

Marlowlynn Limited

**Directors' report and financial
statements**

Registered number 1647834

31 December 2006



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Directors' report

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2006.

Business review and results

The company was inactive throughout the year under review and consequently made neither a profit nor a loss. The directors do not propose the payment of a dividend (2005: £16,722,758).

On 1 January 2005 the trade and net assets of the company were sold to BMG Zomba Production Music Limited, a fellow group undertaking, for a consideration of £16,812,858. The exceptional profit on disposal was £12,823,471. The company has not traded since this date.

Directors and their interests

The directors who held office during the year and up until the date of this report were:

S Cole
P Curran
W Downs
M Smith (resigned 8th January 2007)

None of the directors held any beneficial interest in the shares of the company or any other group undertaking during the current or prior year.

By order of the Board



EJP Wareham
Secretary

20 Fulham Broadway
London
SW6 1AH

13th February 2007

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 the directors have elected to prepare the financial statements in accordance with UK Accounting Standards.

The financial statements are required by law to 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 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 1985. 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.

Under applicable law the directors are also responsible for preparing a Directors' Report that complies with that law.

Profit and loss account

for the year ended 31 December 2006

	Note	2006 £	2005 £
Turnover	1	-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
Operating profit		-	-
Profit on disposal of discontinued operations - exceptional	3	-	12,823,471
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	-	12,823,471
Tax on profit on ordinary activities	4	-	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation		-	12,823,471
		<hr/>	<hr/>

The turnover and profit on ordinary activities before taxation for the current and prior years relate to discontinued operations following the disposal of the company's trade and net assets on 1 January 2005.

There are no gains or losses other than those recognised in the profit and loss account.

There is no difference between the profit as disclosed in the profit and loss account and profit on a historical cost basis.

The notes on pages 5 to 8 form part of these financial statements.

Balance sheet

at 31 December 2006

	Note	2006 £	2005 £
Current assets			
Debtors	5	16,780,232	16,780,232
Creditors: amounts falling due within one year	6	(16,690,132)	(16,690,132)
Net current assets / net assets		90,100	90,100
Capital and reserves			
Called up share capital	7	101	101
Share premium account	8	89,999	89,999
Shareholders' funds	9	90,100	90,100

For the year ended 31 December 2006 the company was entitled to exemption under section 249AA(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the period 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 period and of its profit and loss for the financial period 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 of directors on 13th February 2007 and were signed on its behalf by:



W Downs
Director

The notes on pages 5 to 8 form part of these financial statements.

Notes

(forming part of 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.

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention.

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.

Turnover

Turnover comprises royalties receivable excluding VAT.

Taxation

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.

Bertelsmann AG UK entities are able to relieve their taxable losses by surrendering them to other group companies where capacity to utilise those losses exists. There is an agreement between members of the group that such losses will be purchased and paid for by the recipient company. Where there is reasonable certainty that taxable losses can be utilised the group relief receivable is included in the taxation charge or credit for the year.

Pension costs

The company operates a defined contribution scheme and company contributions are charged to the profit and loss account as incurred.

Notes (continued)

2 Profit on ordinary activities before taxation

The company had no employees (2005: nil). Consequently there were no staff costs (2005: £nil).

None of the directors received any emoluments during the current or prior year in respect of their services to this company (2005: £nil).

3 Non-operating exceptional item

On 1 January 2005 the company sold its trade and net assets to BMG Zomba Production Music Limited for a consideration of £16,812,858. The exceptional profit on disposal was £12,823,471.

4 Tax on profit on ordinary activities

Analysis of charge in period

	2006 £	2005 £
<i>UK corporation tax</i>		
Current tax on income for the period	-	-
Adjustments in respect of prior periods		
	<hr/>	<hr/>
Total current tax charge	-	-
Deferred tax (see note 8)	-	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	<hr/> <hr/>	<hr/> <hr/>

Factors affecting the tax charge for the current period

The current tax charge for the period is lower (2005: higher) than the standard rate of corporation tax in the UK (30%, 2005: 30%). The differences are explained below.

	2006 £	2005 £
Profit on ordinary activities before tax	-	12,823,471
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2005: 30%)	-	3,847,041
<i>Effects of:</i>		
Non-taxable intra-group disposal proceeds	-	(3,847,041)
	<hr/>	<hr/>
Current tax charge for year	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

5 Debtors

	2006 £	2005 £
Amounts owed by group undertakings	16,780,232	16,870,232

6 Creditors: amounts falling due within one year

	2006 £	2005 £
Amounts owed to group undertakings	16,690,132	16,690,132

7 Called up share capital

	2006 £	2005 £
<i>Authorised, allotted, called up and fully paid</i> 101 (2005: 101) ordinary shares of £1 each	101	101

8 Reconciliation of movements in reserves

	Share premium reserve £	Profit and loss account £	Total £
Opening Balance	89,999	-	89,999
Retained Profit for the year	-	-	-
Dividends	-	-	-
Closing balance	89,999	-	89,999

Notes (continued)

9 Reconciliation of movement in shareholders' funds

	2006 £	2005 £
Profit for the financial year	-	12,823,471
Dividends on shares classified in shareholders' funds	-	(16,722,758)
	<hr/>	<hr/>
Net addition to / (reduction in) shareholders' funds	-	(3,899,287)
Opening shareholders' funds	90,100	3,989,387
	<hr/>	<hr/>
Closing shareholders' funds	90,100	90,100
	<hr/>	<hr/>

10 Ultimate holding company

On 6 September 2006, Bertelsmann AG entered into a definitive agreement to sell its music publishing business to Vivendi SA. However, at the date of signature of these accounts the ultimate holding company and ultimate controlling party is still Bertelsmann AG, a company incorporated in Germany.

The company's immediate parent company is Zomba Music Publishers Limited, a company incorporated in England and Wales.

The company is a wholly owned subsidiary of BMG Music Publishing Limited, a company incorporated in England and Wales.

The largest and smallest group for which consolidated financial statements are prepared, and of which the company is a member, is as follows:

Name	Bertelsmann AG
Country of incorporation	Germany
Address from where the copies of the Group financial statements can be obtained	Carl Bertelsmann Strasse 270 33311 Gütersloh 1 Germany

11 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 the Bertelsmann AG group of companies. There are no other related party transactions.