

LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

(COMPANY NO. 487987)

REPORT AND FINANCIAL STATEMENTS

30TH JUNE 1998





CERTIFIED
PUBLIC
ACCOUNTANTS

MIDWAY HOUSE 27/29 CURSITOR STREET LONDON EC4A 1LT (0171) 831-4200 FACSIMILE (0171) 831-5080

ROBERT MARGOLIES CPA
ROBERT BANDMAN CPA
MARTIN GOLDBERG CPA FCA (UK)
ALVIN HANDWERKER CPA
GABE WOLOSKY CPA
BRADFORD CAMPBELL CPA
JEREMY STEINBERG CPA
VANRICK CLARKE CPA
LOUIS BORODINSKY CPA
MARK BOOMLA FCCA (UK)
JOSEPH RUST CPA
LESTER STEIN CPA

AUDITORS' REPORT TO THE DIRECTORS OF
LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the annexed abbreviated accounts together with the full financial statements of Lakeview Music Publishing Company Limited for the year ended 30th June 1998. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on the balance sheet and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 30th June 1998, and the annexed abbreviated accounts have been properly prepared in accordance with that Schedule.

On 25th March 1999 we reported, as auditors of Lakeview Music Publishing Company Limited, to the members on the full financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 30th June 1998 and our audit report was as follows:

"We have audited the financial statements on pages 6 to 12 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described in the Directors' Report, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

NEW YORK

LOS ANGELES

LONDON



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AUDITORS' REPORT TO THE DIRECTORS OF
LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

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 affairs as at 30th June 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as amended by the Companies Act 1989."

The statement of directors responsibilities referred to in our audit report on the full financial statements, reproduced above, was as follows:

NEW YORK

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AUDITORS' REPORT TO THE DIRECTORS OF
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PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

"The directors are required by law 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, total recognised gains or losses and cash flows of the company for that period. The directors confirm their responsibility to ensure that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 30th June 1998. The directors also confirm their responsibility to 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 maintaining adequate accounting records, for safeguarding the assets of the company, and for taking reasonable steps to prevent and detect fraud and other irregularities."

A handwritten signature in ink, appearing to read "Prager and Fenton", is written over the printed name of the firm.

PRAGER AND FENTON
CERTIFIED PUBLIC ACCOUNTANTS
AND
REGISTERED AUDITORS

Dated: 25th March 1999

NEW YORK

LOS ANGELES

LONDON

LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

BALANCE SHEET

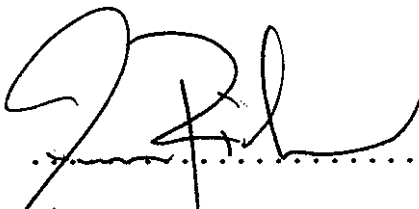
AS AT 30TH JUNE 1998

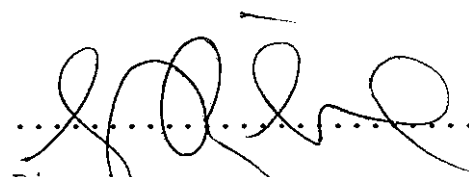
	<u>Note</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
CURRENT ASSETS			
Stocks		4,728	4,417
Debtors		22,182	43,431
Cash at bank and in hand		314,245	309,642
		<hr/>	<hr/>
		341,155	357,490
 CREDITORS: Amounts falling due within one year		 104,566	 130,750
		<hr/>	<hr/>
		£236,589	£226,740
		<hr/>	<hr/>
 CAPITAL AND RESERVES			
Called up Share Capital	2	100	100
Profit and loss account		236,489	226,640
		<hr/>	<hr/>
Shareholders' funds		£236,589	£226,740
		<hr/>	<hr/>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

Advantage is taken of the exemption conferred by Section A of Part III of Schedule 8 of the Companies Act 1985 with respect to the delivery of individual accounts. In the opinion of the directors, the company is entitled to those exemptions on the grounds that it has met the qualifications for a small company specified in Sections 246 and 247.

By order of the Board.


.....
Director


.....
Director

Dated: 25th March 1999

LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

NOTES TO THE ACCOUNTS

30TH JUNE 1998

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with statements of standard accounting practice and financial reporting standards issued by UK accountancy bodies. The company has taken advantage of the exemption in Financial Reporting Standard Number 1 "Cash Flow Statements" from the requirement to prepare a cash flow statement on the grounds that it is a small company. The particular accounting policies adopted are described below:

(a) Accounting Convention

The financial statements are prepared under the historical cost convention.

(b) Turnover

Turnover consists of royalty income and fees from the sale of sheet music, net of value added tax. Turnover from third parties is recognised on a cash received basis, whilst turnover from group companies is recognised on a receivable basis.

(c) Stocks

Stocks are valued at the lower of cost and net realisable value.

(d) Deferred Taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

(e) Foreign Exchange

Transactions of the company denominated in foreign currencies are translated into sterling at the rate ruling at the date of the transaction. Amounts outstanding in foreign currencies at the balance sheet date are translated at the rate ruling at that date. Translation differences are dealt with in the profit and loss account.

2. CALLED UP SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
Authorised, allotted, issued and fully paid:		
100 ordinary shares of £1 each	£ 100	£ 100
	<u> </u>	<u> </u>