadcasting	Ordinary	100%
Lapishaven Limited	Holding company	Ordinary	100%
The Hit Label Limited	Music production	Ordinary	50%
<i><b>Associated undertakings</b></i>			
Chrys-a-lee Music Limited	Music production	Ordinary	50%
Tuchwood Records Limited	Music production	Ordinary	50%

All interests are in companies registered in England and Wales

## 9. Debtors

	2009 £'000	2008 £'000
<i>Due within one year</i>		
Trade debtors	75	143
Other debtors	13	118
Corporate and other taxes	-	378
Prepayment and accrued income	251	423
Deferred tax asset (due after more than one year)	-	-
	<hr/> 339	<hr/> 1,062

## 10. Creditors: amounts falling due within one year

	2009 £'000	2008 £'000
Bank loans and overdrafts	-	5,500
Trade creditors	107	443
Amounts owed to group undertakings	33,297	16,737
Other creditors	6	20
Social security and other taxes	137	169
Accruals and deferred income	1,303	2,221
	<hr/> 34,850	<hr/> 25,090

## Notes to the financial statements

### 11. Provisions for liabilities

	£'000
<i>Vacant property provision</i>	
At beginning of period	1,115
Utilised in the period	(255)
Unwind of discount	38
	<hr/>
At end of period	898
	<hr/>

The provision represents management's best estimate of the Group's liability in respect of operating leases over vacant properties. It is expected that these costs will be incurred over the next two financial periods.

On 23 February 2010, this lease was surrendered to the landlord for a surrender fee of £500,000. The balance of the provision on that date was subsequently released to the profit and loss account.

### 12. Financial commitments

At 30 September 2009, annual commitments under non-cancellable operating leases were as follows:

	<b>Land and building</b>		<b>Other</b>	
	<b>2009</b>	<b>2008</b>	<b>2009</b>	<b>2008</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Expiring between one and five years	798	798	26	76
	<hr/>	<hr/>	<hr/>	<hr/>

As discussed in notes 11 and 16, the lease over the office buildings referred to above was surrendered on 23 February 2010. Other amounts relate to a lease for the hire of photocopiers throughout the Group which commenced on 30 August 2008. Most of these costs will be recharged to subsidiary companies, but the Company recognises the full commitment.

## Notes to the financial statements

### 13. Retirement benefits

#### Defined contribution schemes

On 1 February 2008, the group established a defined contribution retirement benefit scheme for all qualifying employees, which replaced the previous group pension arrangements. The assets of the schemes are held separately from those of the group in funds under the control of trustees. Where there are employees who leave the schemes prior to vesting fully in the contributions, the contributions payable by the group are reduced by the amount of forfeited contributions.

The total cost charged to income of £0.2m (2008: £0.2m) represents contributions payable to these schemes by the group at rates specified in the rules of the plans. No contributions were outstanding at either period end.

#### Final salary and money purchase arrangements

The UK Group operated a funded pension scheme with both final salary and a money purchase sections.

The Group's funded pension scheme, the Chrysalis Group Retirement Benefits Scheme, was terminated on 31 January 2008 and the process of winding-up the scheme started on that date. This was accounted for as a settlement and curtailment under IAS 19 - Employee Benefits as at 31 January 2008. The buyout of the Pension Scheme was effected through a buyout policy with Paternoster UK Limited. Although the winding-up process has not yet been legally completed, it is in its final stages and at 30 September 2009 the Group had settled its liability to secure members' benefits under the scheme. There were no costs in the period and we do not expect any further charges in respect of the winding-up.

The total cost of the buyout charged to the income statement for the 13 months to 30 September 2008 comprised

	£'000
Settlement cost	7,630
Provision for legal and professional fees	600
	<hr/> 8,230 <hr/>

The scheme assets and liabilities at 30 September 2008 were valued based on the settlement cost agreed with Paternoster UK Limited.

At 30 September 2009, the outstanding pension contributions relating to the final salary section of the scheme were £nil (2008: £nil).

### 14. Called up share capital

	2009 £'000	2008 £'000
<b>Authorised</b>		
200,000,000 ordinary shares of 2p each	4,000	4,000
	<hr/>	<hr/>
<b>Authorised, allotted, called up and fully paid</b>		
167,834,836 ordinary shares of 2p each	3,357	3,357
	<hr/>	<hr/>

## Notes to the financial statements

### 15. Share premium and reserves

	Share premium £'000	Revaluation reserves £'000	Other reserves £'000	Profit and loss £'000	Total £'000
At the beginning of the period	62,269	3,900	83	64,292	130,544
Loss for the period	-	-	-	(683)	(683)
<b>At the end of period</b>	<b>62,269</b>	<b>3,900</b>	<b>83</b>	<b>63,609</b>	<b>129,861</b>

	Other reserves £'000	Hedging reserve £'000	Total £'000
At the beginning of the period	253	(170)	83
<b>At the end of period</b>	<b>253</b>	<b>(170)</b>	<b>83</b>

### 15. Related party transactions

As the company is a wholly owned subsidiary of Chrysalis PLC, the company has taken advantage of the exemption contained in FRS8 Related Party Transactions and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated statements of Chrysalis PLC, within which the company is included, can be obtained from the address given in note 17.

### 16. Post balance sheet events

On 23 February 2010, the Company surrendered the operating lease over certain buildings to the landlord for a fee of £0.5 million.

On 25 March 2010, the Company sold the freehold land and buildings located at 13 Bramley Road, London, W10 6SP for £6.8 million.

### 17. Ultimate parent company

The immediate and ultimate parent company is Chrysalis PLC which is registered in England and Wales. The consolidated accounts of Chrysalis PLC may be obtained from The Secretary, Chrysalis PLC, The Chrysalis Building, Bramley Road, London W10 6SP.