

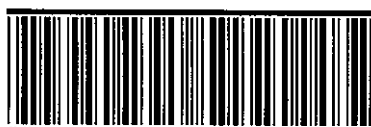
MERIDIAN MUSIC PUBLISHING COMPANY LIMITED

Financial Statements

at

31st December 1994

Bowker Orford & Co.,
Chartered Accountants,
15-19 Cavendish Place,
London W1M 0DD.



MERIDIAN MUSIC PUBLISHING COMPANY LIMITED

Report and Financial Statements for the
year ended 31st December 1994

Directors : R.I. Peer II
D.R. King
N.R. Elderton
K-M. Karnstedt

Secretary : B. Coshell

Registered Office : Peer House
8-14 Verulam Street
London WC1X 8LZ

Company Number : 500688

Contents

	<u>Page</u>
Report of the Directors	1-2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Cash Flow Statement	6
Notes to the Financial Statements	7-10
Detailed Profit and Loss Account	11

Report of the Directors

The directors submit their report and the financial statements for the year ended 31st December 1994.

Results and dividends

The trading loss for the year amounted to £1,484 (1993 profit £9,313). The directors do not recommend the payment of a dividend.

Review of the business

The Company's principal activity during the year was commercial recording. There were no significant changes in the principal activities during the year and no changes are envisaged in the future.

Fixed assets

The changes in fixed assets during the year are summarised in the notes to the financial statements.

Directors and their interests

The directors who served during the year and to date, and their interests in the share capital of the Company were as follows:-

	31st December 1994 Ordinary shares	1st January 1994 Ordinary shares
R.I. Peer II (U.S.A)	-	-
D.R. King	-	-
N.R. Elderton	-	-
K-M. Karnstedt (Germany)	-	-

D.R. King retires by rotation, and being eligible, offers himself for re-election.

Close company

The Company is a close company within the provisions of the Income and Corporation Taxes Act, 1988.

Continued

Report of the Directors(continued)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 and of the profit or loss of that Company for that period. In preparing these financial statements, the directors are required to:-

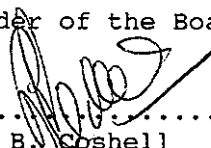
- 1) select suitable accounting policies and then apply them consistently;
- 2) make judgements and estimates that are reasonable and prudent;
- 3) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In addition 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

The Auditors Messrs Bowker Orford & Co., Chartered Accountants, have expressed their willingness to continue in office, and a resolution that they be reappointed at a fee to be fixed by the directors will be proposed at the forthcoming Annual General Meeting.

By Order of the Board


.....
B. Coshell
Secretary

Peer House
8-14 Verulam Street
London WC1X 8LZ

Date 4th .. MAY ... 1995

Auditors Report to the Members of

MERIDIAN MUSIC PUBLISHING COMPANY LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the Company's directors are responsible for the preparation of the 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 an 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 31st December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

.....*Bowker Orford & Co*
Bowker Orford & Co
Registered Auditors
Chartered Accountants

15-19 Cavendish Place,
London W1M 0DD.

Date *5th May* 1995

Profit and Loss Account
for the year ended 31st December 1994

	Note	1994 £	1993 £
TURNOVER	2	58,438	59,656
Cost of sales		(31,861)	(30,683)
GROSS PROFIT		26,577	28,973
Administrative expenses		(28,061)	(19,660)
OPERATING (LOSS)/PROFIT	3	(1,484)	9,313
ACCUMULATED LOSS BROUGHT FORWARD		(17,610)	(26,923)
ACCUMULATED LOSS CARRIED FORWARD		£ (19,094)	£ (17,610)

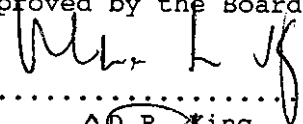
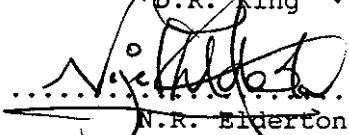
The Company had no recognised gains or losses other than the (loss)/profit for the year

The accompanying notes are an integral part of these financial statements

Balance Sheet as at 31st December 1994

	Note	1994		1993	
		£	£	£	£
FIXED ASSETS					
Tangible assets	4		36,419		52,635
CURRENT ASSETS					
Debtors	5	769		12,959	
Cash at bank		367		173	
		1,136		13,132	
CREDITORS: Amounts falling due within one year	6	(56,549)		(83,277)	
NET CURRENT LIABILITIES			(55,413)		(70,145)
		£	(18,994)	£	(17,510)
CAPITAL AND RESERVES					
Share capital	7		100		100
Profit and Loss Account			(19,094)		(17,610)
		£	(18,994)	£	(17,510)

Approved by the Board:-


.....)
D.R. King)
.....) Directors

.....)
N.R. Elderton)

Date 4th .. MAY. 1995

The accompanying notes are an integral part of these
financial statements

Cash Flow Statement for the year ended 31st December 1994

	1994 £	1993 £
Net cash inflow from operating activities (see A below)	12,463	4,735
Investing activities:		
Payment to acquire tangible fixed assets	(12,669)	(8,182)
Sale of tangible fixed assets	400	2,143
Increase/(Decrease) in cash and cash equivalents (see B below)	<u>£ 194</u>	<u>£ (1,304)</u>
A. Reconciliation of operating profit/(loss) to net cash inflow from operating activities		
Operating (loss)/profit	(1,484)	9,313
Depreciation charges	28,485	23,749
Movement in debtors	12,190	(607)
Movement in creditors	(26,728)	(27,720)
Net cash inflow from operating activities	<u>£ 12,463</u>	<u>£ 4,735</u>
B. Analysis of changes in cash and cash equivalents during the year		
Balance at 1st January 1994	173	1,477
Net cash inflow/(outflow)	194	(1,304)
Balance at 31st December 1994	<u>£ 367</u>	<u>£ 173</u>

The accompanying notes are an integral part of these financial statements

Notes to the Financial Statementsas at 31st December 19941. Accounting policiesBasis of presentation

The financial statements have been prepared using the historical cost convention and comply with all applicable United Kingdom accounting standards. Where changes in presentation are made, comparative figures are adjusted accordingly.

Depreciation

Studio equipment and fittings are written off over four years.

2. Turnover

Turnover represents income from the hire of services and sales of recorded tapes.

All turnover is within the United Kingdom.

3. Operating (Loss)/Profit

This is stated are charging:-

	1994 £	1993 £
Depreciation	28,885	25,892
Depreciation adjustment on sale of fixed assets	(400)	(2,143)
Auditors' remuneration	750	750
	<u> </u>	<u> </u>

Notes to the Financial Statements

as at 31st December 1994

4. Tangible assets

	Studio equipment & fittings
	£
<u>Cost</u>	
At 1st January 1994	102,874
Additions	12,669
Disposals	(3,383)
At 31st December 1994	112,160
<u>Depreciation</u>	
At 1st January 1994	50,239
Charge for year	28,885
Disposals	(3,383)
At 31st December 1994	75,741
<u>NET BOOK VALUE</u>	
At 31st December 1994	£ 36,419
At 31st December 1993	£ 52,635

5. Debtors

	1994 £	1993 £
Trade debtors	700	11,650
Other debtors	-	1,309
Value Added Tax	69	-
	£ 769	£ 12,959

Notes to the Financial Statements

as at 31st December 1994

6. Creditors: Amounts falling due within one year

	1994 £	1993 £
Other taxes and social security costs	-	163
Amount due to Group undertaking	55,425	81,925
Accruals	1,124	1,189
	<u>£ 56,549</u>	<u>£ 83,277</u>

7. Share capital

	1994 £	1993 £
Authorised:-		
100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
Issued and fully paid:-		
100 ordinary shares of £1 each	<u>£ 100</u>	<u>£ 100</u>

8. Reconciliation of movement in shareholders' funds

	1994 £	1993 £
(Loss)/profit for the year	(1,484)	9,313
Shareholders funds at 31.12.93	<u>(17,510)</u>	<u>(26,823)</u>
Shareholders funds at 31.12.94	<u>£ (18,994)</u>	<u>£ (17,510)</u>

9. Contingent liabilities

The Company is included within the Peermusic (U.K.) Group V.A.T. registration. As a result, a contingent liability may arise for the Group V.A.T. due.

Notes to the Financial Statements

as at 31st December 1994

10. Parent Company

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.