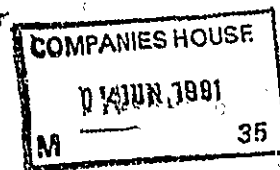


BOCU MUSIC LIMITED
AND SUBSIDIARY COMPANIES

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1990



EOCU MUSIC LIMITED

DIRECTORS J. Spalding
Mrs. C. Broughton

SECRETARY J. Spalding

REGISTERED OFFICE 109-113 Charterhouse Street,
London, EC1M 6AA.

AUDITORS Silver Altman,
109-113 Charterhouse Street,
London, EC1M 6AA.

REPORT OF THE DIRECTORS

The directors present their report with the financial statements of the company and the group for the year ended 31st December 1990.

REVIEW OF BUSINESS

A summary of the results of the group for the year is given on page 3 of the financial statements.

PRINCIPAL ACTIVITIES

The principal activities of the company and the group in the year under review was music publishing and the promotion of artistes.

DIVIDENDS

An interim dividend of £8.00 per share was paid in respect of the year.

A minority shareholder waived his right to the interim dividend.

The directors recommend the payment of a final dividend for the year of £3.75 per share (1989 : £7.00)

FIXED ASSETS

Movements in the fixed assets of the company and the group during the year are shown in the notes to the financial statements.

The directors consider the market value of the freehold land and buildings to be in excess of the book value.

DIRECTORS' INTERESTS


The directors of the company during the year and their interests in the issued share capital of the company were as follows:-

	Ordinary shares of £1 each <u>31.12.1990</u>	<u>1.1.1990</u>
J. Spalding	7,500	7,500
Mrs C. Broughton	NIL	NIL

AUDITORS

The auditors, Silver Altman, will be proposed for re-appointment in accordance with Section 384(1) of the Companies Act 1985.

For and on behalf of the board


J. Spalding
Secretary

21st May 1991
..... 1991

REPORT OF THE AUDITORS TO THE MEMBERS OF
BOCU MUSIC LIMITED

We have audited the financial statements set out on pages 3 to 11 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's and group's affairs at 31st December 1990 and of the group's profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

109-113 Charterhouse Street,
London, EC1M 6AA.

...21/5... 1991.

SILVER ALTMAN

CHARTERED ACCOUNTANTS

BOCU MUSIC LIMITED
AND SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1990

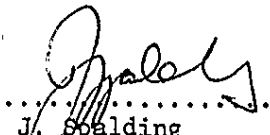
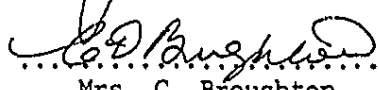
	<u>Notes</u>	£	<u>1990</u>	£	£	<u>1989</u>	£
TURNOVER	2		573,144			554,258	
Direct costs			(316,141)			(306,095)	
GROSS PROFIT			257,003			248,163	
Administrative expenses			(173,758)			(120,777)	
			83,245			127,386	
Other operating income	3		61,702			63,989	
OPERATING PROFIT	4		144,947			191,375	
Share of profits of related undertaking	5		79			229	
			145,026			191,604	
Interest payable	6	(57)			(10,347)		
Interest receivable		156,167			123,269		
			156,110			112,922	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			301,136			304,526	
TAXATION	8		(100,823)			(109,086)	
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	9		200,313			195,440	
DIVIDENDS	10		(97,500)			(70,000)	
PROFIT FOR YEAR			102,813			125,440	
BALANCE BROUGHT FORWARD			714,658			589,218	
BALANCE CARRIED FORWARD			£817,471			£714,658	

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

BOCU MUSIC LIMITED
AND SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET AS AT 31ST DECEMBER 1990

	<u>Notes</u>	<u>£</u>	<u>1990</u>	<u>£</u>	<u>1989</u>	<u>£</u>
FIXED ASSETS						
Tangible assets	11		164,299		175,112	
Investments	12		25,611		25,556	
			189,910		200,668	
CURRENT ASSETS						
Debtors	13	66,489		90,407		
Cash at bank and in hand		1,111,179		1,076,072		
			1,177,668		1,166,479	
CREDITORS : amounts falling due within one year	14	(540,107)		(642,489)		
NET CURRENT ASSETS			637,561		523,990	
NET ASSETS			£827,471		£724,658	
Represented by:						
CAPITAL AND RESERVES						
Called up share capital	15		10,000		10,000	
Profit and loss account			817,471		714,658	
			£827,471		£724,658	

Approved by the board on *May 21st* 1991.


)
 J. Spalding)
) DIRECTORS

)
 Mrs. C. Broughton)

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

BOCU MUSIC LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1990

	<u>Notes</u>	<u>1990</u>	<u>1989</u>
		£	£
FIXED ASSETS			
Tangible assets	11	163,782	174,536
Investments	12	155,112	155,112
		<hr/>	<hr/>
		318,894	329,648
CURRENT ASSETS			
Debtors	13	42,040	53,628
Cash at bank and in hand		939,675	857,109
		<hr/>	<hr/>
		981,715	910,737
CREDITORS : amounts falling due within one year	14	(661,661)	(629,928)
		<hr/>	<hr/>
NET CURRENT ASSETS		320,054	280,809
		<hr/>	<hr/>
NET ASSETS		£638,948	£610,457
		<hr/>	<hr/>
 Represented by:			
CAPITAL AND RESERVES			
Called up share capital	15	10,000	10,000
Profit and loss account		628,948	600,457
		<hr/>	<hr/>
		£638,948	£610,457
		<hr/>	<hr/>

Approved by the board on *May 21st* 1991.

J. Spalding
)
 J. Spalding)
)
Mrs. C. Broughton
)
 Mrs. C. Broughton)
 DIRECTORS

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

BOCU MUSIC LIMITED
AND SUBSIDIARY COMPANIES
CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER 1990

	£	<u>1990</u>	£	<u>1989</u>	£
SOURCE OF FUNDS					
Funds generated from operations:					
Profit on ordinary activities before taxation			301,136		304,526
Adjustment for items not involving the movement of funds:					
Depreciation	12,859			12,924	
Share of profits of related company	(79)			(229)	
Profit on sale of fixed assets	-			(6,370)	
		<u>12,780</u>			<u>6,325</u>
			313,916		310,851
Funds from other sources					
Proceeds of sale of fixed assets			-		16,500
			<u>313,916</u>		<u>327,351</u>
APPLICATION OF FUNDS					
Purchase of tangible fixed assets	2,047			35,537	
Taxation paid	103,882			78,485	
Dividends paid	130,000			30,813	
		<u>(235,929)</u>			<u>(144,835)</u>
INCREASE IN WORKING CAPITAL			<u>£ 77,987</u>		<u>£182,516</u>
MOVEMENT IN WORKING CAPITAL					
Decrease in debtors		(12,916)		(20,224)	
Decrease (increase) in creditors		55,796		(17,375)	
		<u>42,880</u>		<u>(37,599)</u>	
Movement in net liquid funds					
Increase in bank balance and cash		35,107		220,115	
		<u>£ 77,987</u>		<u>£182,516</u>	

ROCU MUSIC LIMITED
AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1990

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

(b) Basis of consolidation

The financial statements of the group comprise the financial statements of the holding company and its subsidiaries, together with the group's share of the results of one of its associated companies.

(c) Turnover

Turnover represents royalties received, excluding value added tax.

(d) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life :

Office equipment and furniture	-	25% on reducing balance
Motor vehicles	-	25% on cost

No depreciation is provided on freehold land and buildings.

(e) Direct costs

Direct costs represent all costs directly relating to turnover including royalties payable.

(f) Foreign currencies

Transactions in foreign currencies are translated into Sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. TURNOVER

The turnover and operating profit of the group before taxation are attributable to the principal activities of the group.

Analysis of turnover :

	<u>1990</u> £	<u>1989</u> £
United Kingdom	365,697	421,915
Overseas	207,447	132,343
	<u>£573,144</u>	<u>£554,258</u>

3. OTHER OPERATING INCOME

	<u>1990</u> £	<u>1989</u> £
Management fees receivable	58,702	60,980
Rent receivable	3,000	3,009
	<u>£61,702</u>	<u>£63,989</u>

BOCU MUSIC LIMITED
AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1990
(continued)

4. OPERATING PROFIT

	<u>1990</u> £	<u>1989</u> £
The operating profit is stated after charging :		
Depreciation of tangible fixed assets	12,859	12,924
Directors' emoluments including pension contributions (note 7)	113,897	65,190
Staff costs	5,599	5,872
Auditors' remuneration	4,600	4,300
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of fixed assets	-	6,370
	<u> </u>	<u> </u>

5. INCOME FROM SHARES IN RELATED UNDERTAKINGS

This represents the group's share of the pre-tax profits of one related undertaking for the financial year.

The results of the other related undertaking are not incorporated in the group's financial statements as the control and management of the company is based in the U.S.A.

6. INTEREST PAYABLE

	<u>1990</u>	<u>1989</u>
Other interest	£ 57	£10,347
	<u> </u>	<u> </u>

7. DIRECTORS' EMOLUMENTS, excluding pension contributions

	<u>1990</u>	<u>1989</u>
Chairman & highest paid director	£35,800	£35,800
	<u> </u>	<u> </u>

The number of directors whose emoluments fell between the following ranges, was as follows:-

£20,001-£25,000	1	1
-----------------	---	---

8. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	<u>1990</u> £	<u>1989</u> £
Corporation tax at 31.9% (1989: 33.4%) based on the profit for the year	99,317	111,439
Under/(over)provision in previous years	652	(281)
Transferred to (from) deferred tax	830	(2,244)
Group share of tax of relating undertaking	24	172
	<u> </u>	<u> </u>
	£100,823	£109,086
	<u> </u>	<u> </u>

BOCU MUSIC LIMITED

AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1990
(continued)

9. PROFIT FOR THE FINANCIAL YEAR

	<u>1990</u>	<u>1989</u>
Profit dealt with in the financial statements of the holding company	<u>£125,991</u>	<u>£120,508</u>

In accordance with Section 228(7) of the Companies Act 1985, a profit and loss account of the holding company is not presented.

10. DIVIDENDS

	<u>1990</u> <u>£</u>	<u>1989</u> <u>£</u>
Interim dividend £8.00 per share	60,000	-
Final dividend £3.75 per share (1989: £7.00 per share)	37,500	70,000
	<u>£97,500</u>	<u>£70,000</u>

A minority shareholder waived his right to the interim dividend.

11. TANGIBLE FIXED ASSETS

<u>GROUP</u>	<u>Freehold land and buildings</u> <u>£</u>	<u>Office Equipment and Furniture</u> <u>£</u>	<u>Motor Vehicles</u> <u>£</u>	<u>Total</u> <u>£</u>
Cost				
At 1st January 1990	138,895	41,693	42,315	222,903
Additions	-	2,047	-	2,047
At 31st December 1990	<u>£138,895</u>	<u>£43,740</u>	<u>£42,315</u>	<u>£224,950</u>
Depreciation				
At 1st January 1990	-	34,276	13,516	47,792
Charge for year	-	2,280	10,579	12,859
At 31st December 1990	<u>£ -</u>	<u>£36,556</u>	<u>£24,095</u>	<u>£ 60,651</u>
Written down values				
At 31st December 1990	<u>£138,895</u>	<u>£ 7,184</u>	<u>£18,220</u>	<u>£164,299</u>
At 31st December 1989	<u>£138,895</u>	<u>£ 7,417</u>	<u>£28,800</u>	<u>£175,112</u>

EOCU MUSIC LIMITED

AND SUBSIDIARY COMPANIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER 1990
(continued)

11. TANGIBLE FIXED ASSETS (continued)

<u>COMPANY</u>	<u>Freehold land and buildings</u> £	<u>Office Equipment</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
Cost				
At 1st January 1990	138,895	39,432	42,315	220,642
Additions	-	2,047	-	2,047
At 31st December 1990	£138,895	£41,479	£42,315	£222,689
Depreciation				
At 1st January 1990	-	32,590	13,516	46,106
Charge for year	-	2,222	10,579	12,801
At 31st December 1990	£ -	£34,812	£24,095	£ 58,907
Written down values				
At 31st December 1990	£138,895	£ 6,667	£18,220	£163,782
At 31st December 1989	£138,895	£ 6,841	£28,800	£174,536

Depreciation is not provided on freehold land and buildings, as required by the Companies Act. The directors are of the opinion that its market value is in excess of cost.

12. FIXED ASSET INVESTMENTS

The following are included in the net book value of fixed asset investments:-

	<u>1990</u>		<u>1989</u>	
	<u>GROUP</u>	<u>COMPANY</u>	<u>GROUP</u>	<u>COMPANY</u>
Subsidiary undertakings	-	130,852	-	130,852
Subsidiary undertaking not consolidated	21	-	21	-
Related undertakings	25,590	24,260	25,535	24,260
	£25,611	£155,112	£25,556	£155,112

The results of one subsidiary undertaking were not consolidated. The control and management of this company is based in the U.S.A.

The principal group investments are as follows:

	<u>Country of Incorporation</u>	<u>Company</u>	<u>Proportion of shares held by Subsidiaries</u>
SUBSIDIARY UNDERTAKINGS			
Marquis Music Co. Ltd.	England	100%	
Marquis Enterprises Ltd.	England	100%	
Verulam Music Co. Ltd.	England	100%	
Mainstay Music Inc.	U.S.A.		60%
RELATED UNDERTAKINGS			
Jonjo Music Ltd.	England	50%	
Mainspring Music Corp.	U.S.A.		50%

BOCU MUSIC LIMITED
AND SUBSIDIARY COMPANIES
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1990
(continued)

13. DEBTORS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Other debtors	15,864	31,910	2,954	7,438
Prepayments	11,717	10,164	10,659	8,607
Trade debtors	2,028	2,028	-	-
Amount owed by group undertaking	-	-	100	-
Amount owed by relating undertaking	15,827	14,250	15,827	14,250
	<hr/>	<hr/>	<hr/>	<hr/>
Taxation recoverable	45,436	58,352	29,540	30,295
	21,053	32,055	12,500	23,333
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>£66,489</u>	<u>£90,407</u>	<u>£42,040</u>	<u>£53,628</u>

14. CREDITORS : AMOUNTS FALLING
DUE WITHIN ONE YEAR

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Trade creditors	307,092	349,561	246,660	275,262
Social security and other taxes	9,800	8,833	8,487	8,833
Other creditors	14,779	23,702	12,152	21,049
Accruals	50,200	55,571	47,216	52,343
Amount owed to group company	-	-	218,386	103,526
	<hr/>	<hr/>	<hr/>	<hr/>
Taxation	381,871	437,667	532,901	461,013
Proposed dividend	120,736	134,822	91,260	98,915
	37,500	70,000	37,500	70,000
	<hr/>	<hr/>	<hr/>	<hr/>
	<u>£540,107</u>	<u>£642,489</u>	<u>£661,661</u>	<u>£629,928</u>

15. SHARE CAPITAL

	<u>1990</u>	<u>1989</u>
Authorised, allotted and fully paid 10,000 Ordinary Shares of £1 each	<u>£10,000</u>	<u>£10,000</u>

16. TRANSACTIONS WITH DIRECTORS

Material interest of director

Mr. J. Spalding has a material interest in Prestige Music Limited, which paid the company management fees of £20,000 for the year ended 31st December 1990.

17. POST BALANCE SHEET EVENT

After the year end, Mr. J. Spalding, a director, purchased a further 2,500 shares in the company.