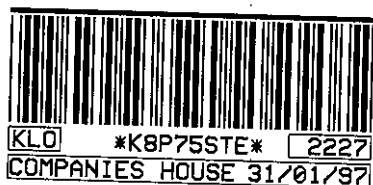


DAVRAY MUSIC LIMITED
REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1996

COMPANY NO: 886225

Macnair Mason
Chartered Accountants



Davray Music Limited

Report and financial statements

Year ended 31st March 1996

Director	R D Davies
Secretary	M C Ivory
Auditors	Macnair Mason Chartered Accountants St Clare House 30-33 Minories London EC3N 1DU
Registered office	84/86 Tottenham Lane Hornsey London N8 7EE
Company number	886225

Davray Music Limited

Report and financial statements

Year ended 31st March 1996

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Davray Music Limited

Report of the director

For the Year ended 31st March 1996

The director has pleasure in presenting his report, together with the audited financial statements for the year ended 31st March 1996.

Responsibility of the director

Company law requires the director to prepare, for each financial year, statements which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year.

The director has selected suitable accounting policies, and applied them consistently in preparing these financial statements. Where necessary, the director has made judgements and estimates which are considered reasonable and prudent. Furthermore, the director is specifically required to consider whether or not a going concern basis is appropriate for the preparation of these financial statements.

The director is responsible for keeping proper accounting records, which disclose at any time the financial position of the company with reasonable accuracy, records which in turn enable the director to ensure the financial statements comply with the Companies Act 1985. It is also the director's responsibility to safeguard the assets of the company and to take reasonable steps to prevent and detect fraud and other irregularities.

Principal activities

The principal activities of the company are the provision of services to the entertainment industry.

Results for the year

The results for the year are set out on page 4 of the financial statements.

Director

The director who held office during the year, together with his beneficial interest in the share capital of the company at the year end was as follows:

	<u>Ordinary shares of £1 each</u>	
	1996	1995
R D Davies	100	100

Davray Music Limited

Report of the director

For the Year ended 31st March 1996

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to reappoint Macnair Mason as auditors will be put to the annual general meeting.

Financial statements

In preparing this report the director has taken advantage of the special exemptions available to small companies.

By order of the board

Secretary



Date:

31st Jan 97.

Davray Music Limited

Report of the auditors to the shareholders

We have audited the financial statements on pages 4 to 9.

Respective responsibilities of director and auditors

As described on page 1 the company's director is 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 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 director 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 information and explanations which we consider 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 the 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 31st March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Registered Auditor
Chartered Accountants

St Clare House
30-33 Minories
London
EC3N 1DU

Date: 31 JAN 1997

Davray Music Limited

Profit and loss account

Year ended 31st March 1996

	Notes	1996 £	1995 £
Turnover	1	85,808	71,460
Administrative expenses		(17,928)	(57,551)
Operating profit	2	67,880	13,909
Interest receivable		56,060	46,300
Profit on ordinary activities before taxation		123,940	60,209
Tax on profit on ordinary activities	4	(39,614)	(17,884)
Profit for the financial year		84,326	42,325

All of the company's operations are classed as continuing.

A statement of the movement on reserves appears as note 9 to the financial statements.

The company had no recognised gains or losses other than the profit for the year.

Davray Music Limited

Balance sheet

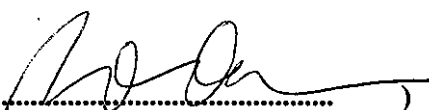
As at 31st March 1996

	Notes	1996	1995
		£	£
Fixed assets			
Tangible assets	5	143,450	139,905
Current assets			
Debtors and prepayments	6	1,549	1,481
Cash at bank and in hand		1,207,408	1,120,857
		<u>1,208,957</u>	<u>1,122,338</u>
Creditors: amounts falling due within one year	7	<u>420,491</u>	<u>414,652</u>
Net current assets		<u>788,466</u>	<u>707,686</u>
Total assets less current liabilities		<u>931,916</u>	<u>847,591</u>
Capital and reserves - equity			
Share capital	8	100	100
Profit and loss account	9	931,816	847,491
		<u>931,916</u>	<u>847,591</u>

Director's statement

In preparing these financial statements, advantage has been taken of special exemptions applicable to small companies provided by Part 1 of Schedule 8 to the Companies Act 1985. In the opinion of the director, the company is entitled to those exemptions on the grounds that it satisfies the small company criteria set out in Sections 246 and 247 of that Act.

The financial statements were approved by the director on **31 JAN 1997**

.......... **Director**

Davray Music Limited

Statement of accounting policies

The principal accounting policies which are adopted in the preparation of the financial statements are set out below.

Basis of accounting

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

Fixed assets

Fixed assets are stated at cost less depreciation.

Provision for depreciation of the freehold building, whose estimated useful life is greater than 50 years, is not considered to be necessary as it is the company's policy to maintain its property in good condition, which prolongs its useful life, and any depreciation involved would not be material. Costs of repairs and maintenance are charged against revenue in the year in which they are incurred.

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

Motor vehicles	- 25% of net book value per annum
Fixtures and fittings	- 25% of net book value per annum
Equipment	- 25% of net book value per annum

Foreign currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

Normal fluctuations on trading items are dealt with as part of the result for the year.

Davray Music Limited

Notes to the financial statements

Year ended 31st March 1996

1 Turnover

Turnover represents income of the company arising from royalties and other fees, exclusive of value added tax.

2 Operating profit

The operating profit is stated after charging or crediting:

	1996	1995
	£	£
Depreciation on owned assets	2,037	2,928
Profit on disposal of fixed assets	-	(2,750)
Auditors' remuneration	6,250	6,000

3 Staff costs

	1996	1995
	£	£
Wages and salaries	10,000	10,000
Social security costs	1,020	1,879
	11,020	11,879

4 Taxation

	1996	1995
	£	£
UK current year taxation		
U.K Corporation tax at 32% (1995- 29%)	39,614	17,884
	39,614	17,884

Davray Music Limited

Notes to the financial statements

Year ended 31st March 1996

5 Tangible fixed assets

	Freehold land and buildings	Motor vehicles	Furniture and equipment	Fixtures and fittings	Total
Cost	£	£	£	£	£
At 1st April 1995	133,341	1,540	145,071	4,786	284,738
Additions	-	-	-	5,582	5,582
At 31st March 1996	133,341	1,540	145,071	10,368	290,320
Depreciation					
At 1st April 1995	-	1,107	141,064	2,662	144,833
Charge for the Year	-	108	1,002	927	2,037
At 31st March 1996	-	1,215	142,066	3,589	146,870
Net Book Value					
At 31st March 1996	133,341	325	3,005	6,779	143,450
At 1st April 1995	133,341	433	4,007	2,124	139,905

6 Debtors

	1996 £	1995 £
Other debtors	1,549	1,481
	1,549	1,481

7 Creditors: amounts falling due within one year

	1996 £	1995 £
Trade creditors	-	3,020
Amounts owed to participating interests	245,147	236,176
Corporation tax	39,498	39,650
Other taxes and social security	1,020	1,200
Other creditors	134,826	134,606
	420,491	414,652

8 Share capital

	1996 £	1995 £
Equity shares		
Authorised ordinary shares of £1 each	100	100
Allotted, issued and fully paid ordinary shares of £1 each	100	100

Davray Music Limited

Notes to the financial statements

Year ended 31st March 1996

9 Reserves

	Profit and Loss Account
	£
At 1st April 1995	847,490
Profit for the year	84,326
At 31st March 1996	931,816

10 Reconciliation of shareholders' funds

	1996 £	1995 £
Profit for the financial year	84,326	42,325
Increase in the shareholders' funds	84,326	42,325
Opening shareholders' funds	847,590	805,266
Closing shareholders' funds	931,916	847,591