

THE HOLLIES LIMITED

INDEX TO THE ABBREVIATED BALANCE SHEET

AS AT 30TH APRIL 1997

(Abbreviated in accordance with the provisions of the Companies Act 1985)

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CITROEN WELLS
CHARTERED ACCOUNTANTS

Devonshire House, 1 Devonshire Street, London W1N 2DR
Tel: +44 (0) 171-304 2000, Fax: +44 (0) 171-304 2020
E-mail: cw@citwell.demon.co.uk

AUDITOR'S REPORT TO THE HOLLIES LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages three to six together with the financial statements of The Hollies Limited prepared under section 226 of the Companies Act 1985 for the year ended 30th April 1997.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page three and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the Company is entitled, under sections 246 and 247 of the Companies Act 1985 as amended, to the exemptions conferred by Part III of Schedule 8 to that Act in respect of the year ended 30th April 1997 and the abbreviated accounts on pages three to six have been properly prepared in accordance with that Schedule.

On 21 AUGUST 1998 we reported, as auditor of The Hollies Limited to the members on the full financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 30th April 1997 and our audit report was as follows:-

'We have audited the financial statements on pages four to ten which have been prepared under the historical cost convention and the accounting policies set out on page six.

Cont'd...



CITROEN WELLS
CHARTERED ACCOUNTANTS

Devonshire House, 1 Devonshire Street, London W1N 2DR
Tel: +44 (0) 171-304 2000, Fax: +44 (0) 171-304 2020
E-mail: cw@citwell.demon.co.uk

REPORT OF THE AUDITOR TO THE DIRECTORS OF
THE HOLLIES LIMITED (CONTINUED)

Respective responsibilities of directors and auditors

As described in the Report of the Directors 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

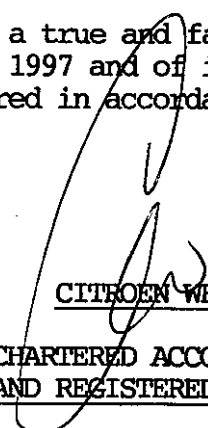
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 mis-statement, 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 at 30th April 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

21 August 1998


CITROEN WELLS
CHARTERED ACCOUNTANTS
AND REGISTERED AUDITOR

THE HOLLIES LIMITED

ABBREVIATED BALANCE SHEET AS AT 30TH APRIL 1997

(Abbreviated in accordance with the provisions of the Companies Act 1985)

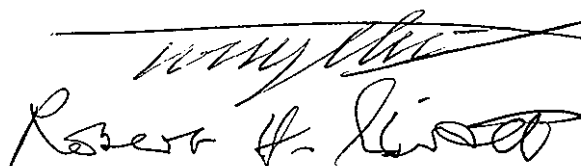
	Note	£	£	£	1996	£
<u>FIXED ASSETS</u>						
Tangible assets	2		1,274			1,699
<u>CURRENT ASSETS</u>						
Debtors	3	29,738		63,711		
Cash at bank		220,629		266,877		
		<u>250,367</u>		<u>330,588</u>		
<u>Deduct:</u>						
<u>CURRENT LIABILITIES:</u>						
Creditors: amounts falling due within one year		<u>229,331</u>		<u>308,005</u>		
<u>NET CURRENT ASSETS</u>			21,036			22,583
<u>NET ASSETS</u>			<u>£ 22,310</u>			<u>£ 24,282</u>
<u>CAPITAL AND RESERVES</u>						
Called up share capital	4		7			7
Profit and loss account			22,303			24,275
<u>EQUITY SHAREHOLDERS' FUNDS</u>			<u>£ 22,310</u>			<u>£ 24,282</u>

The Notes on pages four to six are an integral part of this Balance Sheet.

Advantage has been taken of the exemptions conferred by Section A of Part III, Schedule 8 of the Companies Act 1985, as amended, on the grounds that, in the Directors' opinion the Company is a small company because the Balance Sheet total of assets is not more than £1,400,000 and the turnover is not more than £2,800,000.

These accounts are prepared in accordance with the provisions of Part VII of the Companies Act 1985, as amended, relating to small companies.

The Abbreviated Balance Sheet and Notes on pages 4 to 6 were approved by the Board of Directors on 19 AUGUST 1998 and signed on its behalf by:-



A.C. Hicks Esq.)
R.H. Elliott Esq.) Directors

THE HOLLIES LIMITED

NOTES TO THE ABBREVIATED BALANCE SHEET AS AT 30TH APRIL 1997

1. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

b) Cash Flow Statement

The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from providing a cash flow statement of the grounds that it is a small company as defined by Section 247 of the Companies Act 1985.

c) Fixed Assets

Fixed assets are capitalised at cost.

d) Depreciation

Fixed assets are depreciated over their estimated useful lives at the following rates:-

<u>Asset</u>	<u>Rate p.a.</u>
Equipment	25% reducing balance

e) Deferred Taxation

The policy has been adopted of providing for the estimated corporation tax liability, calculated at the year end rate, arising from timing differences in the adjustment of profits for taxation purposes which are expected to reverse in the foreseeable future. On this basis, no provision for deferred tax is required at 30th April 1997.

f) Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies have been translated at the exchange rates ruling at the year end. Profit and loss account items have been translated at actual exchange rates. The net differences arising are dealt with through the profit and loss account.

THE HOLLIES LIMITED

NOTES TO THE ABBREVIATED BALANCE SHEET AS AT 30TH APRIL 1997 (CONTINUED)

2.	<u>TANGIBLE FIXED ASSETS</u>	<u>Equipment</u>
		£
	<u>Cost</u>	
	At beginning and	
	At end of year	33,539
		<u> </u>
	<u>Depreciation</u>	
	At beginning of year	31,840
	Charge for the year	425
		<u> </u>
	At end of year	32,265
		<u> </u>
	<u>Net Book Value</u>	
	At beginning of year	£ 1,699
		<u> </u>
	At end of year	£ 1,274
		<u> </u>

3.	<u>DEBTORS:</u>	<u>This Year</u>	<u>Last Year</u>
		£	£
	Amounts due within one year	29,738	63,711
		<u> </u>	<u> </u>

4.	<u>SHARE CAPITAL</u>	<u>This Year</u>	<u>Last Year</u>
		£	£
	A) Authorised:		
	100 ordinary shares of £1 each	100	100
		<u> </u>	<u> </u>
	B) Allotted and fully paid:		
	7 Ordinary Shares of £1 each	7	7
		<u> </u>	<u> </u>

THE HOLLIES LIMITED

NOTES TO THE ABBREVIATED BALANCE SHEET AS AT 30TH APRIL 1997 (CONTINUED)

5. RELATED PARTY TRANSACTIONS

A.C. Hicks Esq. and R.H. Elliott Esq. are two of the partners of Hollies Recording Co.

The Hollies Limited acted as agent in collecting royalties due to the partnership and as at 30th April 1997 £150,321 (last year - £236,944) was owed by the Company to Hollies Recording Co.