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**Promo Only Limited**

Report and Financial Statements

Year Ended

31 December 2003

**IBDO**  
BDO Stoy Hayward  
Chartered Accountants



## **Promo Only Limited**

### **Annual report and financial statements for the year ended 31 December 2003**

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#### **Directors**

R J Robinson  
P A Werner

#### **Secretary and registered office**

Chariot House Limited, 42 Alie Street, London E1 8DA

#### **Company number**

3589150

#### **Auditors**

BDO Stoy Hayward LLP, 66 Broomfield Road, Chelmsford, Essex, CM1 1SW

## **Promo Only Limited**

### **Report of the directors for the year ended 31 December 2003**

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The directors present their report together with the audited financial statements for the year ended 31 December 2003.

#### **Results**

The profit and loss account is set out on page 5 and shows the profit for the year.

#### **Principal activities**

The principal activity of the company during the year continued to be that of Compact Disc and Digital Versatile Disc distribution to Disc Jockeys.

During 2002 the company entered into an agreement with a third party to take over the manufacture and distribution of certain of the company's products and this has continued this year.

#### **Directors**

The directors of the company during the year were:

R J Robinson  
P A Werner

No director had any beneficial interest in the share capital of the company. Their interest in the shares of the company's ultimate controlling party, Promo Only Inc are disclosed in the financial statements of that company.

#### **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 year. 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 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 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.

**Promo Only Limited**

**Report of the directors for the year ended 31 December 2003 (*Continued*)**

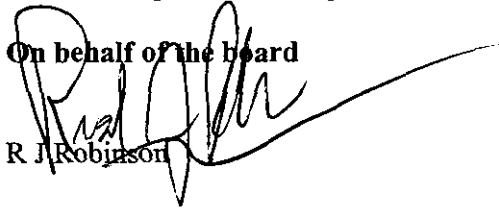
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**Auditors**

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

**On behalf of the board**

  
R J Robinson

**Director**

Date: 15 June 2004.

## Promo Only Limited

### Report of the independent auditors

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#### To the shareholders of Promo Only Limited

We have audited the financial statements of Promo Only Limited for the year ended 31 December 2003 on pages 5 to 11 which have been prepared under the accounting policies set out on pages 7 to 8.

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

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

#### *Basis of audit 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.

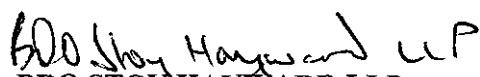
**Promo Only Limited**

**Report of the independent auditors (*Continued*)**

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*Opinion*

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**BDO STOY HAYWARD LLP**  
*Chartered Accountants  
and Registered Auditors*  
Chelmsford

23 June 2004

**Promo Only Limited****Profit and loss account for the year ended 31 December 2003**

	Note	2003 £	2002 £
Turnover	3	6,853	248,286
Cost of sales		16,420	129,805
		<u>          </u>	<u>          </u>
Gross (loss)/profit		(9,567)	118,481
Administrative expenses		(65,307)	243,906
		<u>          </u>	<u>          </u>
Operating profit/(loss)	4	55,740	(125,425)
Other interest receivable and similar income		135	520
Interest payable and similar charges		(41)	(200)
		<u>          </u>	<u>          </u>
Profit/(loss) on ordinary activities before and after taxation for the financial year		55,834	(125,105)
Accumulated loss brought forward		(1,178,181)	(1,053,076)
		<u>          </u>	<u>          </u>
Accumulated loss carried forward		(1,122,347)	(1,178,181)
		<u>          </u>	<u>          </u>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit/loss for the year.

The notes on pages 7 to 11 form part of these financial statements.

**Promo Only Limited**

**Balance sheet at 31 December 2003**

	Note	2003 £	2003 £	2002 £	2002 £
<b>Fixed assets</b>					
Tangible assets	6		-		448
<b>Current assets</b>					
Stocks		-		6,178	
Debtors	7	6,433		28,375	
Cash at bank and in hand		9,206		30,122	
		<u>15,639</u>		<u>64,675</u>	
<b>Creditors: amounts falling due within one year</b>	8	<u>1,137,984</u>		<u>1,243,302</u>	
<b>Net current liabilities</b>			<u>(1,122,345)</u>		<u>(1,178,627)</u>
<b>Total assets less current liabilities</b>			<u>(1,122,345)</u>		<u>(1,178,179)</u>
<b>Capital and reserves</b>					
Called up share capital	9		2		2
Profit and loss account			<u>(1,122,347)</u>		<u>(1,178,181)</u>
<b>Equity shareholders' funds</b>			<u>(1,122,345)</u>		<u>(1,178,179)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 15 June 2004.

R J Robinson  
Director

The notes on pages 7 to 11 form part of these financial statements.

**Notes forming part of the financial statements for the year ended 31 December 2003**

## Promo Only Limited

### Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

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#### 1 Accounting policies (*continued*)

##### *Leased assets*

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

#### 2 Going concern

These financial statements have been prepared on the going concern basis on the grounds that the ultimate controlling party has agreed to provide financial support.

#### 3 Turnover

The proportion of turnover that is attributable to markets outside the United Kingdom is 0% (2002 - 17%).

#### 4 Operating profit/(loss)

	2003 £	2002 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	-	223
Loss on disposal of tangible fixed assets	448	15,350
Hire of other assets - operating leases	33,750	48,874
Audit services	2,000	5,000
Gain on foreign exchange	(144,304)	(116,050)
	<u>          </u>	<u>          </u>

Promo Only Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

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**5 Directors' remuneration**

No director received any emoluments during the current year (2002 - £NIL).

**6 Tangible fixed assets**

	Office equipment £
<i>Cost</i>	
At 1 January 2003	999
Disposals	(999)
	—
At 31 December 2003	-
<i>Depreciation</i>	
At 1 January 2003	551
Disposals	(551)
	—
At 31 December 2003	-
<i>Net book value</i>	
At 31 December 2003	-
	—
At 31 December 2002	448
	—

Promo Only Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

7 Debtors

	2003 £	2002 £
Trade debtors	-	3,987
Other debtors	6,433	24,388
	<u>6,433</u>	<u>28,375</u>

All amounts shown under debtors fall due for payment within one year.

8 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	27	44,198
Amounts owed to group undertakings	1,123,334	1,176,115
Taxation and social security	-	8,266
Other creditors	-	1,276
Accruals and deferred income	14,623	13,447
	<u>1,137,984</u>	<u>1,243,302</u>

9 Share capital

	2003 £	Authorised 2002 £	Allotted, called up and fully paid 2003 £	2002 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>2</u>	<u>2</u>

## Promo Only Limited

### Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

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#### 10 Related party disclosures

At 31 December 2003 there was an amount due to Promo Only Inc, a company in which Mr R J Robinson and Mr P A Werner are the controlling parties, of £1,123,334 (2002- £1,176,115). There are no fixed terms for repayment.

During 2002 the company disposed of fixed assets at zero cost to Promo Only Inc. These assets had a fair value of approximately £4,500.

#### 11 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2003 Land and buildings £	2002 Land and buildings £
Operating leases which expire:		
In two to five years	-	26,061
	<u>          </u>	<u>          </u>

#### 12 Ultimate parent company

The company's ultimate controlling party is Promo Only Inc, a company incorporated in the USA, which is the parent of both the smallest and largest groups of which the company is a member.

Promo Only Inc has agreed to provide support for the company for the foreseeable future.