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SLEEPING GIANT MUSIC INTERNATIONAL LIMITED

INDEX TO THE ACCOUNTS

FOR THE YEAR ENDED 30TH JUNE 1994

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SLEEPING GIANT MUSIC INTERNATIONAL LIMITED

Directors:- Mr K. C. Thomas
Mr J. Beattie
Mr D. W. Curtis
Mr I. Taylor King
Mr P. A. Thomas

Secretary:- Mr J. Beattie

Registered Office:- 34 Great James Street
London WC1N 3HB
England

REPORT OF THE DIRECTORS

The Directors present the audited accounts for the year ended 30th June 1994.

Activities: The principal activity of the group during the year was that of music publishing and record licensing.

Review: The profit and loss account on page 4 shows the result for the year. The development of the business during the year was satisfactory. At the year end the state of affairs of the company was satisfactory, there have been no important events affecting the company since the end of the year. No major future developments in the business of the company are anticipated. The company is not materially involved in research and development.

Dividends: The Directors do not recommend the payment of a dividend for the year ended 30th June 1994.

Fixed Assets: Changes in the fixed assets during the year are shown in Note 8 on page 8.

SLEEPING GIANT MUSIC INTERNATIONAL LIMITED

REPORT OF THE DIRECTORS - (continued)

Directors: The names of the Directors who held office at the end of the year, together with details of their interests in the shares of the company were:-

<u>NAME OF DIRECTOR</u>	<u>SHARES</u>
Mr K. C. Thomas	499
Mr I. Taylor King	NIL
Mr P. A. Thomas	NIL
Mr D. W. Curtis	NIL
Mr J. Beattie	NIL

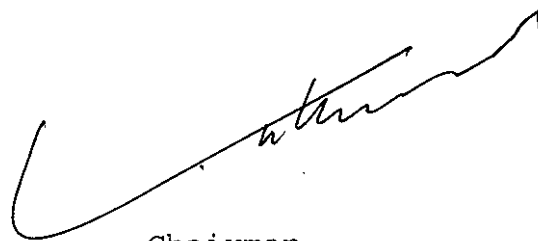
The only Director voted a Directors Fee during the year was Mr K. C. Thomas.

Auditor: Mr Ivor Chinman F.C.C.A. was appointed auditor during the year and expressed his willingness to be re-appointed as auditor at the forthcoming Annual General Meeting.

Close Company Taxation: The company is a close company within the meaning of the Taxes Act 1970, as subsequently amended, but the Directors are of the view that in respect of the accounting period ended 30th June 1994, there is no apportionable surplus of relevant income giving rise to advance corporation tax or income tax.

By Order Of The Board

16th MARCH
.....1995


Chairman

AUDITORS' REPORT TO THE MEMBERS OF
SLEEPING GIANT MUSIC INTERNATIONAL LIMITED

I have audited the financial statements set out on Pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of Directors and Auditor

The company's Directors are responsible for the preparation of the financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I conducted my audit in accordance with Auditing Standards issue by the Auditing Practices Board. An audit includes an 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.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance as to whether the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion, I also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In my opinion the financial statements give a true and fair view of the state of affairs of the company at 30th June 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

37 Lyndhurst Drive
Leyton
London E10 6JB


.....
I. CHINMAN F.C.C.A.
Registered Auditor &
Certified Accountant

SLEEPING GIANT MUSIC INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1994

		<u>1994</u>	<u>1993</u>
	<u>Note</u>	<u>£</u>	<u>£</u>
Turnover	2	120174	93899
Operating Expenses (net)	3	120513	85801
		<u> </u>	<u> </u>
		(339)	8098
Interest Receivable	4	104	553
		<u> </u>	<u> </u>
		(235)	8651
Interest Payable	5	-	-
		<u> </u>	<u> </u>
Profit On Ordinary Activities		(235)	8651
Taxation	7	220	2407
		<u> </u>	<u> </u>
Profit On Ordinary Activities		£ <u>(455)</u>	£ <u>6244</u>

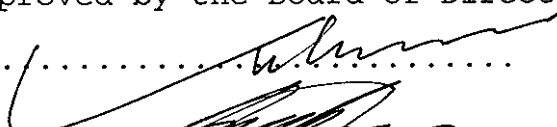
The notes on pages 7 to 10 are an integral part of these financial statements.

SLEEPING GIANT MUSIC INTERNATIONAL LIMITED
BALANCE SHEET AT 30TH JUNE 1994

	NOTE	1994	1993
		£	£
<u>FIXED ASSETS</u>			
Tangible assets	8	17442	16552
<u>CURRENT ASSETS</u>			
Investment in U.K. Company	16	49	49
Debtors	9	63475	43498
Cash at bank and in hand		9495	11498
		<u>73019</u>	<u>55045</u>
<u>DEDUCT:</u>			
<u>CURRENT LIABILITIES</u>			
Creditors falling due within one year	10	73875	60745
<u>NET CURRENT ASSETS</u>		(856)	(5700)
		<u>16586</u>	<u>10852</u>
<u>NET CURRENT LIABILITIES LESS TOTAL ASSETS</u>			
<u>CREDITORS: Amounts falling due after more than one year</u>	11	20427	14238
<u>NET LIABILITIES</u>		<u>£(3841)</u>	<u>£(3386)</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	12	500	500
Profit and loss account	13	(4341)	(3886)
<u>DEFICIENCY OF CAPITAL EMPLOYED</u>		<u>£(3841)</u>	<u>£(3386)</u>

The Notes on pages 7 to 10 are an integral part of these financial statements.

Approved by the Board Of Directors on the 16th March 1995

.....

..... DIRECTORS

SLEEPING GIANT MUSIC INTERNATIONAL LIMITED
SOURCE AND APPLICATION OF FUNDS FOR THE YEAR
ENDED 30TH JUNE 1994

	<u>1994</u>		<u>1993</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>SOURCE OF FUNDS</u>				
Profit/(Loss) before taxation	(235)		8651	
Taxation	(220)		(2407)	
<u>ITEM NOT INVOLVING THE MOVEMENT OF FUNDS</u>				
Profit on disposal of motor vehicle	(1307)		-	
Depreciation	8218		5788	
	—	<u>£6456</u>	—	<u>£12032</u>
<u>APPLICATION OF FUNDS</u>				
Purchase of fixed assets	12147		5988	
Increase (Decrease) in working capital	(1345)		6044	
Proceeds on disposal of motor vehicle	(4346)		-	
	—	<u>£6456</u>	—	<u>£12032</u>
<u>(DECREASE) IN WORKING CAPITAL</u>				
Accounts receivable and prepayments	19977		43498	
Accounts payable and accruals	(19319)		(35162)	
Bank balances	(2003)		(2292)	
	—	<u>£(1345)</u>	—	<u>£ 6044</u>

SLEEPING GIANT MUSIC INTERNATIONAL LIMITED

NOTE ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH JUNE 1994

1. ACCOUNTING POLICIES

A) Fixed Assets

Tangible assets are capitalised at cost. No value is attributed in the accounts to the company's interest in music copyrights and other intangible assets.

B) Depreciation

Fixed assets are depreciated by fixed rates on the cost values.

<u>Assets</u>	<u>Rate</u>
Furniture, fixtures, fittings and equipment	20% per annum
Motor vehicles	20% per annum

C) Royalties

Income from royalties is stated on a receipts basis whereas royalties payable are on the accrual basis.

2. TURNOVER

Turnover comprised royalties received less royalties and copyrights payable.

<u>3. OPERATING EXPENSES (Net)</u>	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Administrative expenses	<u>120513</u>	<u>85801</u>

<u>4. INTEREST RECEIVABLE</u>	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Bank deposit interest	<u>104</u>	<u>553</u>

<u>5. INTEREST PAYABLE</u>	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Bank	-	-

<u>6. LOSS ON ORDINARY ACTIVITIES</u>		
<u>BEFORE TAXATION</u>	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
After Charging:-		
Depreciation	8218	5788
Auditors remuneration	190	170
And after crediting:-		
Interest Receivable (Note 4)	<u>8408</u>	<u>553</u>

SLEEPING GIANT MUSIC INTERNATIONAL LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 1994 (continued)

7. TAXATION

	<u>1994</u>	<u>1993</u>
Overseas taxation suffered on receipts	-	415
Current year corporation tax charge	220	1992
	<u>£ 220</u>	<u>£2407</u>

There are no unrelieved losses which may be available to be carried forward.

8. (A) FIXED ASSETS - INTANGIBLE COPYRIGHTS

Notwithstanding the accounting policy on copyrights referred to in note 1 (A), in the opinion of the Directors combined values of such copyrights substantially exceed the accumulated losses as shown in Note 13.

(B) FIXED ASSETS - TANGIBLE

	<u>Furniture Fixtures and Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
<u>COST</u>	<u>£</u>	<u>£</u>	<u>£</u>
At beginning of year	11341	17600	28941
Purchased during year	-	12147	12147
Disposed of during year	<u>-</u>	<u>(7600)</u>	<u>(7600)</u>
At end of year	<u>£11341</u>	<u>£22147</u>	<u>£33488</u>

SLEEPING GIANT MUSIC INTERNATIONAL LIMITED

NOTES ON THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 1994 (continued)

DEPRECIATION

	<u>£</u>	<u>£</u>	<u>£</u>
At beginning of year	5349	7040	12389
Charge for year	2268	5949	8217
Disposed of during year	<u>-</u>	<u>(4560)</u>	<u>(4560)</u>
At end of year	<u>£7617</u>	<u>£8429</u>	<u>£16046</u>

NET BOOK VALUE

At beginning of year	<u>£5993</u>	<u>£10560</u>	<u>£16553</u>
At end of year	<u>£3724</u>	<u>£13718</u>	<u>£17442</u>

9. DEBTORS

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
Prepayments and accrued income	-	-
Value Added Tax	-	-
Other Trade debtors	2348	-
Prestige Records Ltd	61127	43498
	<u> </u>	<u> </u>
<u>TOTAL DEBTORS</u>	<u>£63475</u>	<u>£43498</u>

SLEEPING GIANT MUSIC INTERNATIONAL LIMITED
NOTES ON THE FINANCIAL STATEMENTS FOR THE
YEAR ENDED 30TH JUNE 1994 (continued)

10. CREDITORS: Amounts falling due within one year

	<u>1994</u>	<u>1993</u>
	£	£
Trade Creditors	7610	22778
Value Added Tax	5210	7560
Accruals and other creditors	55096	28090
Taxation	5959	2317
	<u>£73875</u>	<u>£60745</u>

11. CREDITORS: Amounts falling due after more than one year

	<u>1994</u>	<u>1993</u>
	£	£
1) Corporation Tax	2213	1992
2) Provision for amounts payable to writers and composers on advance royalties received from overseas	18214	12246
	<u>£20427</u>	<u>£14238</u>

12. SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
	£	£
Authorised issue and fully paid	<u>£500</u>	<u>£500</u>

13. PROFIT AND LOSS ACCOUNT

	<u>1994</u>	<u>1993</u>
	£	£
Retained profits/(losses) brought forward	(3886)	(10130)
Retained profit/(loss) for the year	(455)	6244
Retaining profits/(losses) carried forward	<u>£(4341)</u>	<u>£ (3886)</u>

14. CAPITAL EXPENDITURE

There were no commitments for capital expenditure at 30th June 1994.

15. CONTINGENT LIABILITIES

There were no contingent liabilities at 30th June 1994.

16. INVESTMENT IN U.K. COMPANY

The company acquired a 25% shareholding in Prestige Records Limited during the year ended 30th June 1989, and a further 24% shareholding during the year ended 30th June 1992, and retained its shareholding of 49% for the year ended 30th June 1994.

SLEEPING GIANT MUSIC INTERNATIONAL LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE 1994

	<u>1994</u>		<u>1993</u>	
	£	£	£	£
Publishing Royalties Received		20618		17332
Pressing and Production Income		18383		26873
<u>Less: Royalties and copyrights payable</u>		9612		4703
Artist Royalties Payable		15260		24180
		<u>14129</u>		<u>15322</u>
 <u>Add: Bank interest receivable</u>		104		553
Commission received		8300		9300
Consultancy fees		106045		78577
		<u>128578</u>		<u>103752</u>
 <u>DEDUCT: Expenses</u>				
Advertisting and promotion	16123		14028	
Music arranging, recording and production expenses	9		-	
Wages and salaries	44933		32455	
Social charges	5390		3899	
Travelling	231		2473	
Entertaining	731		2479	
Stationery and Office supplies	1537		175	
Telephones	434		410	
Postage	330		53	
Profit on disposal of Motor Vehicle	(1307)		-	
Legal and professional Fees	25906		17323	
Audit and accountancy	5072		4375	
Bank charges	512		441	
Depreciation	8218		5788	
General insurance	300		150	
Motor vehicle expenses	3194		2839	
Rent and rates etc	1650		1500	
Directors fees	14969		5496	
General office expenses	10		573	
Temporary & casual staff	219		235	
Purchases - small Equipment	352		409	
		<u>128813</u>		<u>95101</u>
 <u>PROFIT/(LOSS) FOR THE YEAR</u>		<u>£(235)</u>		<u>£8651</u>