

JEWEL MUSIC PUBLISHING COMPANY LIMITED

FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30 JUNE 1996

DODD HARRIS
CHARTERED ACCOUNTANTS

COMPANY REGISTERED NUMBER 611708



JEWEL MUSIC PUBLISHING COMPANY LIMITED

FINANCIAL STATEMENTS

for the year ended 30 June 1996

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The following page does not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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DIRECTORS' REPORT

for the year ended 30 June 1996

The directors present their report and the audited financial statements for the year ended 30 June 1996.

Principal activity

The principal activity of the company continued to be music publishers and consultants.

Directors

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

	30 June 1996 'A' Ordinary shares	1 July 1995 'A' Ordinary shares
M Chess	12	12
Mrs C Goodman	12	12
J Hammond	-	-
B W Hitchens	-	-

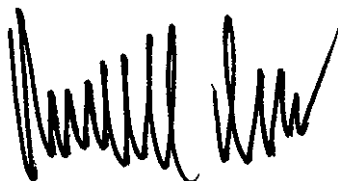
Auditors

The auditors Dodd Harris, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Small company exemptions

This report, which has been prepared taking advantage of the exemptions conferred by Part II of Schedule 8 to the Companies Act 1985, was approved by the board on 2 April 1997 and signed on its behalf.

M Chess
Director



JEWEL MUSIC PUBLISHING COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company 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 of the profit or loss of the company for that year. In preparing those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We 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. We 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.

2 April 1997

By order of the board

JEWEL MUSIC PUBLISHING COMPANY LIMITED**Auditors' report to the shareholders of****Jewel Music Publishing Company Limited**

We have audited the financial statements on pages 4 to 8 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2, 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 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 error or other irregularity. 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 30 June 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.

Dodd Harris
Registered Auditors And
Chartered Accountants
35/37 Brent Street
London NW4 2EF

2 April 1997

Dodd Harris

PROFIT AND LOSS ACCOUNT

for the year ended 30 June 1996

	Notes	1996 £	1995 £
Turnover	2	401,985	488,749
Cost of sales		(188,617)	(244,045)
Gross profit		213,368	244,704
Net operating expenses			
Administrative expenses		(44,499)	(52,523)
Interest receivable		15,305	12,458
Profit on ordinary activities before taxation		184,174	204,639
Taxation	4	(45,587)	(51,160)
Profit on ordinary activities after taxation		138,587	153,479
Dividends	5	(142,000)	(180,000)
Loss for the year	9	(3,413)	(26,521)

Movements in reserves are shown in note 9.

There are no recognised gains and losses in 1996 or 1995 other than the loss for the year.

The notes on pages 6 to 8 form part of these financial statements.

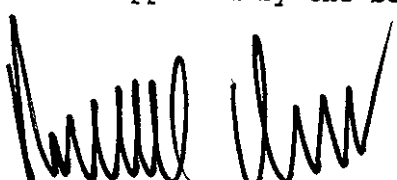
BALANCE SHEET

as at 30 June 1996

	Notes	£	1996 £	£	1995 £
Current assets					
Debtors	6	165,733		159,603	
Cash at bank and in hand		239,055		377,018	
		<u>404,788</u>		<u>536,621</u>	
Creditors: amounts falling due within one year	7	(404,502)		(532,922)	
Net current assets			286		3,699
Total assets less current liabilities			<u>286</u>		<u>3,699</u>
Capital and reserves					
Called up share capital	8		100		100
Profit and loss account	9		186		3,599
Shareholders' funds - all equity	10		<u>286</u>		<u>3,699</u>

The directors have taken advantage, in the preparation of these financial statements, of the exemptions available under Part I of Schedule 8 to the Companies Act 1985, on the grounds that the company qualifies as a small company by virtue of section 247 of the Companies Act 1985. The financial statements were approved by the board on 2 April 1997 and signed on its behalf.

M Chess
Director



The notes on pages 6 to 8 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 1996

1 Accounting policies

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost accounting convention and include the results of the company's operations which are described in the Directors Report and are continuing.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirements to produce a cash flow statement on the grounds that it is a small company.

Turnover

The turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax.

U.K. mechanical and performing fees are accounted for on an accruals basis all other income is accounted for on a cash basis.

2 Turnover

In the opinion of the directors, 4% of the turnover of the company is attributable to geographical markets outside the UK. (1995 - 2%)

3 Operating profit

	1996 £	1995 £
Operating profit is stated after charging:		
Auditors' remuneration	3,500	3,100

4 Taxation

	1996 £	1995 £
UK current year taxation		
UK Corporation tax at 25% (1995 - 25%)	45,587	51,160

5 Dividends

	1996 £	1995 £
Proposed final dividend of £1,420 (1995 - £1,800) on both A and B ordinary shares	142,000	180,000

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 1996

6 Debtors: amounts falling due within one year

	1996 £	1995 £
Trade debtors	119,556	112,489
Other debtors	10,677	2,114
	<u>130,233</u>	<u>114,603</u>
Amounts falling due after more than one year		
Advance corporation tax	35,500	45,000
	<u>165,733</u>	<u>159,603</u>

7 Creditors: amounts falling due within one year

	1996 £	1995 £
Trade creditors	172,318	226,098
Corporation tax	44,251	68,061
Other creditors	187,933	238,763
	<u>404,502</u>	<u>532,922</u>

Included within other creditors is an amount of £10,237 (1995 - £15,975) relating to social security and other taxes.

8 Called up share capital

	1996		1995	
	Number of shares	£	Number of shares	£
Authorized				
A Shares of £1 each	50	50	50	50
B Shares of £1 each	50	50	50	50
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
Allotted called up and fully paid				
A Shares of £1 each	50	50	50	50
B Shares of £1 each	50	50	50	50
	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

9 Profit and loss account

	1996 £
1 July 1995	
Loss for the year	3,599
	<u>(3,413)</u>
30 June 1996	186

JEWEL MUSIC PUBLISHING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30 June 1996

10 Movements on shareholders' funds

	1996 £	1995 £
Profit for the financial year	138,587	153,479
Dividends	(142,000)	(180,000)
	(3,413)	(26,521)
Opening shareholders' funds	3,699	30,220
Closing shareholders' funds	286	3,699

11 Post balance sheet event

The company is in dispute with the original publishers of the majority of its copyright. In settlement of this dispute it has been agreed that all the copyrights will revert back to the original publishers and the company will receive a smaller royalty, all of which would be retained. Although the agreement has not been signed it is expected that the effective date will be 1 July 1997.