

Company Registration No. 871107 (England and Wales)

**GREENSLEEVES RECORDS LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 30 SEPTEMBER 2003**



# **GREENSLEEVES RECORDS LIMITED**

## **COMPANY INFORMATION**

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**Directors**

C J Sedgwick  
C H Cracknell  
B M Sedgwick  
J H Sedgwick

**Secretary**

C J Sedgwick

**Company number**

871107

**Registered office**

Unit 14  
Metro Industrial Estate  
St Johns Road  
Isleworth  
Middlesex  
TW7 6NJ

**Auditors**

Rostron & Partners  
St Peter's House  
Cattle Market Street  
Norwich  
NR1 3DY

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# GREENSLEEVES RECORDS LIMITED

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# GREENSLEEVES RECORDS LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2003

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

### Principal activities and review of the business

The company releases, markets, distributes and publishes recorded music, specialising in reggae.

The company had a successful year, with turnover rising by 16% to a record £3.3 million. There is an established market for the company's releases in many countries around the world, and reggae has continued to make inroads into the dance market and to have occasional crossover success in the pop market. The company has been closely involved in most new developments with both its recording and publishing divisions.

### Results

The results for the year are set out on page 4.

### Future developments

The company has achieved further growth since the year end and the directors anticipate another record year for both turnover and profits.

### Single European Currency

The company's systems are capable of accommodating the Euro regardless of which countries participate in the single currency.

### Directors

The following directors have held office since 1 October 2002:

C J Sedgwick  
C H Cracknell  
B M Sedgwick  
J H Sedgwick

### Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	30 September 2003	1 October 2002
C J Sedgwick and B M Sedgwick	15,250	15,250
C H Cracknell	-	-
J H Sedgwick	1,000	1,000

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Rostron & Partners be reappointed as auditors of the company will be put to the Annual General Meeting.

P J Rostron, a partner in the auditors Rostron & Partners, acts as a trustee of a trust which owns 94.2% of the issued share capital of the company.

# GREENSLEEVES RECORDS LIMITED

## DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

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### 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 the 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. They 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.

On behalf of the board



C J Sedgwick

**Director**

3 June 2004

# GREENSLEEVES RECORDS LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF GREENSLEEVES RECORDS LIMITED

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We have audited the financial statements of Greensleeves Records Limited on pages 4 to 16 for the year ended 30 September 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of the directors and auditors**

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

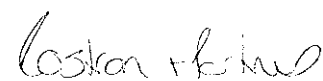
### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 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 as at 30 September 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Rostron & Partners**  
Chartered Accountants  
**Registered Auditors**

3 June 2004

St Peter's House  
Cattle Market Street  
Norwich  
NR1 3DY

# GREENSLEEVES RECORDS LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	Notes	2003 £	2002 £
Turnover	2	3,281,219	2,834,185
Cost of sales		(1,812,959)	(1,589,150)
Gross profit		1,468,260	1,245,035
Administrative expenses		(1,336,781)	(1,180,891)
Operating profit	3	131,479	64,144
Interest receivable and similar income		4,575	3,680
Profit on ordinary activities before taxation		136,054	67,824
Tax on profit on ordinary activities	4	(7,142)	(184)
Profit on ordinary activities after taxation	12	128,912	67,640

The profit and loss account has been prepared on the basis that all operations are continuing operations.

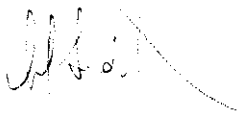
There are no recognised gains and losses other than those passing through the profit and loss account.

# GREENSLVEES RECORDS LIMITED

## BALANCE SHEET AS AT 30 SEPTEMBER 2003

	Notes	£	2003 £	£	2002 £
<b>Fixed assets</b>					
Tangible assets	5		13,397		21,087
Investments	6		137		137
			<u>13,534</u>		<u>21,224</u>
<b>Current assets</b>					
Stocks	7	350,710		349,023	
Debtors	8	1,579,321		1,173,112	
Cash at bank and in hand		447,503		427,606	
		<u>2,377,534</u>		<u>1,949,741</u>	
<b>Creditors: amounts falling due within one year</b>	9	(1,770,361)		(1,479,170)	
<b>Net current assets</b>			<u>607,173</u>		<u>470,571</u>
<b>Total assets less current liabilities</b>			<u>620,707</u>		<u>491,795</u>
<b>Capital and reserves</b>					
Called up share capital	11		17,250		17,250
Profit and loss account	12		603,457		474,545
<b>Shareholders' funds - equity interests</b>	13		<u>620,707</u>		<u>491,795</u>

The financial statements were approved by the board on 3 June 2004.

  
C J Sedgwick,  
Director

  
B M Sedgwick  
Director



# GREENSLEEVES RECORDS LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2003

	2003 £	2002 £
Net cash inflow from operating activities	18,259	64,221
Returns on investments and servicing of finance		
Interest received	4,575	3,680
Taxation	(184)	5,373
Capital expenditure		
Payments to acquire tangible assets	(2,753)	(7,570)
	<hr/>	<hr/>
Increase in cash in the year	19,897	65,704
	<hr/>	<hr/>

# GREENSLEEVES RECORDS LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2003

1	Reconciliation of operating profit to net cash inflow from operating activities	2003	2002
		£	£
	Operating profit	131,479	64,144
	Depreciation of tangible assets	10,001	12,082
	Loss on disposal of tangible assets	442	-
	(Increase)/decrease in stocks	(1,687)	9,376
	Increase in debtors	(406,209)	(43,263)
	Increase in creditors within one year	284,233	21,882
	<b>Net cash inflow from operating activities</b>	<b>18,259</b>	<b>64,221</b>

2	Analysis of net funds	1 October 2002	Cash flow	30 September 2003
		£	£	£
	Net cash:			
	Cash at bank and in hand	427,606	19,897	447,503

3	Reconciliation of net cash flow to movement in net funds	2003	2002
		£	£
	Increase in cash and movement in net funds in the year	19,897	65,704
	Opening net funds	427,606	361,902
	<b>Closing net funds</b>	<b>447,503</b>	<b>427,606</b>

# GREENSLEEVES RECORDS LIMITED

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

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Turnover

Turnover represents the invoiced value of sales to third parties, together with royalties and publishing income received, excluding Value Added Tax.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Improvements to leasehold property	20% straight line
Fixtures, fittings and equipment	10%, 15% and 33.33% straight line

#### 1.4 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

#### 1.5 Investments

Fixed asset investments are stated at cost less any provision for diminution in value.

#### 1.6 Stock

Stock is valued at the lower of cost and net realisable value.

#### 1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year.

#### 1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### 1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

# GREENSLEEVES RECORDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

### 2 Turnover on ordinary activities before taxation

	2003 £	2002 £
<b>Class of business</b>		
Recording	2,847,530	2,555,819
Publishing	433,689	278,366
	<u>3,281,219</u>	<u>2,834,185</u>

	2003 £	2002 £
<b>Geographical markets</b>		
United Kingdom	1,168,186	963,623
United States of America	1,139,667	906,939
Europe	617,254	736,888
Other	356,112	226,735
	<u>3,281,219</u>	<u>2,834,185</u>

### 3 Operating profit

	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of tangible assets	10,001	12,082
Loss on disposal of tangible assets	442	-
Operating lease rentals		
- Equipment	20,988	18,679
- Other assets	80,000	80,000
Auditors' remuneration	10,000	10,000
	<u></u>	<u></u>

# GREENSLEEVES RECORDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

4	Taxation	2003 £	2002 £
	<b>Domestic current year tax</b>		
	UK corporation tax	7,200	184
	Adjustment for prior years	(58)	-
	<b>Current tax charge</b>	<b>7,142</b>	<b>184</b>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	136,054	67,824
	Profit on ordinary activities before taxation multiplied by standard UK corporation tax rate of 19.00% (2002: 10.00%)	25,850	6,782
	Effects of:		
	Non deductible expenses	599	333
	Depreciation	1,984	1,208
	Capital allowances	(1,262)	(1,178)
	Tax losses utilised	(19,336)	(6,777)
	Adjustments to prior years	(58)	-
	Other tax adjustments	(635)	(184)
	<b>Current tax charge</b>	<b>7,142</b>	<b>184</b>

The company has losses of £nil (2002: £101,530) available for carry forward against future trading profits.

# GREENSLEEVES RECORDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

### 5 Tangible fixed assets

	Improvements to leasehold property £	Fixtures, fittings and equipment £	Total £
<b>Cost</b>			
At 1 October 2002	29,363	121,295	150,658
Additions	-	2,753	2,753
Disposals	-	(6,251)	(6,251)
At 30 September 2003	29,363	117,797	147,160
<b>Depreciation</b>			
At 1 October 2002	26,519	103,052	129,571
On disposals	-	(5,809)	(5,809)
Charge for the year	2,050	7,951	10,001
At 30 September 2003	28,569	105,194	133,763
<b>Net book value</b>			
At 30 September 2003	794	12,603	13,397
At 30 September 2002	2,844	18,243	21,087

# GREENSLEEVES RECORDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

### 6 Fixed asset investments

	Shares in group undertakings £
<b>Cost</b>	
At 1 October 2002 and 30 September 2003	<u>137</u>

#### Holdings of more than 20%

The company holds more than 20% of the issued share capital in the following companies:

Company	Country of incorporation	Class of shares held	Holding %
<b>Subsidiary undertakings</b>			
Greensleeves Publishing Limited	England	Ordinary	100
Greensleeves Records (USA) Limited	United States of America	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves £	Profit for the year £
Greensleeves Publishing Limited	70	-
Greensleeves Records (USA) Limited	<u>32,206</u>	<u>13,325</u>

During the year Greensleeves Records (USA) Limited charged fees of £325,369 (2002: £346,872) to Greensleeves Records Limited for promotional work, of which £14,176 (2002: £9,983) remained outstanding at the year end.

Greensleeves Records Limited has provided a guarantee to pay rent due under a lease in the name of Greensleeves Records (USA) Limited and at 30 September 2003 the contingent liability of Greensleeves Records Limited amounted to £36,770 (2002: £5,556).

Greensleeves Records (USA) Limited has a 31 December financial year end. The directors of Greensleeves Records Limited have decided for administrative convenience that Greensleeves Records (USA) Limited will not have a co-terminous year end with that of the parent company.

Included in creditors at the year end was £70 (2002: £70) owed by Greensleeves Records Limited to Greensleeves Publishing Limited.

7 Stocks	2003 £	2002 £
Goods for resale	<u>350,710</u>	<u>349,023</u>

# GREENSLEEVES RECORDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

8 Debtors	2003 £	2002 £
Trade debtors	1,532,826	1,125,369
Other debtors	46,495	47,743
	<u>1,579,321</u>	<u>1,173,112</u>

All amounts shown under debtors are receivable within one year.

9 Creditors: amounts falling due within one year	2003 £	2002 £
Trade creditors	1,566,803	1,378,347
Amounts owed to group undertakings	14,246	10,053
Taxation and social security	117,548	47,933
Other creditors	71,764	42,837
	<u>1,770,361</u>	<u>1,479,170</u>

### 10 Pension costs

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds.

	2003 £	2002 £
Contributions payable by the company for the year	<u>4,562</u>	<u>4,562</u>

11 Share capital	2003 £	2002 £
<b>Authorised</b>		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
<b>Allotted, called up and fully paid</b>		
17,250 Ordinary shares of £1 each	<u>17,250</u>	<u>17,250</u>



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## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

### 12 Statement of movements on profit and loss account

Profit and  
loss  
account  
£

Balance at 1 October 2002	474,545
Retained profit for the year	128,912
	<hr/>
Balance at 30 September 2003	603,457
	<hr/>

### 13 Reconciliation of movements in shareholders' funds

2003  
£

2002  
£

Profit for the financial year	128,912	67,640
Opening shareholders' funds	491,795	424,155
	<hr/>	<hr/>
Closing shareholders' funds	620,707	491,795
	<hr/>	<hr/>

### 14 Financial commitments

At 30 September 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003 £	2002 £
Expiry date:		
Within one year	1,435	-
Between two and five years	21,882	19,822
	<hr/>	<hr/>
	23,317	19,822
	<hr/>	<hr/>

# GREENSLEEVES RECORDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

15 Directors' emoluments	2003 £	2002 £
Emoluments	318,708	173,766
Company pension contributions to money purchase schemes	2,500	2,500
	<u>321,208</u>	<u>176,266</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 1 (2002: 1).

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2003 £	2002 £
Emoluments	178,708	93,766
Company pension contributions to money purchase schemes	2,500	2,500
	<u>181,208</u>	<u>96,266</u>

### 16 Transactions with directors

The company leases premises from C J Sedgwick and D A Cracknell, the wife of C H Cracknell, and during the year made rental payments of £80,000 (2002: £80,000).

Included in other creditors are amounts owed to C J Sedgwick and B M Sedgwick amounting to £49,054 (2002: £25,279).

# GREENSLEEVES RECORDS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2003

### 17 Employees

#### Number of employees

The average monthly number of employees (including directors) during the year was:

	2003 Number	2002 Number
Administration	4	4
Warehousing	2	2
Selling, distribution and operations	6	6
	<u>12</u>	<u>12</u>

#### Employment costs

	2003 £	2002 £
Wages and salaries	571,430	410,468
Social security costs	60,690	39,631
Pension costs	4,562	4,562
	<u>636,682</u>	<u>454,661</u>