

**UFA Video and Media (UK) Limited**

Director's report and financial  
statements

Registered number 2218343

30 June 2000



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## Director's report

The director presents his report and the audited financial statements of the company for the year ended 30 June 2000.

### Principal Activity

The principal activity of the company was the exploitation of video rights.

### Business review and results

The company has not traded during the year and consequently has incurred neither a profit nor a loss (1999: £nil). The director does not recommend the payment of a dividend (1999: £nil).

### Future prospects

The director is of the opinion that the company will continue not to trade for the foreseeable future.

### Directors

The directors who held office during the year were:

S Robinson (resigned 3 May 2000)  
D Kooker (appointed 2 May 2000)

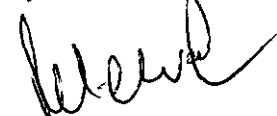
At the year end the director did not hold any beneficial interest in the shares of the company (1999: £nil).

### Auditors

On 2 August 2000 PricewaterhouseCoopers resigned as auditors, and KPMG were appointed as the new auditors of the company.

In accordance with Section 385 of the Companies Act 1985, a resolution for the appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By Order of the Board



EJP Wareham  
Secretary

Bedford House  
69/79 Fulham High Street  
London  
SW6 3JW

9th April 2001

## 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;
- 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. 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.



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## **Auditors' report to the members of UFA Video and Media (UK) Limited**

We have audited the financial statements on pages 4 to 6.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

### **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, consistently applied and 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 30 June 2000 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

**KPMG**

*Chartered Accountants  
Registered Auditors*

*11 April* 2001

## Balance sheet

at 30 June 2000

	Note	2000 £	1999 £
<b>Current assets</b>			
Debtors	4	1,442	1,442
<b>Creditors: amounts falling due within one year</b>	5	(44,072)	(44,072)
<b>Net current liabilities</b>		(42,630)	(42,630)
<b>Net liabilities</b>		(42,630)	(42,630)
<b>Equity capital and reserves</b>			
Called up share capital	6	100	100
Profit and loss account		(42,730)	(42,730)
<b>Equity shareholders' deficit</b>	7	(42,630)	(42,630)

These financial statements were approved by the board of directors on 9th April 2001 and were signed on its behalf by:



**D Kooker**  
 Director

The notes on pages 5 and 6 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 to the company's financial statements.

#### *Basis of accounting*

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

#### *Going concern*

Bertelsmann UK Limited has informed the company that it is their intention to provide such financial support as is required by the company to meet its liabilities as they fall due for payment. In view of this continued support, the directors have prepared these financial statements on a going concern basis.

#### *Royalty advances*

Advances paid to artists in respect of future royalties together with recording costs recoverable from future royalties are carried forward as an asset pending recovery through royalties earned on future video sales. When full recovery is uncertain, these costs are written down to estimated recoverable amounts.

### 2 Directors' emoluments

None of the directors received any emoluments in respect of their services to the company during the year (1999: £nil).

### 3 Employees

The average number of employees during the year was nil (1999: nil), and consequently the company incurred no staff costs (1999: £nil).

### 4 Debtors

	2000 £	1999 £
Royalty advances	500	500
Amounts owed by group undertakings	942	942
	<hr/>	<hr/>
	1,442	1,442
	<hr/>	<hr/>

## Notes (continued)

### 5 Creditors: amounts falling due within one year

	2000 £	1999 £
Amounts due to group undertakings	44,072	44,072

### 6 Called up share capital

	2000 £	1999 £
<i>Authorised, allotted and fully paid:</i>		
100 (1999: £100) ordinary shares of £1 each	100	100

### 7 Reconciliation of movements in equity shareholders' deficit

There was no movement in the equity shareholders' deficit during the year (1999: £nil).

### 8 Immediate and ultimate holding company

The company's immediate holding company is BMG Entertainment International UK & Ireland Limited, a company incorporated in Great Britain.

The company's holding company and ultimate controlling party is Bertelsmann AG, a company incorporated in Germany.

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

### 10 Related party transactions

The company is exempt under the terms of Financial Reporting Standard 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.