

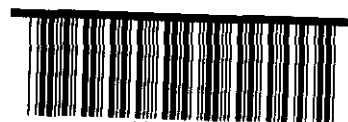
**Company Registration No. 1206311**

**UNRIVALLED GROUP DIRECT LIMITED**

**Formerly known as Universal Group Direct  
Limited**

**Report and Financial Statements**

**31 December 2005**



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COMPANIES HOUSE 17/11/2006

# **UNRIVALLED GROUP DIRECT LIMITED**

## **REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2005**

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# **UNRIVALLED GROUP DIRECT LIMITED**

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 2005.

### **PRINCIPAL ACTIVITIES**

The principal activities of the company continue to be the sale, direct to the public, of pre-recorded music and video through its various mail order clubs, the rental of membership lists and sending third party inserts to its own members. No significant change in these activities is expected in the forthcoming year.

### **RESULTS AND DIVIDENDS**

The loss after taxation for the year ended 31 December 2005 amounted to £1,917,000 (year ended 31 December 2004: profit of £21,010,000). The directors do not recommend the payment of a dividend (year ended 31 December 2004: £nil). The retained loss has been transferred to reserves.

### **DIRECTORS AND THEIR INTERESTS**

The directors who held office during the year and subsequently, were as follows:

F D Ennals	(resigned 31 <sup>st</sup> March 2005)
N T Penter	(resigned 12 <sup>th</sup> May 2006)
I M S Downie	
E M Kalawski	(company secretary)

At no time during the year ended 31 December 2005 did any director have any interest which is required to be disclosed under the Companies Act.

### **EMPLOYEES**

Consultation with employees or their representatives has continued at all levels, with the aim of ensuring that views are taken into account when decisions are made that are likely to affect their interests and that all employees are aware of the financial and economic performance of the company as a whole. Communication with all employees continues through staff briefing groups and in-house newspapers.

### **DISABLED PERSONS**

Applications for employment by disabled persons are always fully considered, bearing in mind the respective aptitudes and abilities of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company that the training, career development and promotion of a disabled person should, as far as possible, be identical to that of a person who does not suffer from a disability.

# **UNRIVALLED GROUP DIRECT LIMITED**

## **DIRECTORS' REPORT (CONTINUED)**

### **POLITICAL AND CHARITABLE CONTRIBUTIONS**

The company made charitable contributions of £nil (year ended 31 December 2004: £212) and political contributions of £nil (year ended 31 December 2004: £nil) during the year ended 31 December 2005.

### **CHANGE OF BUSINESS NAME AND REGISTERED ADDRESS**

On 22<sup>nd</sup> November 2005, the business changed its name from Universal Group Direct Limited to Unrivalled Group Direct Limited. On 8<sup>th</sup> March 2005 the business changed its registered office to 60-70 Roden Street, Ilford, Essex, IG1 2XX.

On 31<sup>st</sup> January 2005 the company's business was transferred to a fellow subsidiary company, UGD UK Ltd.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2005 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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 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.

Approved by the Board of Directors  
and signed on behalf of the Board



I Downie  
60-70 Roden Street  
Ilford  
IG1 2XX

1<sup>st</sup> August 2006

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF UNRIVALLED GROUP DIRECT LIMITED**

We have audited the company's financial statements for the year ended 31 December 2005 which comprise the profit and loss account, statement of recognised gains and losses, balance sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

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 auditors' 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 the preparation of the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) as set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

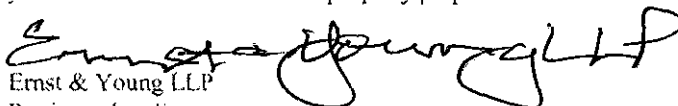
### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Ernst & Young LLP  
Registered auditor  
London

1 Aug 2006

# UNRIVALLED GROUP DIRECT LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2005

		Continuing Business £'000	Discontinued Business £'000	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
	Note				
<b>TURNOVER</b>	2	479	1,388	1,867	54,739
Cost of sales		-	(1,394)	(1,394)	(44,528)
<b>GROSS PROFIT</b>		479		473	10,211
Distribution costs		-	(117)	(117)	(7,380)
Administrative expenses		(479)	(1,303)	(1,782)	(18,393)
Write off of Inter Company Debt		-		-	36,577
<b>OPERATING (LOSS) / PROFIT</b>	4	-	(1,426)	(1,426)	21,015
Interest payable and similar charges	5			(13)	(5)
<b>(LOSS) / PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>				(1,439)	21,010
Taxation	6			478	-
<b>(LOSS) / PROFIT FOR THE YEAR</b>	16			(1,917)	21,010

The company has no recognised gains and losses other than the loss reported above.

# UNRIVALLED GROUP DIRECT LIMITED

## BALANCE SHEET

As at 31 December 2005

	Note	31 December 2005 £'000	31 December 2004 £'000
<b>FIXED ASSETS</b>			
Tangible assets	7	-	2,277
<b>CURRENT ASSETS</b>			
Stock	8	-	3,210
Debtors	9	7,202	12,017
		7,202	15,227
<b>CREDITORS: amounts falling due within one year</b>	10	(382)	(8,755)
<b>NET CURRENT ASSETS</b>		6,820	6,472
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		6,820	8,749
<b>CREDITORS: amounts falling due after more than one year</b>	11	-	(12)
<b>NET ASSETS</b>		6,820	8,737
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	15	100	100
Profit and loss account	16	6,720	8,637
<b>EQUITY SHAREHOLDERS' SURPLUS</b>	16	6,820	8,737

These financial statements on pages 4 to 15 were approved by the Board of Directors 1<sup>st</sup> August 2006.

Signed on behalf of the Board of Directors



I Downie

Director

**UNRIVALLED GROUP DIRECT LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2005**

**1. ACCOUNTING POLICIES**

**a. Basis of Preparation**

The financial statements are prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards.

The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support from Platinum Equity Capital Partners LP.

The directors believe it is appropriate for the financial statements to be prepared on a going concern basis.

**b. Cash flow statement**

At 31 December 2005, the company was a subsidiary undertaking where 90% or more of the voting rights were controlled by Silverscreen sarl group and it is included in the consolidated financial statements of that group, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standards ("FRS") 1 (revised 1996).

**c. Related Party Transactions**

The company has taken advantage of the exemption available under FRS 8 not to disclose related party transactions with entities that are part of Silverscreen sarl. group or investees of that group.

**d. Turnover**

Turnover represents the invoiced value of goods and services excluding value added tax.

**e. Tangible fixed assets**

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Short-term leasehold improvements	over the term of the lease
Plant, machinery and equipment	10% to 33% per annum
Motor vehicles	25% per annum

The carrying values of tangible assets are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

**f. Stocks**

Stocks are valued at the lower of cost or net realisable value. Provision is made for obsolete or slow-moving stocks.



**1. ACCOUNTING POLICIES (CONTINUED)**

**g. 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 that result in an obligation to pay more tax in the future or a right to pay less tax in future have occurred at the balance sheet date.

Timing differences are differences between the company's taxable profit and loss and its results as stated in the financial statements. No deferred tax is recognised on permanent differences.

Deferred tax is measured at the average tax rates that are expected to apply in the period in which the timing differences are expected to reverse based on tax rates and law that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis. Deferred tax assets are recognised only to the extent that it is considered more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

**h. Leases**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**i. Foreign currency**

Transactions in foreign currencies are recorded at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities in foreign currencies at the balance sheet date are translated at the market rates of exchange ruling at that date. All differences are included in the profit and loss account.

**UNRIVALLED GROUP DIRECT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2005**

## 2. TURNOVER

Until the business was transferred to a subsidiary company turnover was derived from two activities, the mail order sale of pre-recorded music and video and the rental of membership lists and sending third party inserts to its own members. Turnover from the latter activity for the year ended 31 December 2005 was £68,000 (year ended 31 December 2004: £1,545,000).

Turnover following the transfer of business was derived from the sub-letting of premises.

The geographical area to which turnover relates is as follows (all of which arises from operations based in the United Kingdom).

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
<b>Turnover</b>		
United Kingdom	1,379	54,622
Rest of the world	9	117
	<u>1,388</u>	<u>54,739</u>

## 3. DIRECTORS AND EMPLOYEES

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
<b>Directors' emoluments</b>		
Emoluments	66	534
Company contributions to personal pension schemes	-	28
	<u>66</u>	<u>562</u>
 Remuneration of the highest paid director (including pension contributions)	 -	 301

The highest paid director had an accrued pension of £ nil at 31 December 2005 (31 December 2004: £ nil).

One of the directors' emoluments was paid and borne by other group undertakings and they received no remuneration for services to this company.

There were no directors in the money purchase pension scheme during the year. (2004 : none)

## UNRIVALLED GROUP DIRECT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2005

	Year ended 31 December 2005 No.	Year ended 31 December 2004 No.
<b>Average monthly number of persons employed</b>		
Commercial and Administration	20	263
	<u>20</u>	<u>263</u>

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	461	6,645
Social security costs	42	547
Other pension costs	-	317
	<u>503</u>	<u>7,509</u>

#### 4. OPERATING (LOSS) / PROFIT

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
<b>This is stated after charging/(crediting):</b>		
Depreciation of tangible fixed assets		
- owned	123	2,291
- leased	8	20
Rentals under operating leases		
- plant and machinery	-	22
- land and buildings	-	799
Auditors' remuneration – audit services	(3)	(74)
– non audit services	-	5
Foreign exchange losses	-	0
(Profit)/ loss on sale of fixed assets	(18)	47

The total amounts payable to the company's auditors in respect of non-audit services were £nil (year ended 31 December 2004: £nil).

## UNRIVALLED GROUP DIRECT LIMITED

### NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2005

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Bank interest payable	13	-
Finance leases	-	5
	<u>13</u>	<u>5</u>

**6. TAXATION**

**(a) Factors affecting tax charge for the period**

	Year ended 31 December 2005 £'000	Year ended 31 December 2004 £'000
Loss on ordinary activities before tax	<u>(1,439)</u>	<u>21,010</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK (30%) (2004: 30%)	(432)	6,303
Effects of :		
Expenses not deductible for tax purposes / non- taxable income	-	(10,951)
Adjustments related to prior years	478	-
Depreciation in excess of capital allowances	44	266
Movement in timing differences (see (d) below):		
Tax losses transferred	<u>388</u>	<u>4,382</u>
Total current tax charge/ (credit)	<u>478</u>	<u>-</u>

**UNRIVALLED GROUP DIRECT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ended 31 December 2005**

**(b) Deferred tax**

	Provided £'000	2005 Not Provided £'000	Total £'000	Provided £'000	2004 Not Provided £'000	Total £'000
Accelerated capital allowances	-	-	-	1,329	-	1,329
Other short term timing differences	-	-	-	-	-	-
Tax losses carried forward	-	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,329</u>	<u>-</u>	<u>1,329</u>

The deferred tax asset has not been recognised in the balance sheet as the company is uncertain about the timing and amount of the future recovery.

**7. TANGIBLE FIXED ASSETS**

	Short-term leasehold improvements £'000	Plant, machinery and equipment £'000	Motor vehicles £'000	Total £'000
<b>Cost</b>				
At 1 January 2005	3,179	14,932	100	18,211
Disposals	(3,179)	(14,932)	(100)	(18,211)
At 31 December 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Accumulated depreciation</b>				
At 1 January 2005	2,827	13,049	58	15,934
Charge for the year	8	122	1	131
Disposals	(2,835)	(13,171)	(59)	(16,065)
At 31 December 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>				
At 31 December 2005	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2004	<u>352</u>	<u>1,883</u>	<u>42</u>	<u>2,277</u>

At 31 December 2005, motor vehicles with a net book value of £nil (31 December 2004: £42,000) were held under finance leases

**UNRIVALLED GROUP DIRECT LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

Year ended 31 December 2005

## 8. STOCK

	31 December 2005 £'000	31 December 2004 £'000
Finished goods and goods for resale	-	3,210

## 9. DEBTORS

	31 December 2005 £'000	31 December 2004 £'000
Trade debtors	-	8,460
Amounts owed by group undertakings	7,086	-
Corporation tax	-	477
Other debtors	-	2,490
Prepayments and accrued income	116	590
	<u>7,202</u>	<u>12,017</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand, with no fixed repayment dates.

## 10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2005 £'000	31 December 2004 £'000
Bank loans and overdrafts	-	188
Obligations under finance leases (Note 13)	-	15
Trade creditors	-	2,655
Amounts owed to group undertakings	382	-
Other taxation and social security	-	474
Other creditors	-	652
Accruals and deferred income	-	4,771
	<u>382</u>	<u>8,755</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand, with no fixed repayment dates.

# UNRIVALLED GROUP DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2005

### 11. CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	31 December 2005 £'000	31 December 2004 £'000
Obligations under finance leases (Note 13)	-	12

### 12. FINANCIAL COMMITMENTS

Annual commitments under operating leases are as follows:

	31 December 2005 Land and buildings £'000	31 December 2004 Land and buildings £'000
Leases which expire:		
within one year	465	-
within two to five years	-	930
	<u>465</u>	<u>930</u>

### 13. OBLIGATIONS UNDER FINANCE LEASES

Borrowings are repayable as follows:

	31 December 2005 £'000	31 December 2004 £'000
Future minimum payments under finance leases are as follows :		
Between 1 and 2 years	-	10
Between 2 and 5 years	-	2
Total over 1 year	-	12
Within one year	-	15
Total	<u>-</u>	<u>27</u>

# UNRIVALLED GROUP DIRECT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2005

### 14. PENSION SCHEME ARRANGEMENTS

All the staff transferred to a fellow group undertaking (UGD UK Ltd) during the year. A new pension plan was implemented by that business, effective from 1<sup>st</sup> March 2005. Contributions to that scheme were back-dated to 1<sup>st</sup> January 2005, and are accounted for by that business.

### 15. SHARE CAPITAL

	31 December 2005 £'000	31 December 2004 £'000
<i>Authorised:</i>		
100,000 ordinary shares of £1 each	100	100
<i>Called-up, allotted and fully paid:</i>		
100,000 ordinary shares of £1 each	100	100

### 16. COMBINED STATEMENT OF MOVEMENTS IN RESERVES AND EQUITY SHAREHOLDERS' FUNDS

	Share capital £'000	Profit and loss account £'000	Total equity shareholders' funds £'000
At 1 January 2004	100	(12,373)	(12,273)
Profit for the year	-	21,010	21,010
At 31 December 2004	100	8,637	8,737
Loss for the year	-	(1,917)	(1,917)
At 31 December 2005	100	6,720	6,820



## NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ended 31 December 2005

### 17. DISPOSAL OF BUSINESS

On 31<sup>st</sup> January 2005 Unrivalled Group Direct Limited sold its trade to UGD UK Limited. The disposal is analysed as follows:

Net assets disposed of:

	£'000
Tangible Fixed Assets	2,147
Stock	3,234
Debtors	12,083
Cash	3,386
Creditors due within one year	(13,774)
	<hr/> 7,076 <hr/>
Consideration	7,076
Profit / (Loss) on disposal	-
	<hr/>
Satisfied by :	
Cash	7,076
	<hr/>

### 18. ULTIMATE PARENT UNDERTAKING

The company's immediate and ultimate parent undertaking is Silverscreen s.a.r.l., incorporated in Luxembourg

The smallest and largest group in which the results of the company are consolidated is that of Silverscreen s.a.r.l.. Copies of its annual report may be obtained from the Company Secretary at 69 Boulevard de la Petrusse, Luxembourg.