

DIPLOMAT MUSIC LIMITED
(Registered in England No. 875521)

DIRECTORS REPORT AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1994



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DIPLOMAT MUSIC LIMITED

REPORT OF THE DIRECTORS

The directors submit their report together with the audited financial statements for the year ended 30th June 1994.

1. RESULTS AND DIVIDENDS

The profit for the year is set out in the Profit and Loss Account on page 4. The directors do not propose to declare a dividend in respect of the year ended 30th June 1994 (1993: Nil).

2. REVIEW OF THE BUSINESS

The principal activity of the company during the year continued to be music publishing. The directors do not anticipate any change in the future.

3. DIRECTORS

The directors during the year were:-

E S J Bergholz (Resigned 24 December 1993)

J D Gibson (Resigned 24 December 1993)

J Hammond

B W Hitchens

A D F Gummer (Appointed 24 December 1993)

R Godfrey-Cass (Appointed 24 December 1993)

4. DIRECTORS INTEREST

At no time during the year did any director have any interest in the shares of the company. There has been no movement in directors' interests since 1st July 1993.

5. AUDITORS

Elliotts have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the annual general meeting.

6. STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

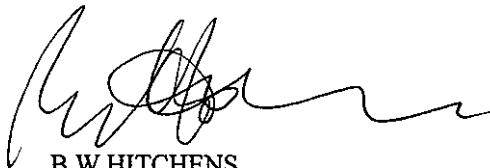
DIPLOMAT MUSIC LIMITED

REPORT OF THE DIRECTORS
(Continued)

6. **STATEMENT OF DIRECTORS RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS**
(Continued)

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 accounts 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.

BY ORDER OF THE BOARD



B W HITCHENS
Director

Dated: 13 April 1995

129 Park Street
London W1.

AUDITORS REPORT TO THE MEMBERS OF
DIPLOMAT MUSIC LIMITED

We have audited the accounts on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 June 1994 and of its profit for the period then ended and have been properly prepared in accordance with Companies Act 1985.

Elliott

ELLIOTTS
Registered Auditor

London

Dated: 19th April 1995.

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

	Notes	1994 £	1993 £
Operating loss	3	(532)	(228)
Interest receivable		1,913	2,809
Interest payable		(60)	-
		<hr/>	<hr/>
Profit on Ordinary Activities before tax		1,321	2,581
Tax on Profit on Ordinary Activities	5	(330)	(645)
		<hr/>	<hr/>
Profit for the Financial Year		991	1,936
Retained profit brought forward		42,363	40,427
		<hr/>	<hr/>
Retained profit carried forward		<u>£ 43,354</u>	<u>£ 42,363</u>

None of the company's activities were acquired or discontinued during the current period or previous year.

A Statement of Total Recognised Gains and Losses has not been presented as there are no gains and losses other than those dealt with in the profit and loss account.

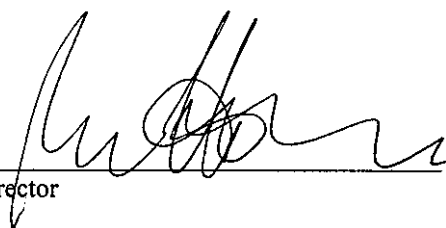
The notes on pages 6 and 7 form part of these financial statements.

DIPLOMAT MUSIC LIMITED

BALANCE SHEET

AT 30TH JUNE 1994

	Notes	1994 £	1993 £
Current Assets:			
Cash at bank		45,104	45,228
		<hr/>	<hr/>
		45,104	45,228
Creditors: Amounts Falling			
Due Within One Year	6	(1,650)	(2,765)
		<hr/>	<hr/>
NET CURRENT ASSETS		£ 43,454	£ 42,463
		<hr/> <hr/>	<hr/> <hr/>
Capital And Reserves:			
Share Capital	7	100	100
Profit and Loss Account		43,354	42,363
		<hr/>	<hr/>
		£ 43,454	£ 42,463
		<hr/> <hr/>	<hr/> <hr/>



Director

Dated: 13 April 1995

The notes on pages 6 and 7 form part of these financial statements.

DIPLOMAT MUSIC LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1994

1. ACCOUNTING POLICIES

Accounting Convention

These accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Exemption has been taken from preparing a cashflow statement on the grounds that the company qualifies as a small company.

Royalty Income

Credit is taken for royalty income which has been received or declared by users prior to the year end.

2. TURNOVER

Turnover represents gross royalties notified. The geographical areas to which turnover relates are as follows:

	1994	1993
United Kingdom	£ 92	£ 442
	=====	=====

3. OPERATING LOSS

This is stated after charging:	1994	1993
	£	£
Administrative expenses:		
Audit fee	588	528
Sundry expenses	36	142
	£ 624	£ 670
	=====	=====

4. EMPLOYEES

The company had no employees during the year (1993 Nil). No directors remuneration was paid during the year (1993 Nil).

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The charge for corporation tax is made up as follows:

	1994	1993
	£	£
Based on the profits for the year:		
Corporation Tax at 25%	£ 330	£ 645
	=====	=====

DIPLOMAT MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 1994

6. **CREDITORS: Amounts Falling Due Within One Year**

	1994 £	1993 £
Related company - Warner Chappell Music Ltd	732	1,532
Corporation Tax	330	645
Accruals	588	588
	<hr/>	<hr/>
	£ 1,650	£ 2,765
	<hr/>	<hr/>

7. **SHARE CAPITAL:**

	1994 £	1993 £
Authorised allotted, called up and fully paid:		
50 "A" Shares of £1 each	50	50
50 "B" Shares of £1 each	50	50
	<hr/>	<hr/>
	£ 100	£ 100
	<hr/>	<hr/>

8. **RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS' FUNDS**

	1994 £	1993 £
Balance at 1 July 1993	42,463	40,527
Profit for the year	991	1,936
	<hr/>	<hr/>
Balance at 30th June 1994	£ 43,454	£ 42,463
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