

Gravity Records Limited

**Directors' report and financial
statements**

Registered number 2579637

31 December 2004



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Directors' report

The directors present their annual report and the unaudited financial statements for the year ended 31 December 2004.

Activities

The principal activity of the company is that of music publishing.

Review of business

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

Future developments

The company is not expected to trade in the foreseeable future.

Directors

The directors who held office during the year are:

P Curran


D Kooker (resigned 2nd January 2004)

M Breeze (appointed 1st January 2004, resigned 31st October 2004)

D Pearce (appointed 1st November 2004)

None of the directors holds any shares in the company and there are no arrangements whereby any director is able to acquire shares in the company (2003: nil).

By order of the Board



EJP Wareham
Secretary

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

15th June 2005

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; 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 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.

Balance sheet

at 31 December 2004

	Note	2004 £	2003 £
Current assets			
Amounts owed by group companies		2	2
Net assets		2	2
Equity capital and reserves			
Called up share capital	4	2	2
Total equity shareholders' funds		2	2

For the year ended 31 December 2004 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 1st June 2005 and were signed on its behalf by:



W Downs
 Director

The notes on pages 4 to 5 form part of these financial statements.

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of accounting

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

2 Activity

During the year the company has not traded, and has not incurred any liabilities. Consequently, it has made neither a profit nor a loss.

3 Directors and employees

The average number of employees during the year was nil (2003: nil).

None of the directors received any emoluments in respect of their services to the company during the year (2003: £nil).

4 Called up share capital

	2004	2003
	£	£
<i>Authorised:</i>		
1,000 (2002: 1,000) ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid:</i>		
2 (2002: 2) ordinary shares of £1 each	2	2
	<hr/>	<hr/>

Notes *(continued)*

5 Ultimate parent undertaking

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

The ultimate parent undertaking and largest group in which the results of the company are consolidated is Bertelsmann AG, a company incorporated in Germany.

Copies of the group financial statements can be obtained from:

Bertelsmann AG,
Carl Bertelsmann Strasse 270,
4830 Gütersloh 1
Germany

6 Related party transactions

The company is exempt from 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.