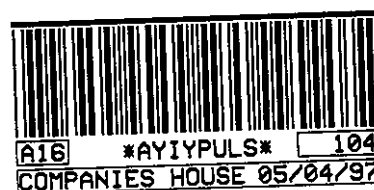


LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

(COMPANY NO. 487987)

REPORT AND FINANCIAL STATEMENTS

30TH JUNE 1996



LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 1996

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LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

H.S. Richmond	(USA)		F.D. Richmond	(USA)
A.B. Richmond	(USA)	(Deceased 29/3/96)	P.H. Richmond	(USA)
L.S. Richmond	(USA)		E.S. Schulman	(USA)
R.M. Richmond	(USA)			

SECRETARY

K. Finnis

REGISTERED OFFICE

Suite 2.07,
Plaza 535 Kings Road,
London,
SW10 OSZ.

BANKERS

Barclays Bank plc,
Belgravia & Knightsbridge Business Centre,
P.O. Box 4578,
155 Brompton Road,
London,
SW3 1XD.

SOLICITORS

Sheridans,
14 Red Lion Square,
London,
WC1R 4QL.

AUDITOR

Prager and Fenton,
Certified Public Accountants,
Midway House,
27/29 Cursitor Street,
London,
EC4A 1LT.

LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

DIRECTORS' REPORT

The directors present their annual report and audited financial statements for the year ended 30th June 1996.

1. RESPONSIBILITIES OF DIRECTORS

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 1996. 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.

2. ACTIVITIES

The principal activity of the company continued to be that of music publishing and the directors consider that this activity will remain unchanged.

3. REVIEW OF DEVELOPMENTS

The directors consider the results for the year to be satisfactory. Turnover for the year was £158,426 (1995 - £124,188) and the profit for the year before tax was £10,614 (1995 - £8,257). The financial position of the company at the year end is set out in the balance sheet.

4. DIVIDENDS AND TRANSFERS TO RESERVES

The directors do not recommend the payment of a dividend. No transfers to reserves were made other than from the profit and loss account.

5. FUTURE PROSPECTS

The directors are aware that due to the nature of the music industry, future earnings are difficult to predict, but are optimistic that the level of activity will increase in future years and intend to take every opportunity to develop the business.

LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

DIRECTORS' REPORT

6. DIRECTORS

The directors who served during the year were as follows:

H.S. Richmond (USA)	F.D. Richmond (USA)
A.B. Richmond (USA) (Deceased 29/3/96)	P.H. Richmond (USA)
L.S. Richmond (USA)	E.S. Schulman (USA)
R.M. Richmond (USA)	

None of the directors have any beneficial interests in the shares of the company.

7. AUDITORS

Prager and Fenton have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board



K. FINNIS

Secretary

Dated: 12th March 1997



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 ACCA (UK)
JOHN LECONTE CPA
JOSEPH RUST CPA
LESTER STEIN CPA

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

We have audited the financial statements on pages 6 to 11 which have been prepared 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.

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.

ROBERT MARGOLIES CPA
ROBERT BANDMAN CPA
MARTIN GOLDBERG CPA FCA (UK)
ALVIN HANDWERKER CPA
GABE WOLOSKY CPA
BRADFORD CAMPBELL CPA
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VANRICK CLARKE CPA
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JOHN LECONTE CPA
JOSEPH RUST CPA
LESTER STEIN CPA

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company affairs as at 30th June 1996 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.


PRAGER AND FENTON
CERTIFIED PUBLIC ACCOUNTANTS
AND
REGISTERED AUDITORS

Dated: 12th March 1997

LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH JUNE 1996

	<u>Note</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
Turnover	1(b), 2	158,426	124,188
Cost of sales		118,298	67,631
Gross profit		40,128	56,557
Administrative expenses		47,591	64,112
Operating loss		(7,463)	(7,555)
Interest receivable and similar income	4	18,077	15,812
Profit on ordinary activities before taxation	2, 5	10,614	8,257
Tax on profit on ordinary activities	6	3,531	2,696
Profit on ordinary activities after taxation		7,083	5,561
Profit and loss account brought forward		207,131	201,570
Profit and loss account carried forward		£214,214	£207,131

There are no recognised gains or losses other than those included in the profit and loss account.

LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

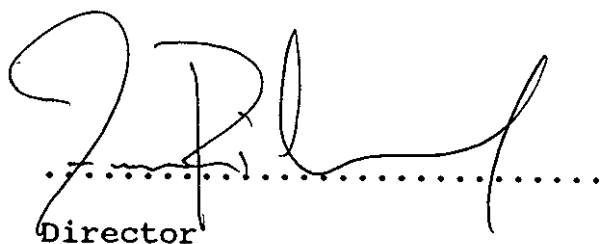
BALANCE SHEET


AS AT 30TH JUNE 1996

	<u>Note</u>	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
CURRENT ASSETS			
Stocks	1(c), 7	2,538	2,438
Debtors	8	31,709	15,783
Cash at bank and in hand		317,189	288,147
		<hr/>	<hr/>
		351,436	306,368
CREDITORS: Amounts falling due within one year	9	137,122	99,137
		<hr/>	<hr/>
		£214,314	£ 207,231
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up Share Capital	10	100	100
Profit and loss account		214,214	207,131
		<hr/>	<hr/>
Shareholders' funds	11	£214,314	£207,231
		<hr/>	<hr/>

The financial statements were approved by the Board of Directors on 12th March 1997.

By order of the Board.


.....
Director


.....
Director

LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

NOTES TO THE ACCOUNTS

30TH JUNE 1996

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.

LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

NOTES TO THE ACCOUNTS

30TH JUNE 1996

2. TURNOVER AND PROFIT

The turnover and profit on ordinary activities before taxation are attributable to the activity of music publishing. A geographical analysis of turnover is not disclosed.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>1996</u>	<u>1995</u>
Directors' emoluments:		
Other emoluments	£ 30,000	£ 38,500
	<u> </u>	<u> </u>

	<u>1996</u>	<u>1995</u>
Employee costs during the year (including directors):		
Wages and salaries	£ 30,000	£ 38,500
	<u> </u>	<u> </u>

The directors, whose duties were carried out mainly outside the United Kingdom, were the only employees of the company during the year under review and the preceding year.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Bank interest receivable	17,855	15,785
Interest on late royalties	222	27
	<u> </u>	<u> </u>
	£ 18,077	£ 15,812
	<u> </u>	<u> </u>

LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

NOTES TO THE ACCOUNTS

30TH JUNE 1996

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1996</u>	<u>1995</u>
Profit on ordinary activities before taxation is after charging:		
Auditors' remuneration	£ 750	£ 750
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u>	<u>1995</u>
United Kingdom corporation tax at 33% (1995 : 33%) based on the result for the year	£ 3,531	£ 2,696
	<u> </u>	<u> </u>

7. STOCKS

	<u>1996</u>	<u>1995</u>
Finished goods and goods for resale	£ 2,538	£ 2,438
	<u> </u>	<u> </u>

8. DEBTORS

	<u>1996</u>	<u>1995</u>
	£	£
Amounts owed by group companies	30,483	15,695
Prepayments and accrued income	1,226	88
	<u> </u>	<u> </u>
	£ 31,709	£ 15,783
	<u> </u>	<u> </u>

LAKEVIEW MUSIC PUBLISHING COMPANY LIMITED

NOTES TO THE ACCOUNTS

30TH JUNE 1996

9. CREDITORS: Amounts falling due
within one year

	<u>1996</u> £	<u>1995</u> £
Trade creditors	90,471	47,560
Amounts owed to group companies	76	52
Taxation and social security	7,350	5,639
Other creditors	1,377	1,050
Accruals and deferred income	37,848	44,836
	<hr/>	<hr/>
	£137,122	£ 99,137
	<hr/>	<hr/>

10. CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
Authorised, allotted, issued and fully paid:		
100 ordinary shares of £1 each	£ 100	£ 100
	<hr/>	<hr/>

11. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>1996</u> £	<u>1995</u> £
Profit retained for the year	7,082	5,561
Shareholders' funds at 1st July 1995	207,231	201,670
	<hr/>	<hr/>
Shareholders' funds at 30th June 1996	£214,313	£207,231
	<hr/>	<hr/>

12. ULTIMATE HOLDING COMPANY

TRO Essex Music Limited holds 75% of the ordinary share capital of Lakeview Music Publishing Limited and the remaining 25% are held by another group company, Cromwell Music Limited.

The directors regard Connaught Music Inc., incorporated in the United States of America, as the company's ultimate holding company. Group accounts are not prepared.