

**RED GIRL PRODUCTIONS LIMITED**

**Report and Financial Statements**

**Year ended 31 August 2000**

**Deloitte & Touche  
Hill House  
1 Little New Street  
London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 2000**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M J Chisholm  
N Phillips  
A J Thompson

**SECRETARY**

J A Allen

**REGISTERED OFFICE**

Hill House  
1 Little New Street  
London  
EC4A 3TR

**BANKERS**

National Westminster Bank plc  
214 High Holborn  
London  
WC1V 7BX

Coutts & Co  
440 Strand  
London  
WC2R 0QS

**PROFESSIONAL ADVISERS AND AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Hill House  
1 Little New Street  
London EC4A 3TR

**SOLICITORS**

Lee & Thompson  
Green Garden Square  
15-22 St Christophers Place  
London  
W1M 5HE

**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 August 2000.

**ACTIVITIES**

The principal activity of the company is that of exploitation of the talents of the recording artist and entertainer Melanie Chisholm.

**REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS**

The company made a profit before tax for the year of £611,577 (1999: loss £49,988). The directors intend to take every opportunity to develop the business in future years.

**DIVIDENDS**

The directors do not recommend the payment of a dividend (1999: £nil).

**DIRECTORS AND THEIR INTERESTS**

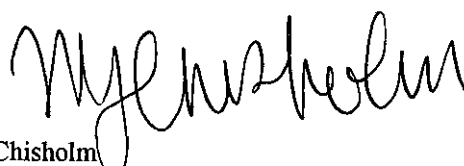
The directors who served throughout the year and their beneficial interests, as defined by the Companies Act 1985, in the shares of the company at 31 August 2000 were:

	Ordinary shares of £1 each	
	2000	1999
M J Chisholm	2	2
A J Thompson	-	-
N Phillips	-	-

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors, and a resolution for their reappointment will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

  
M J Chisholm  
Director  
4 July 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 as at the end of the financial year and of the profit or 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; and
- prepare the financial statements on a 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 which enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

**AUDITORS' REPORT TO THE MEMBER OF  
RED GIRL PRODUCTIONS LIMITED**

We have audited the financial statements on pages 5 to 12 which have been prepared under the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

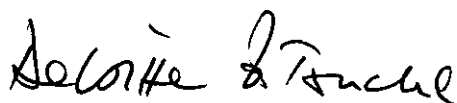
**Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 at 31 August 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Deloitte & Touche**  
Chartered Accountants and Registered Auditors

9 July 2001

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 August 2000**

	Note	2000 £	1999 £
<b>TURNOVER</b>	1	2,763,664	3,188,744
Cost of sales		<u>(1,319,369)</u>	<u>(325,853)</u>
Gross profit		1,444,295	2,862,891
Administrative expenses		<u>(849,544)</u>	<u>(2,935,018)</u>
<b>OPERATING PROFIT/(LOSS)</b>	3	594,751	(72,127)
Interest receivable and similar income		17,029	22,140
Interest payable and similar charges		<u>(203)</u>	<u>(1)</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		611,577	(49,988)
Tax (charge)/credit on profit/(loss) on ordinary activities	4	<u>(145,148)</u>	<u>8,441</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>		466,429	(41,547)
<b>Profit and loss account brought forward</b>		<u>(23,483)</u>	<u>18,064</u>
<b>Profit and loss account carried forward</b>		<u><u>442,946</u></u>	<u><u>(23,483)</u></u>

All activities derive from continuing operations.

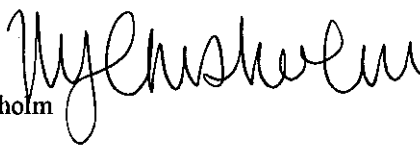
There are no recognised gains or losses for the current or preceding year other than as stated in the profit and loss account.

**BALANCE SHEET**  
**31 August 2000**

	Note	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	5	25,536	23,473
Investments	6	2	-
		<u>25,538</u>	<u>23,473</u>
<b>CURRENT ASSETS</b>			
Debtors	7	841,152	1,110,917
Cash at bank and in hand		121,422	613,543
		<u>962,574</u>	<u>1,724,460</u>
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(545,164)</u>	<u>(1,771,414)</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>417,410</u>	<u>(46,954)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>442,946</u>	<u>(23,481)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	9	2	2
Profit and loss account		<u>442,946</u>	<u>(23,483)</u>
<b>EQUITY SHAREHOLDERS' FUNDS/ (DEFICIT)</b>		<u>442,948</u>	<u>(23,481)</u>

These financial statements were approved by the Board of Directors on 4 July 2001.  
Signed on behalf of the Board of Directors

M J Chisholm  
Director





**CASH FLOW STATEMENT****Year ended 31 August 2000**

	<b>Note</b>	<b>2000 £</b>	<b>1999 £</b>
<b>Net cash outflow from operating activities</b>	12	(496,587)	(538,275)
Returns on investments and servicing of finance	13	17,857	24,606
Taxation	13	-	(63,500)
Capital expenditure and financial investment	13	(13,389)	(34,434)
Acquisitions and disposals		(2)	-
<b>Cash outflow before use of liquid resources and financing and for year</b>		<u>(492,121)</u>	<u>(611,603)</u>
<b>Reconciliation of net cash flow to movement in net funds (Note 14)</b>			
		<b>2000 £</b>	<b>1999 £</b>
Decrease in cash in the period		<u>(492,121)</u>	<u>(611,603)</u>
Change in net funds resulting from cash flows		(492,121)	(611,603)
Net funds brought forward		<u>613,543</u>	<u>1,225,146</u>
Net funds carried forward		<u>121,422</u>	<u>613,543</u>

**NOTES TO THE ACCOUNTS****Year ended 31 August 2000****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

Turnover is derived wholly from the principal activity of the company, and the directors do not believe that any part of the company's worldwide market is significantly different from any other.

**Royalties**

Royalties receivable from sub-licensees are recognised in respect of each of their royalty accounting periods ending within the company's financial year.

**Advances**

Non-returnable advances received from record companies, licensees and sub-licensees are taken to income when contractually due. Returnable advances received from licensees are carried forward until they are recouped or returned.

**Foreign exchange**

Transactions denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Amounts receivable and payable in foreign currencies at the balance sheet date are translated at the rates ruling at that date. All differences are taken to the profit and loss account.

**Tangible fixed assets**

Depreciation is provided on the cost of tangible fixed assets in equal annual instalments over their estimated lives. The rates of depreciation used are as follows:

Motor vehicles	33 $\frac{1}{3}$ % per annum
Musical equipment	25% per annum
Office equipment	25% per annum

**Fixed asset investments**

Investments held as fixed assets are stated at cost less provision for impairment.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

**Group accounts**

The company is exempt from the requirement to prepare group accounts as it qualifies as the parent company of a small sized group under Section 248 of the Companies Act 1985. Accordingly, these financial statements represent information about the individual company and not about its group.

## NOTES TO THE ACCOUNTS

Year ended 31 August 2000

## 2. DIRECTORS AND EMPLOYEES

	2000 £	1999 £
Directors' emoluments	600,000	2,195,542
Highest paid director: Remuneration	600,000	2,195,542
<b>Employees</b>		
Employee costs (including directors):		
Wages and salaries	620,500	2,195,542
Social security costs	76,341	552,521
	696,841	2,748,063
	No.	No.
The average number of employees (including directors) by activity during the year was:		
Music and other entertainment services	1	1
Administration	3	2
	4	3

## 3. OPERATING PROFIT/(LOSS)

	2000 £	1999 £
Operating profit/(loss) is stated after charging/(crediting) :		
Auditors' remuneration - audit	10,000	7,000
- other	9,350	13,958
Depreciation	12,748	11,666
Profit on disposal of fixed assets	(1,422)	-

## 4. TAX (CHARGE)/CREDIT ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	2000 £	1999 £
United Kingdom corporation tax at 30% (1999: 30%)	(127,417)	(50,006)
Adjustment in respect of preceding year	(17,731)	58,447
	(145,148)	8,441

No provision for deferred taxation has been made in these accounts, as the amount is immaterial.

NOTES TO THE ACCOUNTS  
Year ended 31 August 2000

## 5. TANGIBLE FIXED ASSETS

	Motor vehicles £	Musical equipment £	Office equipment £	Total £
<b>Cost</b>				
At 31 August 1999	33,866	1,508	-	35,374
Additions	36,294	179	916	37,389
Disposals	(33,867)	-	-	(33,867)
At 31 August 2000	36,293	1,687	916	38,896
<b>Accumulated depreciation</b>				
At 31 August 1999	11,289	612	-	11,901
Charge for the year	12,097	422	229	12,748
Disposals	(11,289)	-	-	(11,289)
At 31 August 2000	12,097	1,034	229	13,360
<b>Net book value</b>				
At 31 August 2000	24,196	653	687	25,536
At 31 August 1999	22,577	896	-	23,473

## 6. INVESTMENTS

	2000 £
<b>Subsidiary undertakings:</b>	
At 1 September 1999	-
Additions	2
At 31 August 2000	2

During the year the company acquired at par value, 100% of the ordinary £1 share capital of Red Girl Touring Limited, a company registered in England and Wales, and whose main activity is that of tour production. As at 31 August 2000 the total deficit on capital and reserves of Red Girl Touring Limited was £219,769, while its loss for the period then ended was £219,771.

## 7. DEBTORS

	2000 £	1999 £
Trade debtors	232,086	111,242
Amounts owed by related parties (see note 10)	375,180	516,539
Other debtors	17,313	14,237
Prepayments and accrued income	211,431	468,899
Director's current account	5,142	-
	841,152	1,110,917

The director's current account relates to M J Chisholm and the maximum overdrawn amount on this account during the year was £141,924.

## NOTES TO THE ACCOUNTS

Year ended 31 August 2000

## 8. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Trade creditors	15,104	16,107
Taxation and social security	479,744	957,101
Director's current account	-	708,554
Accruals and deferred income	50,316	89,652
	<u>545,164</u>	<u>1,771,414</u>

## 9. CALLED UP SHARE CAPITAL

	2000	1999
	£	£
Authorised:		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

## 10. RELATED PARTIES

During the year, the company charged fees of £nil (1999: £1,500,000) under the terms of a loan out agreement for the services of M J Chisholm to Spice Girls Limited, of which M J Chisholm is a director and has a beneficial interest. Also during the year, the company was charged £20,000 (1999: £25,000) by Spice Girls Limited for additional administrative costs incurred on behalf of the company. Additionally, during the year the company received fees of £53,111 (1999: £19,543) from Spice Girls Limited in relation to activities connected with 5 Girls Limited.

Also during the year, the company lent £300,000 (1999: £nil) to its subsidiary Red Girl Touring Limited. This loan is interest free, and with no fixed repayment date.

The company was charged fees of £19,310 (1999: £19,313) for the provision of legal services by Lee & Thompson, in which A J Thompson is a partner.

During the year the company sold a motor vehicle to M J Chisholm for £24,000 recognising a profit on disposal of £1,422.

	2000	1999
	£	£
Amounts owed by related parties are due from:		
Red Girl Inc.	644	644
Red Girl Touring Ltd	321,425	52,710
Spice Girls Limited	53,111	463,185
	<u>375,180</u>	<u>516,539</u>

## 11. ULTIMATE CONTROLLING PARTY

Red Girl Productions Limited is controlled by M J Chisholm.

## NOTES TO THE ACCOUNTS

Year ended 31 August 2000

## 12. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit/(loss)	594,751	(72,127)
Depreciation	12,748	11,666
Profit on disposal of fixed assets	(1,422)	-
Decrease/(increase) in debtors	270,151	(112,474)
Decrease in creditors	(1,372,815)	(365,340)
Net cash outflow from operating activities	<u>(496,587)</u>	<u>(538,275)</u>

## 13. ANALYSIS OF CASH FLOWS FOR HEADINGS OFFSET IN THE CASH FLOW STATEMENT

	2000 £	1999 £
<b>Returns on investments and servicing of finance</b>		
Interest and other investment income received	18,060	24,606
Interest paid	(203)	-
	<u>17,857</u>	<u>24,606</u>
<b>Taxation</b>		
UK corporation tax paid (including advance corporation tax)	-	(63,500)
	<u>-</u>	<u>(63,500)</u>
<b>Capital expenditure and financial investment</b>		
Receipt from sales of tangible fixed asset	24,000	-
Payments to acquire tangible fixed assets	(37,389)	(34,434)
	<u>(13,389)</u>	<u>(34,434)</u>
<b>Acquisitions and disposals</b>		
Payments to acquire investment in subsidiary	(2)	-
	<u>(2)</u>	<u>-</u>

## 14. ANALYSIS OF NET FUNDS

	1999 £	Cash flow £	2000 £
Cash in hand and at bank	613,543	(492,121)	121,422