

BMG UK Limited

**Directors' report and financial
statements**

Registered number 3185450

30 June 2000



LD4
COMPANIES HOUSE

L03R806K

0427
27/04/01

Contents

Directors' report	1
Statement of directors' responsibilities	2
Balance sheet	3
Notes	4

Directors' report

The directors present their report and unaudited balance sheet and notes for the year ended 30 June 2000.

Activities

The principal activity of the company is that of an investment holding company.

Business review and results

The company did not trade during the year and consequently made neither a profit or a loss.

Directors

The directors who served during the year were:

Joel Mark Schoenfeld	(resigned 31 March 2000)
Jorg Hernler	
John Preston	(resigned 5 July 1999)
Laverne Evans	(appointed 31 March 2000)

At the year end none of the directors held any beneficial interest in the shares or options of the company.

Auditors

Under the exemption for qualifying dormant companies in Section 250 of the Companies Act 1985, the company has not appointed auditors.

By Order of the Board

9th April 2001



For and on behalf of
Gray's Inn Secretaries Ltd



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.

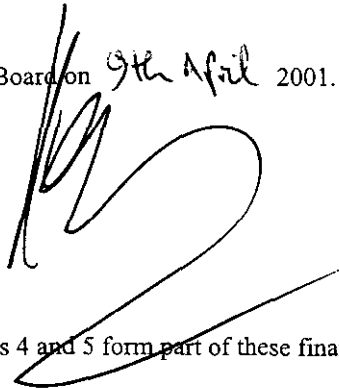
Balance sheet

at 30 June 2000

	<i>Notes</i>	2000 £	1999 £
Fixed assets			
Investments in subsidiary undertakings	3	233,336	233,336
Net assets		<u>233,336</u>	<u>233,336</u>
Equity capital and reserves			
Called up share capital	4	233,336	233,336
Profit and loss account		-	-
Equity shareholders' funds	5	<u>233,336</u>	<u>233,336</u>

The company was dormant within the meaning of Section 250 of the Companies Act 1985 throughout the financial period.

Approved by the Board on 9th April 2001.



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

Notes

(forming part of the financial statements)

1 Accounting policies

Accounting convention and accounting standards

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

The company is exempt from the requirements of Financial Reporting Standard 1, Cash flow statements, being a wholly owned subsidiary of Bertelsmann AG, a company incorporated in Germany and which prepare consolidated financial statements in English containing a consolidated cash flow statement dealing with the cash flows of the group.

As provided under Section 228 of the Companies Act 1985, BMG UK Limited is exempt from the requirement to prepare group accounts. The financial statements therefore present information concerning the company only and not the group.

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 Investments in subsidiary undertakings

	2000 £	1999 £
Shares in group undertakings at cost	233,336	233,336

The principal subsidiaries of BMG UK Limited are:

Subsidiary	Principal activity	Class and percentage of shares held
BMG Entertainment International UK and Ireland Limited	Record production and promotion	100% ordinary share capital
Sonopress (UK) Limited	CD Manufacturer/fulfilment house	100% ordinary share capital

4 Called up share capital

	2000 £	1999 £
<i>Authorised:</i> 300,000 (1999: 300,000) ordinary shares of £1 each	300,000	300,000
<i>Allotted and fully paid:</i> 233,336 (1999: 233,336) ordinary shares of £1 each	233,336	233,336

Notes *(continued)*

5 Reconciliation of movements in equity shareholders' funds

There was no movement in shareholders' funds during the year.

6 Ultimate holding company

The company's ultimate holding company and ultimate controlling party is Bertelsmann AG, a company incorporated in Germany. Copies of the accounts of this company can be obtained from Carl Bertelsmann Strasse 270, 33311 Gütersloh 1, Germany.