

SWOT MUSIC LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003

CONTENTS

	Page
COMPANY INFORMATION	2
REPORT OF THE DIRECTORS	3
REPORT OF THE ACCOUNTANTS	4
PROFIT AND LOSS ACCOUNT	5
BALANCE SHEET	6
DIRECTORS' STATEMENT ON THE BALANCE SHEET	6a
NOTES TO THE FINANCIAL STATEMENTS	7 - 11

COMPANY NUMBER: 4446292



SWOT MUSIC LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003

COMPANY INFORMATION

DIRECTORS:	Mr J Sweet Ms D Dougoud
SECRETARY:	Ms D Dougoud
REGISTERED OFFICE:	The Old Emporium Bow Street LANGPORT Somerset TA10 9PQ
COMPANY NUMBER:	4446292
ACCOUNTANTS:	Jean Davenport (Accountants) The Old Emporium Bow Street LANGPORT Somerset TA10 9PQ
BANKERS:	National Westminster Bank plc 49 South Street Dorchester Dorset DT1 1DW

SWOT MUSIC LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003

The directors present their first report and the financial statements for the year ended 30 September 2003.

Principal Activities

The Company was incorporated on 23rd May 2002 and commenced trading on 1st October 2002. The principal activity of the company is Music production.

Directors

The directors who served during the year and their interest in the shares of the company at the end of the year were as follows:

	Ordinary Shares of £1 Each 30 September 2003	
	'A' Ordinary	'B' Ordinary
Mr J Sweet	75	1
Ms D Dougoud	25	0

Directors' Responsibilities

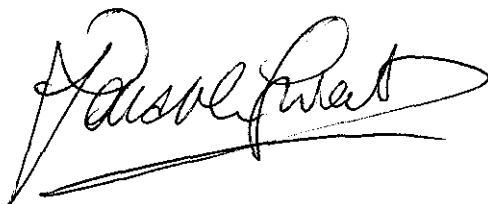
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on a 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. The directors 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.

This report was approved by the Board on 9th March 2004....., taking advantage of special exemptions available to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

Signed on behalf of the board:



ACCOUNTANT'S REPORT TO THE MEMBERS OF
SWOT MUSIC LIMITED
FOR THE YEAR ENDED 30 SEPTEMBER 2003

In accordance with instructions given to me, I have prepared the financial statements set out on pages 4 to 10 from the accounting records of SWOT Music Ltd and from the information and explanations supplied to me by the management of the company.

I have not audited the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.

Jean Davenport

The Old Emporium
Bow Street
LANGPORT
Somerset
TA10 9PQ

JEAN DAVENPORT
(ACCOUNTANTS)

Dated: 9th March 2004

SWOT MUSIC LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	<u>Notes</u>	<u>2003</u> £
TURNOVER	1.2 & 2	73156
Cost of sales		<u>12125</u>
GROSS PROFIT		61031
Administrative Expenses		<u>38453</u>
OPERATING PROFIT	3	22578
Interest Receivable		85
Interest Payable		<u>3998</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		18665
Tax on profit on ordinary activities	4	<u>2355</u>
PROFIT FOR THE FINANCIAL YEAR		16310
Dividends	5	<u>13500</u>
PROFIT FOR THE YEAR		<u>2810</u>

- The Company was incorporated on 23rd May 2002 and commenced trading on 1st October 2002.
- There were no recognised gains or losses other than those recognised in the Profit and Loss Account.
- The profit on ordinary activities before taxation and the retained profit have been calculated on the historical cost basis.
- The notes on pages 7 to 11 form an integral part of these financial statements.

SWOT MUSIC LIMITED
BALANCE SHEET AS AT 30 SEPTEMBER 2003

	<u>Notes</u>	£	<u>2003</u> £
INTANGIBLE FIXED ASSETS	6		27000
TANGIBLE FIXED ASSETS	7		<u>45139</u>
			72139
 CURRENT ASSETS			
Debtors	8	9232	
Cash at Bank and in Hand		<u>20226</u>	
		29458	
 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>69614</u>	
 NET CURRENT (LIABILITIES)			<u>(40156)</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES			31983
 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10		26717
 PROVISIONS FOR LIABILITIES AND CHARGES	11		<u>2355</u>
 NET ASSETS			<u><u>2911</u></u>
 CAPITAL AND RESERVES			
Called Up Share Capital	12		101
Profit and Loss Account	13		<u>2810</u>
 Shareholders' Funds	14		<u><u>2911</u></u>

The notes on pages 7 to 11 form an
integral part of these financial statements.

See continuation sheet on page 6A for Directors' Statement on the Balance Sheet

SWOT MUSIC LIMITED
DIRECTORS' STATEMENT ON THE BALANCE SHEET
FOR THE YEAR ENDED 30 SEPTEMBER 2003

For the year in question, the directors were satisfied that the company was entitled to exemption from an audit under section 249A (1) of the Companies Act 1985 and no member or members have requested an audit pursuant to section 249B (2) of the Act. The directors acknowledges their responsibility for:

- (a) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985; and
- (b) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year, and of its profit or loss for the financial year in accordance with the requirements of section 226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

Advantage has been taken, in the preparation of the accounts, of special exemptions applicable to small companies on the grounds that, in the Directors opinion, the company qualifies as a small company under s246 and s247 of the Companies Act 1985.

Director:



Director:



Dated:

9th March 2004

SWOT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2003

1. ACCOUNTING POLICIES

The following accounting policies have been consistently applied in dealing with the items which are considered material in relation to the company's accounts.

1.1 Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activities which are described in the directors' report and which are continuing.

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor Vehicles	25% reducing balance basis
Equipment	20% reducing balance basis
Fixtures and Fittings	15% reducing balance basis

1.4 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.5 Deferred taxation

The charge for taxation is based on the profit for the year and takes into account deferred taxation.

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligations outstanding in each period.

SWOT MUSIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003(CONTINUED)

2. TURNOVER

There were no exports during the financial year.

3. OPERATING PROFIT

The operating profit is stated after charging:

	<u>2003</u>
	£
Amortisation of Goodwill	3000
Depreciation of tangible fixed assets owned by the company	3737
Depreciation of tangible fixed assets held under finance leases	8514
Director's remuneration	<u>4950</u>

4. TAXATION

	<u>2003</u>
	£
UK Current Year Taxation:	
UK Corporation tax at 0%/19%.	0
Transfer to deferred taxation	<u>2355</u>
	<u>2355</u>

5. DIVIDENDS

	<u>2003</u>
A dividend of £45 per 'A' share was declared	4500
A dividend of £9000 per 'B' share was declared	<u>9000</u>
	<u>13500</u>

SWOT MUSIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003(CONTINUED)

6. INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 30 September 2003	<u>30000</u>
Provision for diminution in value:	
Increase in year	<u>3000</u>
At 30 September 2003	<u>3000</u>
Net Book Values	
At 30 September 2003	<u>27000</u>

Goodwill arose on the purchase of an incorporated business in October 2002 and is being amortised over 10 years. In the opinion of the Directors, this represents a prudent estimate of the period over which the company will derive economic benefit from the products acquired as part of that business.

7. TANGIBLE FIXED ASSETS

	Motor Vehicles £	Equipment £	Fixtures & Fittings £	Total £
Cost or valuation:				
From sole trader	23000	4800	2771	30571
Additions	0	22048	4771	26819
Disposals	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
At 30 September 2003	<u>23000</u>	<u>26848</u>	<u>7542</u>	<u>57390</u>
Depreciation:				
Charge for the year	5750	5370	1131	12251
Disposal	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
At 30 September 2003	<u>5750</u>	<u>5370</u>	<u>1131</u>	<u>12251</u>
Net Book Values:				
At 30 September 2003	<u>17250</u>	<u>21478</u>	<u>6411</u>	<u>45139</u>

Included above are assets held under hire purchase contracts as follows:

	£
Plant and machinery	<u>13818</u>
Vehicles	<u>23000</u>

SWOT MUSIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003(CONTINUED)

8. DEBTORS

	<u>2003</u> £
Due within one year:	
Trade debtors	8930
Other debtors	210
Prepayments and accrued income	<u>92</u>
	<u>9232</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>2003</u> £
Bank loans and overdrafts (secured)	25887
Obligations under finance leases	11836
Trade creditors	7654
Corporation tax	0
Other taxation and social security	6685
Director's loan accounts	<u>17552</u>
	<u>69614</u>

Bank loans outstanding at the year end amounted to £25887 and this is payable in annual instalments, plus interest, as follows:

	<u>2003</u>
Within one year	3658
Between one and two years	3658
Between two and five years	10974
After more than five years	7597

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>2003</u> £
Net obligations under finance lease and hire purchase contracts	<u>26717</u>

SWOT MUSIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2003(CONTINUED)

11. DEFERRED TAXATION

	Provided For	Maximum Potential Liability
	<u>2003</u>	<u>2003</u>
	£	£
Accelerated Capital Allowances	<u>2355</u>	<u>2355</u>

12. CALLED UP SHARE CAPITAL

	<u>2003</u>
	£
Authorised:	
Ordinary "A" shares of £1 each	<u>80000</u>
Ordinary "B" shares of £1 each	<u>20000</u>
Issued and fully paid:	
Ordinary "A" shares of £1 each	<u>100</u>
Ordinary "B" shares of £1 each	<u>1</u>

13. PROFIT AND LOSS ACCOUNT

	<u>2003</u>
	£
Profit for the year	<u>2810</u>
Balance at 30 September 2003	<u>2810</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>2003</u>
	£
Profit for the year	16310
Dividends	<u>13500</u>
	2810
Shares issued during the year	<u>101</u>
Shareholders funds at 30 September 2003	<u>2911</u>