

VIDEO PERFORMANCE LIMITED
(A Company Limited by Guarantee)

ACCOUNTS
FOR THE YEAR ENDED
31 MAY 2000



VIDEO PERFORMANCE LIMITED

(A Company Limited by Guarantee)

Company address and
registered office: 1 Upper James Street
London W1R 3HG

Directors: C Andrews
J Barbour
C Fisher
A George
G Kempin
M Mills
M Modi
F Nevrkla
S O'Brien
J Radice
C Rich

Company Secretaries: D Stones
J Samuels

Bankers: HSBC Bank plc
69 Pall Mall
London
SW1Y 5EY

Auditors: Baker Tilly
2 Bloomsbury Street
London
WC1B 3ST

Solicitors: Theodore Goddard
150 Aldersgate Street
London
EC1A 1EJ

<u>INDEX</u>	<u>PAGE</u>
Report of Directors	3 - 4
Report of Auditors	5
Income and Expenditure Account	6
Balance Sheet	7
Cash Flow Statement	8
Notes to the Accounts	9 - 12

VIDEO PERFORMANCE LIMITED

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REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MAY 2000

The Directors submit the sixteenth Annual Report and Accounts to the Members.

Activity

The Company's principal activity is the collection of licence fees for the diffusion, broadcasting and public performance of music videograms on behalf of its members.

Business Review and Future Development

The income received by the Company is distributed to its Members. Consequently the Company has no reserves at the balance sheet date. The assets and liabilities of the Company are stated in the balance sheet.

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 or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) 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 which 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. The Directors 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.

Directors and their Interests

The Directors of the Company during the year were as follows:


C Andrews
J Barbour
C Fisher
A George
J Golembo (resigned 29 November 1999)
G Kempin
M Mills
M Modi
I Moss (resigned 23 June 1999)
F Nevrkla
S O'Brien
M Payne (retired 18 July 2000)
J Radice (appointed 18 July 2000)
C Rich

The Directors retiring by rotation pursuant to Article 49 (Articles of Association) at the Annual General Meeting of the Company in 2001 will be Messrs C Fisher and C Rich, together with one from Messrs F Nevkla, M Mills, G Kempin, C Andrews, M Modi and S O'Brien all of whom are eligible for re-election.

At the Fifteenth Annual General Meeting of the Company held on 18 July 2000 Ms M Payne and Messrs A George and J Barbour retired by rotation pursuant to Article 49. Ms Payne did not offer herself for re-election. Messrs A George and J Barbour were each eligible for and offered themselves for re-election and were re-elected Directors of the Company.

A resolution to re-appoint Baker Tilly, Chartered Accountants, auditors of the company, will be put to the members at the Annual General Meeting.

By Order of the Board



Deborah Stones
COMPANY SECRETARY

Dated: 21/11/2000

VIDEO PERFORMANCE LIMITED

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REPORT OF THE AUDITORS TO THE MEMBERS OF

VIDEO PERFORMANCE LIMITED

We have audited the financial statements on pages 6 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3 the Company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

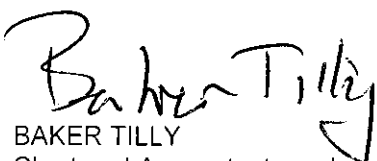
Basis of opinion

We conducted our audit in accordance with Auditing Standards 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 judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, are consistently applied and are 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 of the state of the Company's affairs as at 31 May 2000 and of the results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BAKER TILLY
Chartered Accountants and
Registered Auditors
London

Dated: 21/11/2000

VIDEO PERFORMANCE LIMITED
(A Company Limited by Guarantee)

INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MAY 2000

<u>INCOME</u>	<u>NOTE</u>	<u>2000</u>		<u>1999</u>	
		£	£	£	£
Broadcasting and Diffusion		5,819,701		5,214,648	
Public Performance		631,377		583,196	
Music Mall		<u>259,540</u>		<u>157,061</u>	
			6,710,618		5,954,905
Interest Received			<u>214,448</u>		<u>294,249</u>
			6,925,066		6,249,154
<u>EXPENDITURE</u>					
<u>Establishment Expenses</u>					
Rent and Service Charge		59,296		60,458	
Rates		13,356		18,026	
Light and Heat		1,725		3,958	
Cleaning		4,105		3,387	
Repairs and Renewals		2,875		818	
Maintenance		470		587	
<u>Administrative and General Expenses</u>					
Salaries		244,811		220,572	
Social Security		17,509		16,568	
Pension Fund Contributions	7	21,985		19,782	
Pension Scheme Expenses		780		1,564	
Ex-gratia Payments		4,658		-	
Printing and Stationery		8,178		7,980	
Postage		6,709		5,301	
Telephone		7,041		3,559	
Office and General Expenses		9,377		7,878	
Subscriptions & Journals		1,910		816	
Staff Agency Fees		14,925		-	
Motor Expenses		795		868	
Travelling Expenses		3,096		7,870	
MTV Expenses		15,327		9,909	
Video Visuals Expenses		46,710		17,702	
Public Relations		66,782		62,058	
Staff Courses		0		169	
Medical Expenses Insurance		2,634		3,280	
Insurance		5,712		4,961	
Entertaining		4,012		3,323	
Advertising		5,895		15,852	
Duplication & Editing		119		360	
Promotions		-		-	
Seminars		520		-	
Computer Running Costs		14,898		14,173	
Depreciation	2	11,227		12,496	
Profit on Disposal of Fixed Assets		-		-	
Legal and Professional Expenses	5	166,064		166,886	
Audit Fees		4,900		7,200	
			<u>768,401</u>		<u>698,361</u>
			6,156,665		5,550,793
Taxation	4		<u>(362)</u>		<u>(700)</u>
Amount Available for distribution to Members			<u>£6,156,303</u>		<u>£5,550,093</u>

None of the Company's activities have been acquired or discontinued during the above two financial years. There are no recognised gains or losses other than the net distributable income for the financial year.

VIDEO PERFORMANCE LIMITED

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BALANCE SHEET

31 MAY 2000

	<u>NOTE</u>	<u>2000</u>	<u>1999</u>
		<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u>			
Tangible Assets	2		
Furniture, Fixtures and Office Equipment		4,923	5,214
Motor Vehicles		5,737	8,606
Computer Ancillary Equipment		<u>15,132</u>	<u>7,356</u>
		25,792	21,176
<u>CURRENT ASSETS</u>			
Other Debtors		154,042	129,827
Prepayments		1,475	1,337
Licence Fees Receivable		1,229,485	1,265,402
Cash at Bank and in Hand		<u>5,586,979</u>	<u>4,118,946</u>
		<u>6,971,981</u>	<u>5,515,512</u>
<u>CREDITORS</u>			
Amounts falling due within one year:			
Amount due to Members	3	6,527,087	5,372,196
Corporation Tax	4	969	1,369
Other Taxation & Social Security Costs		0	108,666
Licence Fees Received in Advance		174,570	39,188
Trade Creditors		36,001	0
Other Creditors		244,743	0
Accrued Expenses		<u>14,403</u>	<u>15,269</u>
		<u>6,997,773</u>	<u>5,536,688</u>
Net Current Liabilities		<u>(25,792)</u>	<u>(21,176)</u>
		<u>£NIL</u>	<u>£NIL</u>
		=====	=====

Mr C Fisher

Mr J Radice

DIRECTORS

21/11/2000

VIDEO PERFORMANCE LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MAY 2000

	<u>2000</u>	<u>1999</u>
	£	£
Net cash inflow from operating activities (note 8)	6,271,602	4,486,946
Payment to Members	(5,001,412)	(6,807,411)
<u>Returns on investments and servicing of finance</u>		
Interest received and net cash outflow returns on investments and servicing of finance	214,448	294,249
<u>Taxation</u>		
Corporation tax paid	(762)	---
<u>Investing activities</u>		
Payments to acquire tangible fixed assets	(15,843)	(8,233)
Net cash inflow/(outflow)	<u>£1,468,033</u>	<u>£(2,034,449)</u>
Increase/(decrease) in cash (note 10)	<u>£1,468,033</u>	<u>£(2,034,449)</u>

VIDEO PERFORMANCE LIMITED

(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 2000

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the accounts.

(a) Basis of accounting

The accounts have been prepared under the historical cost convention.

(b) Licence fees and other income

- i) Public Performance fees are accounted for on a cash received basis which is the only practical method of accounting. The Directors do not believe that the effect of this policy is materially different from an accruals policy.
- ii) All other fees are accounted for on an accruals basis.

(c) Tangible Fixed Assets

Depreciation is provided at rates calculated to write off the cost of each asset over the expected useful life as follows:

Furniture and Fixtures	- 20%
Office Equipment	- 20%
Motor Vehicles	- 20%
Computer Ancillary Equipment	- 33.33%

(d) Contributions to pensions

The company operates a contributory defined benefit pension scheme covering certain of its employees. The scheme is fully funded and contributions are paid to the scheme in accordance with the recommendations of independent actuaries. The last formal valuation was undertaken on the position as at 1 July 1997.

VIDEO PERFORMANCE LIMITED

(A Company Limited by Guarantee)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 2000

2. FIXED ASSETS

	<u>Furniture, Fixtures And Office Equipment</u>	<u>Motor Vehicle</u>	<u>Computer Ancillary Equipment</u>	<u>TOTAL</u>
<u>Cost</u>	£	£	£	£
Balance at 1 June 1999	11,387	14,341	18,992	44,720
Additions	1,669	--	14,174	15,843
Disposals	<u>(150)</u>	<u>--</u>	<u>--</u>	<u>(150)</u>
Balance at 31 May 2000	<u>£12,906</u>	<u>£14,341</u>	<u>£33,166</u>	<u>£60,413</u>
<u>Accumulated Depreciation</u>				
Balance at 1 June 1999	6,173	5,735	11,636	23,544
Charge for year	1,960	2,869	6,398	11,227
Disposals	<u>(150)</u>	<u>--</u>	<u>--</u>	<u>(150)</u>
Balance at 31 May 2000	<u>£7,983</u>	<u>£8,604</u>	<u>£18,034</u>	<u>£34,621</u>
<u>Net Book Value 2000</u>	<u>£4,923</u> =====	<u>£ 5,737</u> =====	<u>£15,132</u> =====	<u>£25,792</u> =====
<u>Net Book Value 1999</u>	<u>£5,214</u> =====	<u>£ 8,606</u> =====	<u>£7,356</u> =====	<u>£21,176</u> =====

3. AMOUNT DUE TO MEMBERS

The amount due to members is stated after two interim distributions made during the year.

4. CORPORATION TAX

The corporation tax charge relates to disallowed expenses less capital allowances for the year ended 31 May 2000.

VIDEO PERFORMANCE LIMITED

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 2000

5.	<u>PROFESSIONAL EXPENSES</u>	<u>2000</u>	<u>1999</u>
		£	£
	Princedale Associates - Consultancy	137,237	125,377
	Baker Tilly - Distribution Audit	4,100	--
	- Advice and Services in respect of Withholding Tax, VAT, Corporation Tax and general matters	16,506	9,850
	Theodore Goddard - Advice on Various Matters.	3,017	25,930
	Taylor Joynson Garrett - Consultancy	4,530	2,290
	Arnold Fooks Chadwick - Consultancy	300	--
	Dun & Bradstreet - Credit Information	374	374
	Mazars Neville - The Box audit	--	3,065
		<u>£ 166,064</u>	<u>£ 166,886</u>

6. EMPLOYEES AND DIRECTORS

The average number of employees during the period was:	<u>2000</u>	<u>1999</u>
Office and management	9	8
	=	=

No Directors' remuneration was paid during the year.

7. PENSION COSTS

The Company operates a funded, defined benefit pension scheme under the auspices of PPL. The pension costs are assessed in accordance with the advice of a qualified actuary using the current unit method with a 1 year control period.

The most recent actuarial valuation was as at 1 July 1997. The assumptions which have the most significant effect were an investment return of 8% per annum and salary growth of 6.75% per annum, with all members retiring at age 60. The assets of the scheme (in which employees of both PPL and VPL participate) comprise a deposit administration policy with a face value of £2,526,949. The ratio of the value of assets to accrued liabilities was 105% based on salaries projected to retirement.

The pension cost charged to the Income and Expenditure and Distribution Account is 12.50% of Pensionable Salaries. This, together with employees' contribution of 5% of Pensionable Salaries aims to achieve a funding level of 100% in 8 years time, on the basis of early leaver benefits, in accordance with the funding method adopted.

VIDEO PERFORMANCE LIMITED

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 2000

8. **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	<u>2000</u> £	<u>1999</u> £
Amount Available for distribution to members	6,156,303	5,550,093
Interest received	(214,448)	(294,249)
Corporation tax charged	362	700
Depreciation charges	11,227	12,496
Decrease/(Increase) in debtors	11,564	(546,802)
Increase/(decrease) in creditors	306,594	(235,292)
Net cash inflow from operating activities	<u>£ 6,271,602</u>	<u>£4,486,946</u>

9. **RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

	<u>2000</u> £	<u>1999</u> £
Increase/(decrease) in cash in the period and changes in net debt resulting from cash flows	1,468,033	(2,034,449)
Net funds at 31 May 1999	4,118,946	6,153,395
Net funds at 31 May 2000	<u>£5,586,979</u>	<u>£4,118,946</u>

10. **ANALYSIS OF CHANGES IN NET DEBT**

	At 31 May 1999 £	Cashflows £	At 31 May 2000 £
Cash in hand, at bank	4,118,946	1,468,033	5,586,979
Overdrafts	<u>--</u>	<u>--</u>	<u>--</u>
Total	<u>£4,118,946</u>	<u>£1,468,033</u>	<u>£5,586,979</u>

11. **APPROVAL OF ACCOUNTS**

These accounts were formally approved by the Board of Directors of the Company on .21..November 2000