

BMG Ariola Records Limited

(Registered Number 1481009)

Directors' Report and Balance Sheet
30 June 1998



BMG Ariola Records Limited

Directors' Report

The directors present their report and the unaudited balance sheet and notes of the company for the year ended 30 June 1998

Review Of The Business

The company did not trade during the year and consequently made neither profit nor loss.

Future Prospects

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

Directors

The directors who held office during the year were:

J Preston	- resigned 30 January 1998
R Bala	
M Stanton	- resigned 1 November 1997
S Robinson	- appointed 1 November 1997

None of the directors hold any shares in the company and there are no arrangements whereby any director is able to acquire shares in the company.

Statement Of Directors' Responsibilities

Company law requires the directors 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 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 financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

BMG Ariola Records Limited

Directors' Report (Continued)

Statement Of Directors Responsibilities

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 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.

Auditors

Under the exemption for qualifying dormant companies in Section 250 of the Companies Act 1985, the company has not appointed auditors.

By Order of the Board



EJP Wareham
Secretary

Zeta Marked 1999

BMG Ariola Records Limited

Balance Sheet – 30 June 1998

	Note	1998 £	1997 £
Current Assets			
Amounts owed by group undertakings		100	100
Net Assets		100	100
Equity Capital And Reserves			
Called up share capital	4	100	100
Equity Shareholders' Funds	5	100	100

The company was dormant within the meaning of Section 250 of the Companies Act 1985 throughout the financial year.

Approved by the Board on 24th March 1999.



S Robinson
Director

The notes on pages 4 and 5 form part of these accounts.

BMG Ariola Records Limited

Notes To The Financial Statements - 30 June 1998

1 Accounting Policies

Accounting convention and Accounting Standards

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

2 Activity

During the year the company has not traded, has not incurred any liabilities and consequently has made neither profit nor 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 year was nil (1996: Nil).

4 Called Up Share Capital

	1998	1997
	£	£
Authorised and allotted		
100 (1996:100) ordinary shares of £1 each	100	100

5 Reconciliation Of Movements In Equity Shareholders' Funds

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

BMG Ariola Records Limited

Notes To The Financial Statements – 30 June 1998 (Continued)

6 Ultimate Holding Company

The ultimate holding company of BMG Ariola Records 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	Carl Bertelsmann Strasse 270 33311 Gütersloh 1 German
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