

**VIDEO PERFORMANCE LIMITED**  
(A Company Limited by Guarantee)

**ACCOUNTS**  
**FOR THE YEAR ENDED**  
**31 MAY 2001**



# VIDEO PERFORMANCE LIMITED

(A Company Limited by Guarantee)

Company address and  
registered office:

1 Upper James Street  
London W1F 9DE

Directors:

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

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

## INDEX

## PAGE

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

(A Company Limited by Guarantee)

### REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MAY 2001

The Directors submit the seventeenth 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 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 (resigned 17 October 2001)  
J Barbour  
C Fisher  
A George  
G Kempin  
M Mills  
M Modi  
F Nevrkla  
S O'Brien  
M Payne (retired 18 July 2000)  
J Radice (appointed 18 July 2000)  
C Rich  
J Watson (appointed 13 February 2001)

The Directors retiring by rotation pursuant to Article 49 (Articles of Association) at the Annual General Meeting of the Company in 2002 will be Messrs G Kempin, M Modi, and S O'Brien all of whom are eligible for re-election.

At the Sixteenth Annual General Meeting of the Company held on 10 July 2000 Messrs C Fisher, M Mills, F Nevkla and C Rich retired by rotation pursuant to Article 49; and they 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: 27/11/2001

**VIDEO PERFORMANCE LIMITED**

(A Company Limited by Guarantee)

**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 2001 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: 22/11/2001

**VIDEO PERFORMANCE LIMITED**  
(A Company Limited by Guarantee)

**INCOME AND EXPENDITURE ACCOUNT**  
**FOR THE YEAR ENDED 31 MAY 2001**

<u>INCOME</u>	<u>NOTE</u>	<u>2001</u> £	£	<u>2000</u> £	£
Broadcasting and Diffusion		7,097,832		5,819,701	
Public Performance		733,486		631,377	
Music Mall		<u>358,932</u>		<u>259,540</u>	
Interest Received			8,190,250		6,710,618
			<u>281,891</u>		<u>214,448</u>
			8,472,141		6,925,066
 <u>EXPENDITURE</u>					
<u>Establishment Expenses</u>					
Rent and Service Charge		59,308		59,296	
Rates		13,235		13,356	
Light and Heat		1,373		1,725	
Cleaning		3,685		4,105	
Repairs and Renewals		0		2,875	
Maintenance		776		470	
 <u>Administrative and General Expenses</u>					
Salaries		290,007		244,811	
Social Security		22,917		17,509	
Pension Fund Contributions	7	17,608		21,985	
Pension Scheme Expenses		988		780	
Ex-gratia Payments		0		4,658	
Printing and Stationery		9,904		8,178	
Postage		6,707		6,709	
Telephone		6,296		7,041	
Office and General Expenses		7,860		9,377	
Subscriptions & Journals		1,971		1,910	
Staff Agency Fees		0		14,925	
Motor Expenses		993		795	
Travelling Expenses		5,509		3,096	
MTV Expenses		1,417		15,327	
Video Visuals Expenses		0		46,710	
Promotions		54,939		66,782	
Staff Courses		240		0	
Medical Expenses Insurance		3,209		2,634	
Insurance		4,356		5,712	
Entertaining		2,913		4,012	
Advertising		18,588		5,895	
Duplication & Editing		0		119	
Seminars		800		520	
Computer Running Costs		19,726		14,898	
Depreciation	2	14,306		11,227	
Profit on Disposal of Fixed Assets		0		0	
Legal and Professional Expenses	5	154,486		166,064	
Audit Fees		11,625		4,900	
Bad Debts		133,737		0	
			869,479		768,401
			<u>7,602,662</u>		<u>6,156,665</u>
Taxation	4		<u>650</u>		<u>(362)</u>
Amount Available for distribution to Members			<u>£7,603,312</u>		<u>£6,156,303</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 2001

	<u>NOTE</u>	<u>2001</u>	<u>2000</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible Assets	2		
Furniture, Fixtures and Office Equipment		5,146	4,923
Motor Vehicles		2,869	5,737
Computer Ancillary Equipment		<u>13,242</u>	<u>15,132</u>
		21,257	25,792

CURRENT ASSETS

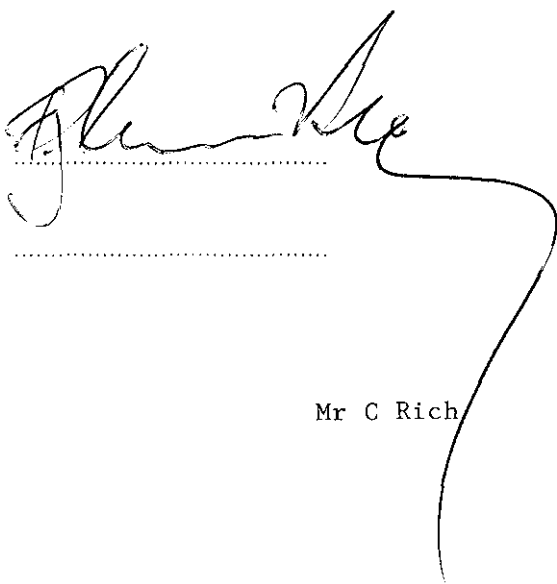
Other Debtors	284,287	154,042
Prepayments	20,274	1,475
Licence Fees Receivable	1,397,161	1,229,485
Cash at Bank and in Hand	<u>7,259,346</u>	<u>5,586,979</u>
	<u>8,961,068</u>	<u>6,971,981</u>

CREDITORS

Amounts falling due within one year:

Amount due to Members	3	8,451,567	6,527,087
Corporation Tax	4	319	969
Licence Fees Received in Advance		188,010	174,570
Trade Creditors		20,667	36,001
Other Creditors		307,905	244,743
Accrued Expenses		<u>13,857</u>	<u>14,403</u>
		<u>8,982,325</u>	<u>6,997,773</u>

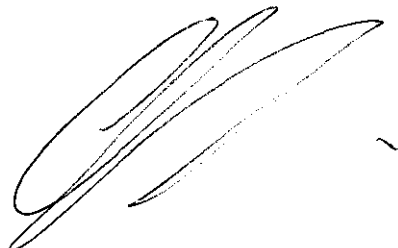
Net Current Liabilities	(21,257)	(25,792)
	£NIL	£NIL
	=====	=====



Mr C Rich

Mr F Nevrkla

DIRECTORS 27/11/2001



**VIDEO PERFORMANCE LIMITED**

**CASH FLOW STATEMENT**

**FOR THE YEAR ENDED 31 MAY 2001**

	<u>2001</u>	<u>2000</u>
	£	£
Net cash inflow from operating activities (note 8)	7,079,079	6,271,602
Payment to Members	(5,678,832)	(5,001,412)
<u>Returns on investments and servicing of finance</u>		
Interest received and net cash outflow returns on investments and servicing of finance	281,891	214,448
<u>Taxation</u>		
Corporation tax paid	--	(762)
<u>Investing activities</u>		
Payments to acquire tangible fixed assets	(9,771)	(15,843)
Net cash inflow	<u>£1,672,367</u>	<u>£1,468,033</u>
Increase in cash (note 10)	<u>£1,672,367</u>	<u>£1,468,033</u>



## VIDEO PERFORMANCE LIMITED

(A Company Limited by Guarantee)

### NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 2001

#### 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 2000.

# VIDEO PERFORMANCE LIMITED

(A Company Limited by Guarantee)

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 2001

### 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 2000	12,906	14,341	33,166	60,413
Additions	2,540	--	7,231	9,771
Disposals	<u>(3,152)</u>	<u>--</u>	<u>(6,002)</u>	<u>(9,154)</u>
Balance at 31 May 2001	<u>£12,294</u>	<u>£14,341</u>	<u>£34,395</u>	<u>£61,030</u>
<u>Accumulated Depreciation</u>				
Balance at 1 June 2000	7,983	8,604	18,034	34,621
Charge for year	2,317	2,868	9,121	14,306
Disposals	<u>(3,152)</u>	<u>--</u>	<u>(6,002)</u>	<u>(9,154)</u>
Balance at 31 May 2001	<u>£7,148</u>	<u>£11,472</u>	<u>£21,153</u>	<u>£39,773</u>
<u>Net Book Value 2001</u>	<u>£5,146</u>	<u>£ 2,869</u>	<u>£13,242</u>	<u>£21,257</u>
	=====	=====	=====	=====
<u>Net Book Value 2000</u>	<u>£4,923</u>	<u>£ 5,737</u>	<u>£15,132</u>	<u>£25,792</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 2001.

# VIDEO PERFORMANCE LIMITED

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## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MAY 2001

5.	<u>PROFESSIONAL EXPENSES</u>	<u>2001</u>	<u>2000</u>
		£	£
Princedale Associates	- Consultancy	127,107	137,237
Baker Tilly	- Distribution Audit	4,500	4,100
	- Advice and Services in respect of Withholding Tax, VAT, Corporation Tax and general matters.	5,477	16,506
Theodore Goddard	- Advice on Various Matters.	5,484	3,017
Taylor Joynson Garrett	- Consultancy	--	4,530
Arnold Fooks Chadwick	- Consultancy	--	300
Dun & Bradstreet	- Credit Information	374	374
Mazars Neville	- White Disc audit	4,217	--
Eversheds	- Review of Longform Agreement	750	--
The Simpkins Partnership	- IchooseTV Digital Transmission Licence	5,977	--
Edmonds Bowen	- Consultancy	200	--
London Computer Centre	- Consultancy	400	--
		<u>£ 154,486</u>	<u>£ 166,064</u>

## 6. EMPLOYEES AND DIRECTORS

The average number of employees during the period was:	<u>2001</u>	<u>2000</u>
Office and management	10	9
	==	=

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 2000. 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**

(A Company Limited by Guarantee)

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MAY 2001**

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

	<u>2001</u> £	<u>2000</u> £
Amount Available for distribution to members	7,603,312	6,156,303
Interest received	(281,891)	(214,448)
Corporation tax charged	(650)	362
Depreciation charges	14,306	11,227
Decrease/(Increase) in debtors	(316,720)	11,564
Increase/(decrease) in creditors	60,722	306,594
Net cash inflow from operating activities	<u>£ 7,079,079</u>	<u>£ 6,271,602</u>

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

	<u>2001</u> £	<u>2000</u> £
Increase/(decrease) in cash in the period and changes in net debt resulting from cash flows	1,672,367	1,468,033
Net funds at 31 May 2000	5,586,979	4,118,946
Net funds at 31 May 2001	<u>£7,259,346</u>	<u>£5,586,979</u>

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

	At 31 May 2000 £	Cashflows £	At 31 May 2001 £
Cash in hand, at bank	5,586,979	1,672,367	7,259,346
Overdrafts	<u>--</u>	<u>--</u>	<u>--</u>
Total	<u>£5,586,979</u>	<u>£1,672,367</u>	<u>£7,259,346</u>

11. **APPROVAL OF ACCOUNTS**

These accounts were formally approved by the Board of Directors of the Company on ...27...November 2001