

Registration Number 00500688

Meridian Music Publishing Company Limited

Directors' Report and Financial Statements

for the year ended 31 December 1998



Meridian Music Publishing Company Limited

Company Information

Directors	Nigel Robert Elderton Klaus - Michael Karnstedt (Germany) Ralph Iversen Peer (U.S.A.)
Secretary	Duncan Toone
Company Number	00500688
Registered Office	Peer House 8 - 14 Verulam Street London WC1X 8LZ
Auditors	Bowker Orford 15 - 19 Cavendish Place London W1M 0DD
Business Address	Peer House 8 - 14 Verulam Street London WC1X 8LZ
Bankers	Coutts & Co. 440 Strand London WC2R 0QS

Meridian Music Publishing Company Limited

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Meridian Music Publishing Company Limited

Directors' Report for the year ended 31 December 1998

The directors present their report and the financial statements for the year ended 31 December 1998.

Principal Activity

The principal activity of the company is the provision of services within the music industry.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	1998	1997
Nigel Robert Elderton	-	-
Klaus - Michael Karnstedt	-	-
Derek Raymond King (Resigned 30/6/98)	-	-
Ralph Iversen Peer	-	-
Klaus - Michael Karnstedt retires by rotation and being eligible offers himself for re-election.		

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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 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

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Bowker Orford be reappointed as auditors of the company will be put to the Annual General Meeting.

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

This report was approved by the Board on 11th May 1999 and signed on its behalf by


Duncan Toone
Secretary

Meridian Music Publishing Company Limited

Auditors' Report to the Shareholders of Meridian Music Publishing Company Limited

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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

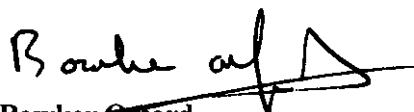
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and 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 as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 relating to small companies.


Bowker Orford

**Chartered Accountants and
Registered Auditor**

**15 - 19 Cavendish Place
London
W1M 0DD**

DATE ...17th May 1999...

Meridian Music Publishing Company Limited

**Profit and Loss Account
for the year ended 31 December 1998**

		Continuing operations	
		1998	1997
	Notes	£	£
Turnover	2	32,120	34,400
Cost of sales		(7,155)	(10,504)
Gross profit		<u>24,965</u>	<u>23,896</u>
Distribution costs		(34)	-
Administrative expenses		(21,848)	(20,929)
Retained profit for the year		<u>3,083</u>	<u>2,967</u>
Accumulated (loss) brought forward		(25,465)	(28,432)
Accumulated (loss) carried forward		<u>(22,382)</u>	<u>(25,465)</u>

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 6 to 8 form an integral part of these financial statements.

Meridian Music Publishing Company Limited

**Balance Sheet
as at 31 December 1998**

		1998		1997	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	4		3,301		4,924
Current Assets					
Debtors	5	2,307		37	
Cash at bank and in hand		267		442	
		<u>2,574</u>		<u>479</u>	
Creditors: amounts falling due within one year	6	<u>(28,157)</u>		<u>(30,768)</u>	
Net Current Liabilities			<u>(25,583)</u>		<u>(30,289)</u>
Total Assets Less Current Liabilities			<u>(22,282)</u>		<u>(25,365)</u>
Capital and Reserves					
Called up share capital	7		100		100
Profit and loss account			<u>(22,382)</u>		<u>(25,465)</u>
Equity Shareholders' Funds	8		<u>(22,282)</u>		<u>(25,365)</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small .

The financial statements were approved by the Board on 11th May 1999 and signed on its behalf by



Nigel Robert Elderton
Director

The notes on pages 6 to 8 form an integral part of these financial statements.

Meridian Music Publishing Company Limited

**Cash Flow Statement
for the year ended 31 December 1998**

	Notes	1998 £	1997 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		3,083	2,967
Depreciation		4,459	6,917
(Increase) in debtors		(2,270)	(27)
(Decrease) in creditors		(2,611)	(7,832)
Net cash inflow from operating activities		<u>2,661</u>	<u>2,025</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		2,661	2,025
Capital expenditure	10	(2,836)	(1,792)
Decrease in cash in the year		<u>(175)</u>	<u>233</u>
Reconciliation of net cash flow to movement in net debt (Note 11)			
Decrease in cash in the year		(175)	233
Net funds at 1 January 1998		442	209
Net funds at 31 December 1998		<u>267</u>	<u>442</u>

Meridian Music Publishing Company Limited

Notes to the Financial Statements for the year ended 31 December 1998

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents income from the hire of services and sales of recorded tapes. All turnover is within the United Kingdom.

1.3 Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Fixtures, fittings
and equipment - 25% Straight Line

1.4 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

3. Operating profit

	1998	1997
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	4,459	6,917
Auditors' remuneration	1,000	750
	<u> </u>	<u> </u>

Meridian Music Publishing Company Limited

**Notes to the Financial Statements
for the year ended 31 December 1998**

..... continued

4. Tangible fixed assets

	Fixtures, fittings equipment	Total
	£	£
Cost		
At 1 January 1998	15,002	15,002
Additions	2,836	2,836
At 31 December 1998	<u>17,838</u>	<u>17,838</u>
Depreciation		
At 1 January 1998	10,078	10,078
Charge for the year	4,459	4,459
At 31 December 1998	<u>14,537</u>	<u>14,537</u>
Net book values		
At 31 December 1998	<u>3,301</u>	<u>3,301</u>
At 31 December 1997	<u>4,924</u>	<u>4,924</u>

5. Debtors

	1998	1997
	£	£
Other debtors	187	37
Prepayments and accrued income	2,120	-
	<u>2,307</u>	<u>37</u>

6. Creditors: amounts falling due within one year

	1998	1997
	£	£
Amounts owed to group undertaking	26,952	29,825
Accruals and deferred income	1,205	943
	<u>28,157</u>	<u>30,768</u>

Meridian Music Publishing Company Limited

**Notes to the Financial Statements
for the year ended 31 December 1998**

..... continued

7. Share capital	1998	1997
	£	£
Authorised equity		
- Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
Allotted, called up and fully paid equity		
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>
8. Reconciliation of movements in shareholders' funds	1998	1997
	£	£
Profit for the year	3,083	2,967
Opening shareholders' funds	(25,365)	(28,332)
	<u>(22,282)</u>	<u>(25,365)</u>

- 9. Ultimate parent undertaking**
The company is a wholly owned subsidiary of Peermusic (U.K.) Limited which is itself a subsidiary of a Company registered in the United States of America.

11. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	442	(175)	267
Net funds	<u>442</u>	<u>(175)</u>	<u>267</u>