

ARK RECORDING STUDIOS LIMITED

COMPANY NO. 4327028

REPORT AND FINANCIAL STATEMENTS

30 APRIL 2003



ARK RECORDING STUDIOS LIMITED

REPORT AND FINANCIAL STATEMENTS 2003

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ARK RECORDING STUDIOS LIMITED

OFFICERS & PROFESSIONAL ADVISERS

DIRECTOR

R Armstrong

SECRETARY

M Harris

REGISTERED OFFICE

4 South Street

Epsom

Surrey

KT18 7PF

BANKERS

Barclays Bank plc

Soho Square Business Centre

PO Box 4WA

27 Soho Square

London

W1D 3QR

SOLICITORS

Clintons

55 Drury Lane

London

WC2B 5RZ

ACCOUNTANTS

Prager & Fenton

Certified Public Accountants

Midway House

27/29 Cursitor Street

London

EC4A 1LT

ARK RECORDING STUDIOS LIMITED

DIRECTOR'S REPORT

The director presents his first annual report and unaudited financial statements for the period ended 30 April 2003.

1. RESPONSIBILITIES OF DIRECTORS

The director is required by law to prepare financial statements for each financial period 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.

The director confirms his responsibility to ensure 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 period ended 30 April 2003.

The director also confirms his responsibility to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for taking reasonable steps to prevent and detect fraud and other irregularities.

2. ACTIVITIES

The principal activity of the company is the provision of studio facilities for music recording and other related services in the entertainment industry. The director considers that this activity will remain unchanged.

3. REVIEW OF DEVELOPMENTS

The director considers the results for the period to be satisfactory. Turnover for the period was £154,977, the loss for the period before tax was £31,110.

The financial position of the company at the end of the period is set out on the balance sheet.

4. DIVIDENDS AND TRANSFERS TO RESERVES

The director does not recommend the payment of a dividend for the period. No transfers were made to reserves other than from the profit and loss account.

5. FUTURE PROSPECTS

The director is aware that due to the nature of the music industry, future earnings are difficult to predict, but is confident that the level of activity will increase in future years and intends to take every opportunity to develop the business.

6. FIXED ASSETS

Details of fixed assets owned during the year are stated in note 6.

ARK RECORDING STUDIOS LIMITED

DIRECTOR'S REPORT

7. DIRECTORS

The director who served during the year and his beneficial interests as defined by the Companies Act 1985 in the share capital of the company were as follows:

	£1 ordinary shares at 30 April <u>2003</u>
R Armstrong	1

8. ACCOUNTANTS

Prager and Fenton have expressed their willingness to continue in office as accountants and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

R Armstrong
Director



Dated: 18 December 2003

ROBERT MAROULIS CPA
ROBERT BANDMAN CPA
MARTIN GOLDBERG CPA FCA (UK)
ALVIN HANDWERKER CPA
GAZE WOLOSKY CPA
BRADFORD CAMPBELL CPA
JEREMY STEINBERG CPA
VANRICK CLARKE CPA
LOUIS BORODINSKY CPA
MARK BOOMLA FCCA (UK)
JOSEPH RUST CPA
LESTER STEIN CPA
DAVID NESTE CPA
CARVIN SCHATZ CPA
MICHAEL AROYO CPA
CHRISTOPHER HULL CPA
JOE CALLAGHAN CPA
AUSTIN JACOBS ACA (UK)

ACCOUNTANTS' REPORT TO THE DIRECTOR ON THE
UNAUDITED ACCOUNTS OF
ARK RECORDING STUDIOS LIMITED

We report on the accounts for the period ended 30 April 2003 set out on pages 5 - 9.

Responsibilities of directors

As described in the Director's Report, the company's director is responsible for the preparation of the accounts, and he considers that the company is exempt from an audit.

Basis of opinion

Without performing an audit or detailed verification work, our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- a) The accounts are in agreement with the accounting records kept by the company under Section 211 of the Companies Act 1985;
- b) Having regard only to, and on the basis of, the information contained in those accounting records;
 - i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in the Companies Act 1985 and the Financial Reporting Standard for Smaller Entities (effective June 2002) and;
 - ii) the company satisfied the conditions for exemption from an audit of the accounts for the period as specified in Section 249A(3) of the Act and did not at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1).

Prager and Fenton

PRAGER AND FENTON
CERTIFIED PUBLIC ACCOUNTANTS

Dated: 18 December 2003

ARK RECORDING STUDIOS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDED 30 APRIL 2003

	<u>Notes</u>	<u>2003</u> <u>(17.3 months)</u> <u>£</u>
Turnover	1(b),2	154,977
Cost of sales		(46,328)
		<hr/>
Gross profit		108,649
Administrative expenses		(139,758)
		<hr/>
Operating loss	2,5	(31,109)
Interest payable and similar charges	4	(1)
		<hr/>
Loss on ordinary activities before taxation		(31,110)
Taxation		-
		<hr/>
Loss on ordinary activities after taxation		(31,110)
Profit and loss account brought forward		-
		<hr/>
Profit and loss account carried forward	£	<u>(31,110)</u>

There were no recognised gains or losses other than those included in the profit and loss account.

ARK RECORDING STUDIOS LIMITED
BALANCE SHEET
AS AT 30 APRIL 2003

	<u>Notes</u>	<u>2003</u> <u>(17.3 months)</u>
		<u>£</u> <u>£</u>
FIXED ASSETS		
Tangible assets	1(c),6	131,987
CURRENT ASSETS		
Debtors	7	63,906
Cash at bank and in hand		<u>5,647</u>
		69,553
CREDITORS: amounts falling due within one year	8	<u>(232,649)</u>
NET CURRENT LIABILITIES		<u>(163,096)</u>
NET LIABILITIES		<u>£ (31,109)</u>
CAPITAL AND RESERVES		
Called up share capital	9	1
Profit and loss account		<u>(31,110)</u>
Shareholder's funds	10	<u>£ (31,109)</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and the Financial Reporting Standard for Smaller Entities (effective June 2002).

For the period ended 30 April 2003, the company was entitled to exemption under section 249A(1) of the Companies Act 1985.

No members have required the company to obtain an audit of its accounts for the period in question in accordance with section 249B(2).

The director acknowledges his responsibility for:

- i) ensuring the company keeps accounting records which comply with section 221; and
- ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its financial period, and of its profit and loss for the financial period in accordance with section 226, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

The financial statements were approved by the Board of Directors on 18 December 2003.

By order of the Board

R Armstrong
Director



ARK RECORDING STUDIOS LIMITED

NOTES TO THE ACCOUNTS

30 APRIL 2003

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with statements of standard accounting practice and financial reporting standards issued by U.K. accountancy bodies. The particular accounting policies adopted are described below:

(a) Accounting Convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

(b) Turnover

Turnover consists of studio revenue which is recognised when the studio is hired and recharges of expenditure incurred and both are exclusive of value added tax.

(c) Tangible Fixed Assets

Depreciation has been provided at the following rates in order to write off the assets over their estimated useful lives:

Leasehold improvements	15% straight line
Office equipment	25% straight line
Musical equipment	25% straight line

2. TURNOVER AND LOSS

The turnover and loss on ordinary activities before taxation are attributable to the one principal activity of the company. A geographical analysis of turnover is not disclosed.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	<u>2003</u> <u>(17.3 months)</u> £
Employee costs during the year including directors:	
Wages and salaries	19,708
Social security costs	<u>1,749</u>
	£ <u><u>21,457</u></u>

The average number of persons employed during the period including directors was two.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>2003</u> <u>(17.3 months)</u> £
Bank interest payable	£ <u><u>1</u></u>

ARK RECORDING STUDIOS LIMITED
NOTES TO THE ACCOUNTS
30 APRIL 2003

5. OPERATING LOSS

	<u>2003</u>
	<u>(17.3 months)</u>
	<u>£</u>
This is stated after charging:	
Depreciation on fixed assets	<u>50,982</u>

6. TANGIBLE FIXED ASSETS

	Short Leasehold £	Office Equipment £	Musical Equipment £	Total £
<u>Cost</u>				
Additions	117,541	7,329	58,099	182,969
At 31 March 2003	£ 117,541	£ 7,329	£ 58,099	£ 182,969
<u>Depreciation</u>				
Charge for the year	26,447	2,748	21,787	50,982
At 31 March 2003	£ 26,447	£ 2,748	£ 21,787	£ 50,982
<u>Net book value</u>				
At 31 March 2003	£ 91,094	£ 4,581	£ 36,312	£ 131,987

7. DEBTORS

	<u>2003</u>
	<u>(17.3 months)</u>
	<u>£</u>
Trade debtors	4,418
Prepayments and accrued income	22,926
Other debtors	<u>36,562</u>
	<u>£ 63,906</u>

8. CREDITORS: Amounts falling due within one year

	<u>2003</u>
	<u>(17.3 months)</u>
	<u>£</u>
Trade creditors	4,127
Other taxes and social security costs	625
Accruals and deferred income	5,213
Amounts owed to related party (see note 11)	<u>222,684</u>
	<u>£ 232,649</u>

ARK RECORDING STUDIOS LIMITED
NOTES TO THE ACCOUNTS
30 APRIL 2003

9. SHARE CAPITAL

	<u>2003</u>
	<u>(17.3 months)</u>
	<u>£</u>
Authorised:	
100 Ordinary shares of £1 each	£ <u>100</u>
Allotted, issued and fully paid:	
1 Ordinary share of £1 each	£ <u>1</u>

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>£</u>
At 22 November 2001	1
Retained loss for the period	<u>(31,110)</u>
At 30 April 2003	£ <u>(31,109)</u>

11. RELATED PARTY DISCLOSURES

	<u>R Armstrong</u>
	<u>Director's</u>
	<u>CA</u>
	<u>£</u>
Monies advanced by related party and expenses incurred by related party on behalf of Ark Recording Studios Limited	225,479
Monies advanced to related party and expenses incurred by Ark Recording Studios Limited on behalf of related party	2,795
Amounts owed to related party as at 30 April 2003	£ <u>222,684</u>