

**Ariola Music Limited**

Director's report and financial  
statements

Registered number 1347367

31 December 2003



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## Director's report

The director presents her annual report and the unaudited financial statements for the year to 31 December 2003.

### Review of the business

The company did not trade during the year and consequently made neither a profit or a loss.

### Future prospects

The company is not expected to resume trading in the foreseeable future.

### Directors

The director who held office during the year was:

D Kooker (resigned 2<sup>nd</sup> January 2004)

In addition, M Breeze was appointed as a director on 1<sup>st</sup> January 2004.

Neither of the directors held an interest in the shares of the company or any other group undertaking at 31 December 2002 or 31 December 2003.

By Order of the Board



**EJP Wareham**  
*Secretary*

*3rd March* 2004

## Statement of director's responsibilities

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

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

## Balance sheet

at 31 December 2003

	Note	31 December 2003 £	31 December 2002 £
<b>Current assets</b>			
Amounts owed by group undertakings		1	1
Cash at bank		1,037	1,037
		<hr/>	<hr/>
		1,038	1,038
<b>Creditors: amounts falling due within one year</b>			
Trade creditors		(975)	(975)
Amounts owed to group undertakings		(1)	(1)
		<hr/>	<hr/>
		(976)	(976)
		<hr/>	<hr/>
<b>Net current assets</b>		62	62
		<hr/>	<hr/>
<b>Net assets</b>		62	62
		<hr/>	<hr/>
<b>Equity capital and reserves</b>			
Called up share capital	4	1,000	1,000
Profit and loss account		(938)	(938)
		<hr/>	<hr/>
<b>Equity shareholders' funds</b>	5	62	62
		<hr/>	<hr/>

For the year to 31 December 2003 the company was entitled to exemption under section 249a(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the year in question in accordance with section 249b(2).

The directors acknowledge their responsibility for (i) ensuring the company keeps accountings records which comply with section 221; and (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial year and of its profit and loss for the financial year in accordance with section 226 and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These financial statements were approved by the Board on **3<sup>rd</sup> March** 2004 and were signed on its behalf by:



**M Breeze**  
Director

The notes on page 4 and 5 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The balance sheet has been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The company is exempt from the requirement of Financial Reporting Standard No.1 Revised, Cash Flow Statements, being a wholly owned subsidiary of Bertelsmann AG, a company incorporated in Germany and which prepares consolidated financial statements in English containing a consolidated cash flow statement dealing with the cash flows of the group and of the company.

### 2 Activity

During the year the company has not traded, has not incurred any liabilities and consequently has made neither a profit or a loss. None of the directors received any emoluments in respect of their services to the company.

### 3 Employees

The average number of employees during the period was nil (2002: nil).

### 4 Called up share capital

	31 December 2003	31 December 2002
	£	£
<i>Authorised, allotted, called up and fully paid</i>		
1,000 (2002: 1,000) ordinary shares of £1 each	1,000	1,000

### 5 Reconciliation of movements in equity shareholders' funds

There was no movement in shareholders' funds during the year.

### 6 Ultimate parent undertaking

The company is a wholly owned subsidiary of BMG Eurodisc Limited, registered in England and Wales.

The ultimate holding company and ultimate controlling party of Ariola Music Limited is Bertelsmann AG, a company incorporated in Germany.

The largest and smallest group for which group accounts 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 33311 Gütersloh Germany

## Notes

*(forming part of the financial statements)*

### 7 Related party transactions

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