

Registration No: 1474810

R.O.W. DISTRIBUTION LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 2003



R.O.W. DISTRIBUTION LIMITED

FINANCIAL STATEMENTS

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R.O.W. DISTRIBUTION LIMITED

COMPANY INFORMATION

DIRECTORS:

C M NEWMAN
F T CHIN
F W LEA

SECRETARY:

F T CHIN

REGISTERED OFFICE:

REGENT HOUSE
1 PRATT MEWS
LONDON NW1 0AD

AUDITORS:

LEWIS ALLEN & COMPANY
CHARTERED CERTIFIED ACCOUNTANTS
KEBBELL HOUSE
DELTA GAIN
CARPENDERS PARK
WATFORD WD19 5EF

R.O.W. DISTRIBUTION LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

PRINCIPAL ACTIVITIES

The principal activities of the company continues to be manufacturing, distribution and marketing of audio and visual musical recordings.

REVIEW OF THE BUSINESS

Despite the losses incurred in the financial year, the directors are satisfied with the progress made by the company and look forward to the company returning to profitability in the near future.

DIVIDENDS

The directors do not recommend the payment of a dividend (2002: £Nil).

DIRECTORS AND THEIR INTERESTS

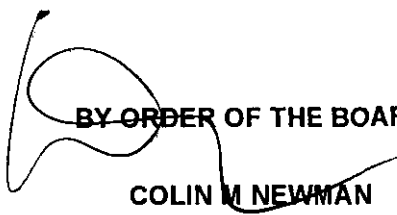
The directors who served during the year were as follows:

COLIN M NEWMAN
FENG-TAK CHIN
FRANK W LEA

The directors interests in the shares of the holding company are shown in the directors report of that company.

AUDITORS

Lewis Allen & Company, Chartered Certified Accountants, have expressed their willingness to continue in office and a resolution for their reappointment will be proposed at the forthcoming annual general meeting.


BY ORDER OF THE BOARD
COLIN M NEWMAN
CHAIRMAN

14 October 2004

STATEMENT OF DIRECTORS RESPONSIBILITIES

The following statement, which should be read in conjunction with the Independent Auditors Report set out on the next page, describes the responsibility of the directors in relation to the financial statements.

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 the company for that period. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgements and estimates that are reasonable and prudent;
- (iii) 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.

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF

R.O.W. DISTRIBUTION LIMITED

We have audited the financial statements of R.O.W. Distribution Limited on pages 5 to 12 for the year ended 31 December 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 3 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the director's report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Kebbell House
Delta Gain
Carpenders Park
Watford WD19 5EF



LEWIS ALLEN & COMPANY
CHARTERED CERTIFIED ACCOUNTANTS
AND REGISTERED AUDITORS

R.O.W. DISTRIBUTION LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2003

	Note	2003 £	2002 £
TURNOVER - CONTINUING OPERATIONS	2	179,101	-
COST OF SALES		131,310	-
GROSS PROFIT		<u>47,791</u>	<u>-</u>
OPERATING EXPENSES	3	371,524	487,753
OPERATING LOSS		<u>323,733</u>	<u>487,753</u>
OTHER INCOME	4	182,813	342,969
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	5	(140,920)	(144,784)
TAX ON LOSS ON ORDINARY ACTIVITIES	6	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(140,920)</u>	<u>(144,784)</u>
RETAINED PROFIT BROUGHT FORWARD		26,607	171,391
RETAINED (LOSS)/PROFIT CARRIED FORWARD		<u>(114,313)</u>	<u>26,607</u>

R.O.W. DISTRIBUTION LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2003

	Note	2003 £	2003 £	2002 £	2002 £
FIXED ASSETS					
Tangible assets	7		203,950		147,104
CURRENT ASSETS					
Stocks	8	75,365		-	
Debtors	9	57,571		69,285	
Cash at bank		-		-	
		<u>132,936</u>		<u>69,285</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>451,099</u>		<u>189,682</u>	
NET CURRENT LIABILITIES			(318,163)		(120,397)
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(114,213)</u>		<u>26,707</u>
CAPITAL AND RESERVES					
Called up share capital	11		100		100
Profit and loss account			(114,313)		26,607
SHAREHOLDERS FUNDS (deficit)			<u>(114,213)</u>		<u>26,707</u>

C M NEWMAN

)

) DIRECTORS

F T CHIN

)

Approved by the board

14 October 2004

R.O.W. DISTRIBUTION LIMITED

OTHER STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

**STATEMENT OF TOTAL RECOGNISED GAINS
AND LOSSES**

	2003 £	2002 £
Loss for the financial year	(140,920)	(144,784)

**RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS FUNDS**

Loss for the financial year	(140,920)	(144,784)
Opening shareholders funds	26,707	171,491
Closing shareholders funds (Deficit)	(114,213)	26,707

NOTE OF HISTORICAL COST PROFIT AND LOSSES

There is no material difference between the reported loss for 2003 and 2002 and the loss for those years restated on an historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

1. ACCOUNTING POLICIES

(a) Accounting Convention

The financial statements are prepared in accordance with the historical cost convention and in accordance with applicable accounting standards.

(b) Depreciation

Depreciation of fixed assets is provided to write off each asset over its estimated useful life at the following annual rates:

Motor vehicles	-	25% pa on reducing balance
Fixtures & equipment	-	20% pa on reducing balance
Record Library	-	10% pa straight line

(c) Turnover

Turnover represents the invoiced value of goods sold excluding VAT.

(d) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

(e) Pensions

Contributions to defined contribution schemes are charged to profit and loss as incurred.

(f) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

(g) Taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation. Provision is made for deferred taxation to the extent that there is a reasonable probability that a liability will arise in the foreseeable future.

R.O.W. DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

2. TURNOVER - CONTINUING OPERATIONS

	2003 £	2002 £
Geographical analysis:		
United Kingdom	179,101	-
	<hr/>	<hr/>

3. OPERATING EXPENSES

Administration expenses	371,524	487,753
	<hr/>	<hr/>

4. OTHER INCOME

Interest received	13	35
Fees receivable	182,800	189,750
Other income	-	153,184
	<hr/>	<hr/>
	182,813	342,969
	<hr/>	<hr/>

5. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

After charging:		
Auditors remuneration	1,000	1,400
Depreciation	28,763	22,326
Directors emoluments	90,000	106,451
Bank overdraft interest	1,035	524
Corporation tax interest	-	1,345
	<hr/>	<hr/>

R.O.W. DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

6. TAX ON PROFIT ON ORDINARY ACTIVITIES	2003 £	2002 £
Corporation tax based on results for the year	-	-
Factors affecting the tax charge for the year:		
Loss on ordinary activities before taxation	(140,920)	(144,784)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of nil	-	-

7. TANGIBLE FIXED ASSETS	Motor Vehicles £	Fixtures & Equipment £	Record Library £	Total £
COST				
At 1 January 2003	36,510	83,136	115,593	235,239
Additions	-	-	81,648	81,648
Transfer from group undertakings	7,409	-	-	7,409
Disposals	(10,670)	(1,150)	-	(11,820)
AT 31 December 2003	33,249	81,986	197,241	312,476
DEPRECIATION				
At 1 January 2003	20,039	56,537	11,559	88,135
Transfer from group undertaking	1,949	-	-	1,949
Charge for the year	3,837	5,202	19,724	28,763
Disposals	(9,760)	(561)	-	(10,321)
AT 31 December 2003	16,065	61,178	31,283	108,526
NET BOOK VALUE				
AT 31 December 2003	17,184	20,808	165,958	203,950
AT 31 December 2002	16,471	26,599	104,034	147,104

8. STOCK	2003 £	2002 £
Finished goods for resale	75,365	-

R.O.W. DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

9. DEBTORS

	2003 £	2002 £
Trade debtors	30,657	-
Amounts owed by group undertakings	16,924	49,750
Prepayments & accrued income	9,777	6,932
Other debtors	213	12,603
	<hr/> 57,571 <hr/>	<hr/> 69,285 <hr/>

**10. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

Bank overdraft	19,984	25,392
Trade creditors	30,872	2,637
Amount owed to group undertakings	370,140	134,467
Other taxation & social security	9,955	5,410
Other creditors	-	8,230
Accruals	20,148	13,546
	<hr/> 451,099 <hr/>	<hr/> 189,682 <hr/>

11. CALLED UP SHARE CAPITAL

Authorised:		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Issued and Fully Paid:		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

12. EMPLOYEE INFORMATION

	Number	Number
The average number of persons including directors employed by the company during the year was:	<hr/> 3 <hr/>	<hr/> 5 <hr/>
	£	£
Their remuneration was:		
Wages & salaries	138,832	172,822
Social security costs	17,917	19,971
Pensions - defined contribution schemes	-	1,451
	<hr/> 156,749 <hr/>	<hr/> 194,244 <hr/>

R.O.W. DISTRIBUTION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2003

13. DIRECTORS EMOLUMENTS

	2003 £	2002 £
Aggregate emoluments:		
Management remuneration	90,000	105,000
Pensions - defined contribution schemes	-	1,451
	<hr/> 90,000	<hr/> 106,451
	<hr/>	<hr/>
Highest paid director	90,000	91,451
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14. HOLDING COMPANY

The holding company is Sharesense Limited and the ultimate holding company is Sharesense Three Limited, both companies are registered in England.

15. RELATED PARTY TRANSACTIONS

The company has a trading relationship with Secret Records Limited an associated company.

	2003 £	2002 £
Purchases, fees and royalties paid	(165,210)	-
Fees received	146,500	122,000
Creditors as at 31 December	(17,303)	-
	<hr/>	<hr/>

The company has taken advantage of FRS8 exemptions from disclosing transactions with other group companies on the grounds that those subsidiaries are wholly owned and controlled within the group and included in the consolidated accounts which are publicly available.