

Registered no. 1414045 (England and Wales)

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1995

LUBBOCK FINE
Chartered Accountants
Russell Bedford House
City Forum
250 City Road
London EC1V 2QQ



BEGGAR'S BANQUET COMMUNICATIONS LIMITED

CONTENTS	PAGE
Directors and Advisers	1
Directors' Report	2 and 3
Auditors' Report	4
Consolidated Profit and Loss Account	5
Consolidated Balance Sheet	6
Company Balance Sheet	7
Consolidated Cash Flow Statement	8
Notes to the Financial Statements	9 to 20
For information of the directors only:	
Management Profit and Loss Account	22

BEGGAR'S BANQUET COMMUNICATIONS LIMITED
DIRECTORS AND ADVISERS

Directors

Martin Mills
Nigel Bolt
James Wyllie
Andrew Heath

Secretary

Nigel Bolt

Registered Office

17-19 Alma Road
London SW18 1AA

Registered Number

1414045 (England and Wales)

Auditors

Lubbock Fine
Chartered Accountants
Russell Bedford House
City Forum
250 City Road
London EC1V 2QQ

Bankers

Coutts & Co
440 Strand
London WC1R 0QS

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995

Financial Statements

The directors present their report and financial statements for the year ended 31 December 1995.

Principal Activities

The group is principally engaged in the sale of compact discs, records and tapes and music publishing.

Review Of The Year

The group continued to trade satisfactorily during the year with turnover increasing from £10.9m to £11.1m.

Two areas of the group's activities were reorganised with production and promotion activities being transferred from Beggar's Banquet Records Limited to Beggars Banquet Limited (formerly Beggar's Banquet Management Limited) and Beggars Banquet Recordings (USA) Inc being incorporated in the United States to further the group's trading activities in that territory.

A new record label, Mantra Recordings, was started and new corporate acquisitions were Wiiiija Records Limited and Wiiiija Music Limited.

Results

The loss of the group after tax and minority interest was £99,472 (1994 - profit £731,638) details of which are given in the attached financial statements.

Future Developments

Further reorganisation of the group continued in 1996. A new company, XL Recordings Limited, was incorporated which acquired the rights to the XL catalogue and the export and wholesale activities were transferred from Beggar's Banquet Records Limited to Beggars Banquet Limited.

Dividends

Interim dividends paid are detailed in note 9 to the financial statements. The directors do not recommend payment of a final dividend for the year ended 31 December 1995.

Fixed Assets

Changes in fixed assets are shown in the notes to the financial statements.

In the opinion of the directors the market value of interests in land and buildings held as fixed assets at the balance sheet date were in excess of their book value.

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1995 (continued)

Directors

The members of the board during the year, together with details of their beneficial interests, as defined in the Companies Act 1985, in the shares of the company were:

	1995	1994
Martin Mills	200 (100 'A' + 100 'B')	200 (100 'A' + 100 'B')
Nigel Bolt	-	-
James Wyllie	-	-
Andrew Heath	-	-

Martin Mills also has the following interest in other group companies at the beginning and end of the year:

	Number of Ordinary Shares	
	1995	1994
Beggar's Banquet Records Limited	24	24
Beggar's Banquet Music Limited	24	24
Beggars Banquet Retail Limited	7,560	7,560
Beggar's Banquet Limited	24	24

Auditors

A resolution to re-appoint Lubbock Fine as auditors will be proposed at the Annual General Meeting.

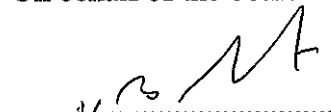
Statement Of Directors' Responsibilities

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 and the group 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 and the group for that period.

The directors confirm 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 31 December 1995. The directors also confirm that the financial statements have been prepared on a going concern basis and that applicable accounting standards have been followed.

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company and the group, and for taking reasonable steps to prevent and detect fraud and other irregularities

On behalf of the board


.....
Nigel Bolt - Director

Date:30.12.97.....

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
BEGGAR'S BANQUET COMMUNICATIONS LIMITED**

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective Responsibilities Of Directors And Auditors

As described on page 3 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 group'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 an 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 affairs of the company and the group at 31 December 1995 and of the group's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Lubbock Fine

Chartered Accountants
Registered Auditors

Date: 30/1/96

Russell Bedford House
City Forum
250 City Road
London EC1V 2QQ

BEGGAR'S BANQUET COMMUNICATIONS LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 1995**

	Notes	1995 £	1994 £
Turnover	2	11,163,620	10,969,119
Cost of sales		(6,092,451)	(6,312,518)
Gross Profit		<u>5,071,169</u>	<u>4,656,601</u>
Net operating expenses	3	(5,571,423)	(3,741,094)
Operating (Loss)/Profit	4	<u>(500,254)</u>	<u>915,507</u>
Income from participating interests		23,088	115,190
Other interest receivable and similar income	5	98,419	60,976
Other income		225,771	304,730
Interest payable and similar charges	6	(9,483)	(10,314)
(Loss)/Profit On Ordinary Activities Before Taxation		<u>(162,459)</u>	<u>1,386,089</u>
Tax on profit on ordinary activities	7	10,242	(482,313)
(Loss)/Profit On Ordinary Activities After Taxation		<u>(152,217)</u>	<u>903,776</u>
Minority interest		52,745	(172,138)
(Loss)/Profit Attributable To Shareholders		<u>(99,472)</u>	<u>731,638</u>
Dividend	9	(81,600)	(350,000)
Retained (Loss)/Profit For The Year	20	<u><u>(181,072)</u></u>	<u><u>381,638</u></u>

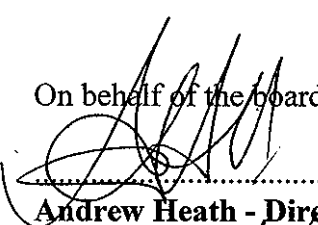
The group's turnover and expenses all relate to continuing operations.

There are no recognised gains or losses other than the loss for the financial year shown above.

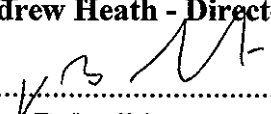
BEGGAR'S BANQUET COMMUNICATIONS LIMITED
CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 1995

	Notes	1995 £	1994 £
Fixed Assets			
Tangible assets	10	614,976	622,480
Investment in participating interest	12	608,994	596,684
		<u>1,223,970</u>	<u>1,219,164</u>
Current Assets			
Stocks	13	167,584	172,692
Debtors	14	4,269,140	3,542,130
Cash at bank and in hand		1,049,264	2,178,551
		<u>5,485,988</u>	<u>5,893,373</u>
Creditors - Amounts Falling Due Within One Year	15	(3,184,136)	(3,205,520)
Net Current Assets		<u>2,301,852</u>	<u>2,687,853</u>
Total Assets Less Current Liabilities		3,525,822	3,907,017
Creditors - Amounts Falling Due After One Year	16	(2,045,292)	(2,169,370)
Provision for liabilities and charges	17	(315,278)	(280,226)
Net Assets		<u>1,165,252</u>	<u>1,457,421</u>
Capital And Reserves			
Called up share capital	18	200	200
Group reserves	20	1,192,285	1,331,709
Shareholders' funds		<u>1,092,485</u>	<u>1,331,909</u>
Minority interest		72,767	125,512
		<u>1,165,252</u>	<u>1,457,421</u>

On behalf of the board



Andrew Heath - Director



Nigel Bolt - Director

Date:30.1.97.....

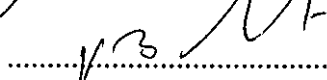
BEGGAR'S BANQUET COMMUNICATIONS LIMITED
BALANCE SHEET AT 31 DECEMBER 1995

	Notes	1995 £	1994 £
Fixed Assets			
Tangible assets	11	421,234	494,715
Investments	12	88,829	88,828
		<u>510,063</u>	<u>583,543</u>
Current Assets			
Debtors	14	438,127	146,130
Cash at bank and in hand		21,995	47,603
		<u>460,122</u>	<u>193,733</u>
Creditors - Amounts Falling Due Within One Year	15	(402,634)	(412,200)
Net Current Assets(Liabilities)		<u>57,488</u>	<u>(218,467)</u>
Total Assets Less Current Liabilities		567,551	365,076
Provision for liabilities and charges	17	(6,976)	(6,976)
Net Assets		<u>560,575</u>	<u>358,100</u>
Capital And Reserves			
Called up share capital	18	200	200
Profit and loss account		560,375	357,900
		<u>560,575</u>	<u>358,100</u>

On behalf of the board



Andrew Heath - Director



Nigel Bolt - Director

Date:30.12.97.....

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
31 DECEMBER 1995**

	Notes	1995 £	1994 £
Net Cash Inflow(Outflow) From Operating Activities	21a	(768,076)	1,597,345
Returns On Investments And Servicing Of Finance			
Investment finance and other income (including tax recovered)		324,190	365,706
Interest payable		(9,483)	(10,314)
Dividends paid (excluding ACT):			
Parent undertaking		(81,600)	(350,000)
Minority interest		(36,000)	(120,000)
Net Cash Inflow(Outflow) From Investment And Servicing Of Finance		197,107	(114,608)
Taxation			
UK Corporation tax paid (including ACT)		457,353	156,706
Tax Paid		(457,353)	(156,706)
Investing Activities			
Purchases of tangible fixed assets		(150,715)	(146,266)
Purchase of subsidiary undertaking - Goodwill (see note 21d)		(22,352)	-
Sale of tangible fixed assets		72,102	10,264
Net Cash (Outflow) From Investing Activities		(100,965)	(136,002)
(Decrease)Increase In Cash And Cash Equivalents	21b & 21c	(1,129,287)	1,190,029

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

1. Accounting Policies

Accounting Convention

The financial statements are prepared on a going concern basis under the historical cost convention.

Basis Of Consolidation

The consolidated financial statements comprise the financial statements of the parent company and all its subsidiary undertakings made up to 31 December 1995.

- i) No profit and loss account is presented for Beggar's Banquet Communications Limited as provided by section 230 of the Companies Act 1985.
- ii) The results and net assets of the group's share of participating interest investments are accounted for on an equity basis from the date of acquisition.
- iii) Goodwill, being the difference between consideration over the fair value on acquisition of subsidiary undertakings, arising on consolidation is written off immediately against reserves. Negative goodwill is credited to a consolidation reserve.

Deferred Income

Deferred income represents non-returnable advances on royalties receivable from other record companies. These advances are credited to revenue as the royalty income arises or where the probability of future income in respect thereof is remote.

Advances To Artistes

Advances to artistes represents advances made direct to artistes together with recording or other costs made on behalf of artistes, under contract. These advances, which are only recoverable against future royalties, are charged to revenue as they are recouped or where the probability of future recoupment in respect thereof is unlikely.

Advances To Writers

These advances, which are only recoverable against future royalties, are charged to revenue as they are recouped or where the probability of future recoupment in respect thereof is unlikely.

Depreciation And Amortisation

Depreciation and amortisation has been provided to write off tangible fixed assets over their estimated useful lives at the following rates:

Freehold property	- 2% on cost
Leasehold property	- In equal annual instalments over the period of the lease.
Fixtures, fittings and office equipment	- 20% and 25% per annum on a reducing balance method
Computer equipment	- 25% per annum on a reducing balance method.
Motor vehicles	- 25% per annum on a reducing balance method.

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

Accounting Policies (continued)

Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances are translated into sterling at the exchange rate ruling on the balance sheet date. Exchange differences are dealt with through the profit and loss account.

Stocks

Stocks have been valued on an average cost basis at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred Taxation

Deferred taxation is provided using the liability method on all material short term timing differences, at the rate at which the timing difference is expected to reverse.

Operating Leases

Leasing and rental costs are charged to operating profits as they arise.

Pension Costs

Pension scheme contributions are charged to operating profits as they arise.

2. Turnover

Turnover is the amount derived from the provision of goods and services falling within the group's ordinary activities, after deduction of trade discounts, value added tax and any other taxes based on turnover.

The turnover attributable to the principal activities of the group is as follows:

	1995 £	1994 £
Sales and distribution of compact discs, records and tapes	6,043,858	7,743,844
Royalties	5,119,762	3,225,275
	<u>11,163,620</u>	<u>10,969,119</u>
Turnover is analysed by geographical markets, as follows:		
U.K.	7,157,326	8,386,566
Europe	1,839,002	1,115,970
North America	1,770,856	1,013,351
Others	396,436	453,232
	<u>11,163,620</u>	<u>10,969,119</u>

BEGGAR'S BANQUET COMMUNICATIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1995**

3. Net Operating Expenses	1995	1994
	£	£
Distribution costs	1,511,484	1,830,136
Administrative expenses	4,059,939	1,910,958
Net operating expenses	<u>5,571,423</u>	<u>3,741,094</u>

4. Operating Profit

Operating profit is stated after charging or crediting:	1995	1994
	£	£
Directors' remuneration as executives	222,225	179,075
Auditors' remuneration	34,100	24,490
Exceptional item - Ex gratia payment to former employee	1,105,000	-
Depreciation	83,416	73,186
(Profit)loss on disposal of fixed assets	2,697	(165)
Hire of equipment - operating leases	1,303	5,819
Foreign exchange	<u>3,674</u>	<u>6,029</u>

The exceptional item relates to a termination payment made to a former employee by Beggar's Banquet Records Limited, a subsidiary company, in the sum of £1,105,000 (Gross). Of this amount 50% was paid on 11 January 1996 with the balance to be paid in April 1997.

Directors' remuneration	1995	1994
Directors' remuneration is as follows:	£	£
Chairman and highest paid director	<u>159,100</u>	<u>121,667</u>

Other directors' remuneration is within the following bands:	Number	Number
Nil	1	1
£ 5,001 - £10,000	1	1
£45,001 - £50,000	-	1
£55,001 - £60,000	<u>1</u>	<u>-</u>

BEGGAR'S BANQUET COMMUNICATIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1995****Operating Profit (continued)****Particulars of employees**

The average number of persons employed by the group, including the directors during the year was:

	1995	1994
Management	8	8
Administration and selling	37	35
	<u>45</u>	<u>43</u>
Their total remuneration was:	£	£
Wages and salaries	929,584	900,202
Social security costs	74,840	90,365
	<u>1,004,424</u>	<u>990,567</u>
5. Other Interest Receivable and Similar Income	1995	1994
	£	£
Bank interest receivable	97,626	60,976
Sundry interest	793	-
	<u>98,419</u>	<u>60,976</u>
6. Interest Payable And Similar Charges	1995	1994
	£	£
On bank and other borrowings wholly repayable within five years	<u>9,483</u>	<u>10,314</u>
7. Taxation	1995	1994
	£	£
U.K. corporation tax at 33%	-	549,219
Transfer (from)to deferred tax	35,052	(104,364)
Irrecoverable withholding tax	28,428	-
Share of participating interests tax	10,778	36,969
(Over)/Underprovision in previous year	(84,500)	489
	<u>(10,242)</u>	<u>482,313</u>

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

8. Retained Profit

Of the consolidated loss for the year an amount of £202,475 profit (1994 - £138,316) has been dealt with in the financial statements of the parent undertaking. The figures are stated before adjustments for inter group items.

As overheads of the group are centralised, profit before taxation and net assets as attributable to the different classes of business, are not provided.

9. Dividends	1995 £	1994 £
Dividends paid by parent undertaking	<u>81,600</u>	<u>350,000</u>

10. Tangible Fixed Assets - Group

	Freehold Property £	Short Leasehold Property £	Fixtures, Fittings and Equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 1995	355,108	116,439	305,181	112,144	888,872
Additions	-	162	76,658	73,895	150,715
Disposals	(53,009)	(8,234)	(11,751)	(30,782)	(103,776)
At 31 December 1995	<u>302,099</u>	<u>108,367</u>	<u>370,088</u>	<u>155,257</u>	<u>935,811</u>
Depreciation					
At 1 January 1995	18,177	49,459	140,715	58,041	266,392
Provision for the year	7,027	11,680	46,091	18,618	83,416
Disposals	(3,179)	(8,233)	(7,381)	(10,180)	(28,973)
At 31 December 1995	<u>22,025</u>	<u>52,906</u>	<u>179,425</u>	<u>66,479</u>	<u>320,835</u>
Net Book Value					
At 31 December 1995	<u>280,074</u>	<u>55,461</u>	<u>190,663</u>	<u>88,778</u>	<u>614,976</u>
Net Book Value					
At 31 December 1994	<u>336,931</u>	<u>66,980</u>	<u>164,466</u>	<u>54,103</u>	<u>622,480</u>

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

11. Tangible Fixed Assets - Company	Leasehold				
	Freehold Buildings £	Property Improve- ments £	Fixtures, Fittings and Equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 1995	355,108	32,659	218,457	41,282	647,506
Additions	-	162	17,355	-	17,517
Disposals	(53,009)	-	(5,212)	-	(58,221)
At 31 December 1995	<u>302,099</u>	<u>32,821</u>	<u>230,600</u>	<u>41,282</u>	<u>606,802</u>
Depreciation					
At 1 January 1995	18,177	6,847	105,920	21,847	152,791
Provision for the year	7,027	657	26,720	4,859	39,263
Disposals	(3,179)	-	(3,307)	-	(6,486)
At 31 December 1995	<u>22,025</u>	<u>7,504</u>	<u>129,333</u>	<u>26,706</u>	<u>185,568</u>
Net Book Value					
At 31 December 1995	<u>280,074</u>	<u>25,317</u>	<u>101,267</u>	<u>14,576</u>	<u>421,234</u>
Net Book Value					
At 31 December 1994	<u>336,931</u>	<u>25,812</u>	<u>112,537</u>	<u>19,435</u>	<u>494,715</u>

12. Fixed Asset Investment	Participating Interests £
a) Group	
Cost	
At 1 January 1995	596,684
Share of post acquisition retained reserves in year	12,310
Net Book Value	
At 31 December 1995	<u>608,994</u>

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

Fixed Asset Investment (continued)

b) Company	Subsidiary Undertaking	Participating Interests	Total
Cost	£	£	£
At 1 January 1995	92,668	20,076	112,744
Additions	1	-	1
At 31 December 1995	<u>92,669</u>	<u>20,076</u>	<u>112,745</u>
Provisions			
At 1 January 1995 and at 31 December 1995	<u>23,916</u>	<u>-</u>	<u>23,916</u>
Net Book Value			
At 31 December 1995	<u>68,753</u>	<u>20,076</u>	<u>88,829</u>
Net Book Value			
At 31 December 1994	<u>68,752</u>	<u>20,076</u>	<u>88,828</u>

At the balance sheet date the company owned the following share capital in its subsidiary undertakings and participating interests:

Name	Nature Of Business	Percentage And Class
Beggars Banquet Retail Limited	Retail record sales	92.4% Ordinary
Beggar's Banquet Records Limited	Production and sale of records, compact discs and tapes	76% Ordinary
Beggar's Banquet Music Limited	Music publishing	76% Ordinary
Beggars Banquet Limited	Promotion and marketing	76% Ordinary
4 A.D. Limited	Production and sale of records, compact discs and tapes	50% Ordinary
Too Pure Limited	Production and licensing of records	16.67% Ordinary
4 AD US Inc	Promotion and marketing	50% Ordinary
Wiiija Music Limited	Dormant	100% Ordinary
Wiiija Records Limited	Production and sale of records and music publishing	100% Ordinary
Nation Records Limited	Production and sale of records and music publishing	16.67% Ordinary

All of the above companies are registered in England and Wales, except for 4 A.D. US Inc which was registered in USA.

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

13. Stocks	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Finished goods for resale	<u>167,584</u>	<u>172,692</u>	<u>-</u>	<u>-</u>

14. Debtors	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Trade debtors	1,443,822	1,123,607	-	30,116
Amounts due from subsidiary undertakings	-	-	174,982	75,417
Amounts due from participating interests	10,000	15,000	10,000	15,000
Other debtors	507,361	139,674	190,942	14,827
Corporation tax recoverable	80,766	-	52,237	-
Prepayments and accrued income	19,490	31,550	9,966	10,770
Advances to artistes and writers (see note 1)	<u>2,207,701</u>	<u>2,232,299</u>	<u>-</u>	<u>-</u>
	<u>4,269,140</u>	<u>3,542,130</u>	<u>438,127</u>	<u>146,130</u>

15. Creditors - Amounts Falling Due Within One Year	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Bank overdrafts (secured)	-	-	24,103	-
Trade creditors	1,589,516	2,333,734	14,047	-
Amounts due to subsidiary undertakings	-	-	8,803	60,926
Amounts due to participating interests	152,097	81,740	152,097	49,183
Corporation tax	-	347,408	-	19,708
Social security and other taxes	333,318	65,270	55,660	58,999
Advance corporation tax payable	9,000	94,250	-	64,250
Other creditors	460,032	95,017	95,925	86,687
Accruals and deferred income	<u>640,173</u>	<u>188,101</u>	<u>51,999</u>	<u>72,447</u>
	<u>3,184,136</u>	<u>3,205,520</u>	<u>402,634</u>	<u>412,200</u>

Security

The company's bank overdraft is secured by way of a mortgage debenture dated 21 August 1989 over the company's assets.

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

16. Creditors - Amounts Falling Due After One Year - Group	1995 £	1994 £
Social security and other taxes	213,333	-
Other creditors	320,000	-
Deferred income (see note 1)	1,511,959	2,169,370
	<u>2,045,292</u>	<u>2,169,370</u>

17. Provisions For Liabilities And Charges

Deferred taxation

The amount provided and the potential liability for the deferred taxation is as follows:

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Accelerated capital allowances	9,887	7,555	6,976	6,976
Arising on net royalty timing differences	305,391	272,671	-	-
	<u>315,278</u>	<u>280,226</u>	<u>6,976</u>	<u>6,976</u>
At 1 January 1995	280,226	384,590	6,976	5,316
Transfer from(to) profit and loss account	35,052	(104,364)	-	1,660
	<u>315,278</u>	<u>280,226</u>	<u>6,976</u>	<u>6,976</u>

18. Called Up Share Capital	1995 £	1994 £
Allotted And Fully Paid		
100 'A' Ordinary shares of £1 each	100	100
100 'B' Ordinary shares of £1 each	100	100
	<u>200</u>	<u>200</u>
Authorised		
1,000 'A' Ordinary shares of £1 each	1,000	1,000
1,000 'B' Ordinary shares of £1 each	1,000	1,000
	<u>2,000</u>	<u>2,000</u>

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

19. Reconciliation Of Movements In Shareholders' Funds	1995 £	1994 £
(Loss)/profit for the financial year	(99,472)	731,638
Dividend	(117,600)	(350,000)
Goodwill written off	(22,352)	-
Net (deductions from)/additions to shareholders' funds	(239,424)	381,638
Opening shareholders' funds	1,331,909	950,271
Closing shareholders' funds	<u>1,092,485</u>	<u>1,331,909</u>

20. Group Reserves	Profit And Loss Account £	Other Reserve £	Total £
At 1 January 1995	1,303,538	28,171	1,331,709
Loss for the year	(181,072)	-	(181,072)
Goodwill written off	(22,352)	-	(22,352)
Dividend paid to minority interest	(36,000)	-	(36,000)
At 31 December 1995	<u>1,064,114</u>	<u>28,171</u>	<u>1,092,285</u>

21. Notes To The Cash Flow Statement

a) Reconciliation of operating profits to net cash (outflow)inflow from operating activities	1995 £	1994 £
Operating (loss)/profit	(500,254)	915,507
Depreciation charges	83,416	73,186
(Profit)Loss on disposal of fixed assets	2,697	(165)
Decrease in stocks	5,109	1,945
Increase in debtors	(646,244)	(777,309)
Increase in creditors	287,200	1,384,181
	<u>(768,076)</u>	<u>1,597,345</u>

BEGGAR'S BANQUET COMMUNICATIONS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1995****Notes To The Cash Flow Statement (continued)****b) Analysis of changes in cash and cash equivalents during the year**

	1995	1994
	£	£
Balance at 1 January 1995	2,178,551	988,522
Net cash inflow/(outflow)	(1,129,287)	1,190,029
Balance at 31 December 1995 (see note 21c)	<u>1,049,264</u>	<u>2,178,551</u>

c) Analysis of the balances of cash and cash equivalents

	1995	1994	Change In Year
	£	£	£
Cash and bank balances	<u>1,049,264</u>	<u>2,178,551</u>	<u>(1,129,287)</u>

d) Two subsidiaries, Wiiiija Records Limited and Wiiiija Music Limited, were acquired on 2 October 1995 and were consolidated using the acquisition method. Details are as follows:

	£
Net assets acquired	22,353
Goodwill	<u>(22,352)</u>
Cash consideration	<u>1</u>

22. Contingent Liabilities

- a) The bankers have been given composite guarantees over the facilities of the following companies:

Beggar's Banquet Communications Limited
Beggar's Banquet Records Limited
Beggars Banquet Retail Limited
Beggar's Banquet Music Limited
Beggar's Banquet Limited

Any liability arising from the composite guarantee is secured by a mortgage debenture dated 21 August 1990 over the company's assets.

- b) Further, a subsidiary company, Beggar's Banquet Records Limited, received a writ in June 1992, jointly with its relevant distributor and artiste, in connection with litigation relating to alleged unauthorised uses of certain visual materials. The claim is for US\$60m, but no provision has been made because the directors believe that the ultimate outcome of the litigation will have no material effect on the group's reserves.

BEGGAR'S BANQUET COMMUNICATIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1995

23. Pension Arrangements

Defined contribution scheme

The company maintains a pension scheme for the directors. The scheme, which operates on a defined contribution money purchase basis, provides for the payment of the full contribution by the company. The assets of the scheme are held separately from those of the company in an independently administered fund.

24. Financial Commitments

At the balance sheet date the group had annual commitments under non-cancellable operating leases which expire:

	1995 £	1994 £
Within one year	-	30,250
Between two and five years	22,600	22,600
After more than five years	18,000	18,000
	<u>40,600</u>	<u>70,850</u>

25. Financial Transactions With Directors

- a) During the year £45,063 (1994 - £42,924) was paid to James Wyllie in respect of professional services provided.
- b) During the year a subsidiary undertaking received all of its royalties, totalling £345,908, from a company in which Martin Mills has a material interest.