
Startling Music Limited

Report and Accounts

31 December 1994



Startling Music Limited

Registered No. 935434

DIRECTORS

Miss J V Woodgate

H L Gerrard

SECRETARY

Miss J V Woodgate

AUDITORS

Ernst & Young

Becket House

1 Lambeth Palace Road

London SE1 7EU

REGISTERED OFFICE

2 Glynde Mews (off Walton Street)

London SW3 1SB

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1994.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £874,850 which, when added to retained profits brought forward of £120,895, leaves retained profit of £995,745 to be carried forward.

The directors do not recommend the payment of a dividend for the year.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company are those of music publishing, the provision of promotional services and exploitation of musical copyrights and the undertaking of associated activities in the music field. No change to these activities is anticipated by the directors.

FIXED ASSETS

Changes in fixed assets during the year are disclosed in notes 6, 7 and 8 to the accounts.

DIRECTORS AND THEIR INTERESTS

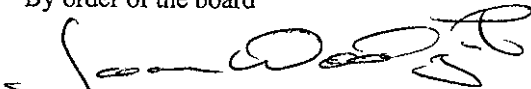
The directors of the company during the year ended 31 December 1994 were those listed on page 1.

There are no directors interests requiring disclosure under the Companies Act 1985.

AUDITORS

In accordance with Section 386 of the Companies Act 1985, a resolution to dispense with the obligation to appoint auditors annually was passed during 1993. Accordingly, Ernst & Young shall be deemed to be reappointed as auditors.

By order of the board


Secretary

23 January 1996

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; and
- prepare the accounts 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 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.

REPORT OF THE AUDITORS
to the members of Startling Music Limited

We have audited the accounts on pages 5 to 12 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the 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 as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Chartered Accountants
Registered Auditor
London

25 January 1996

Startling Music Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1994

	Notes	1994 £	1993 £
TURNOVER	2	1,416,778	1,112,224
Cost of sales		(4,974)	(5,114)
Gross profit		1,411,804	106,110
Administrative expenses		(202,581)	(150,790)
Other operating income		24,400	77,397
		(178,181)	(73,393)
OPERATING PROFIT		1,233,623	32,717
Interest receivable		45,727	8,508
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	1,279,350	41,225
Tax on profit on ordinary activities	5	(404,500)	2,464
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		874,850	43,689
RETAINED PROFIT BROUGHT FORWARD		120,895	77,206
RETAINED PROFIT CARRIED FORWARD		995,745	120,895

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses other than the profit attributable to shareholders of the company of £874,850 in the year ended 31 December 1994 and £43,689 in the year ended 31 December 1993.


Startling Music Limited

BALANCE SHEET

at 31 December 1994

	Notes	1994 £	1993 £
FIXED ASSETS			
Intangible assets	6	9,835	26,061
Tangible assets	7	11,839	2,044
Investments	8	1	1
		<u>21,675</u>	<u>28,106</u>
CURRENT ASSETS			
Debtors	9	307,889	51,642
Cash at bank and in hand		1,286,646	110,274
		<u>1,594,535</u>	<u>161,916</u>
CREDITORS: amounts falling due within one year	10	620,463	69,125
NET CURRENT ASSETS		<u>974,072</u>	<u>92,791</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>995,747</u>	<u>120,897</u>
CAPITAL AND RESERVES			
Called up share capital	11	2	2
Profit and loss account	12	995,745	120,895
		<u>995,747</u>	<u>120,897</u>

ERNST & YOUNG

 Director
23 January 1996

Startling Music Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

1. ACCOUNTING POLICIES

Accounting convention

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

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is anticipated the timing differences will reverse.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Studio equipment	—	25%
Office equipment	—	15%
Motor vehicles	—	25%

Intangible assets

Intangible assets consisting of musical copyrights are stated in the balance sheet at cost less amounts charged to the profit and loss account equal to the related net income.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions.

All differences are taken to the profit and loss account.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and includes royalty income received or notified during the year.

An analysis of turnover by category and geographical market is given below:

	1994 £	1993 £
Promotional fees – United Kingdom	1,277,917	—
Royalties – United Kingdom and rest of the world	61,188	57,302
– United States and Canada	77,673	53,922
	<u>1,416,778</u>	<u>111,224</u>

Startling Music Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

(a) This is stated after charging:

	1994	1993
	£	£
Directors' remuneration (see below)	28,773	24,400
Auditors' remuneration	8,000	8,500
Depreciation	882	295
Amortisation	16,226	7,725
	<u>28,773</u>	<u>24,400</u>

(b) Directors' remuneration:

	1994	1993
	£	£
Directors' fees	1,185	1,185
Secretarial fee	1,185	1,185
Other emoluments (including pension contributions)	26,403	22,030
	<u>28,773</u>	<u>24,400</u>
Emoluments of the highest paid director (excluding pension contributions)	<u>28,773</u>	<u>24,400</u>

Directors' emoluments (excluding pension contributions) fell within the following ranges:

	1994	1993
	No.	No.
£nil – £5,000	1	1
£20,001 – £25,000	–	1
£25,001 – £30,000	1	–
	<u>1</u>	<u>1</u>

4. EMPLOYEES

Staff costs during the year amounted to:

	1994	1993
	£	£
Wages and salaries	38,772	32,694
Social security costs	4,525	1,556
	<u>43,297</u>	<u>34,250</u>

The average weekly number of employees during the year, including directors, was made up as follows:

	1994	1993
	No.	No.
Office and management	2	2
Other	1	–
	<u>3</u>	<u>2</u>

Startling Music Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge/(credit) for the year comprises:

	1994 £	1993 £
Corporation tax at 33% (1993 – 33%)	390,240	–
Group relief payment at 33%	14,260	–
	<u>404,500</u>	<u>–</u>
Tax recoverable in respect of earlier years	–	(3,074)
Adjustment in respect of earlier years	–	610
	<u>404,500</u>	<u>(2,464)</u>

6. INTANGIBLE FIXED ASSETS

	<i>Musical copyrights and other rights</i> £
Cost:	
At 1 January 1994	39,000
Additions	–
Disposals	(10,000)
At 31 December 1994	<u>29,000</u>
Amortisation:	
At 1 January 1994	12,939
Provided during the year	16,226
Written off on disposals	(10,000)
At 31 December 1994	<u>19,165</u>
Net book value:	
At 31 December 1994	<u>9,835</u>
At 1 January 1994	<u>26,061</u>

Startling Music Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

7. TANGIBLE FIXED ASSETS

	<i>Studio equipment</i> £	<i>Office equipment</i> £	<i>Motor vehicles</i> £	<i>Total</i> £
Cost:				
At 1 January 1994	9,407	2,737	7,817	19,961
Additions	—	717	9,960	10,677
Disposals	—	—	(7,817)	(7,817)
At 31 December 1994	9,407	3,454	9,960	22,821
Depreciation:				
At 1 January 1994	9,407	693	7,817	17,917
Charge for the year	—	467	415	882
Disposals	—	—	(7,817)	(7,817)
At 31 December 1994	9,407	1,160	415	10,982
Net book value:				
At 31 December 1994	—	2,294	9,545	11,839
At 1 January 1994	—	2,044	—	2,044

8. INVESTMENTS

	£
Cost:	
At 1 January 1994 and 31 December 1994	10,000
Amortisation:	
Amount provided at 1 January 1994 and 31 December 1994	(9,999)
Net book value:	
At 1 January 1994 and 31 December 1994	1
Investments comprise:	
Unlisted investments	1

The company holds 15% of the issued share capital of Cherokee Automated Research, a company incorporated in the United States of America.

Startling Music Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

9. DEBTORS

	1994	1993
	£	£
Amount owed by parent undertaking	187,741	30,691
Other debtors	3,486	1,581
Prepayments and accrued income	113,589	6,406
Corporation tax recoverable	3,073	12,964
	<u>307,889</u>	<u>51,642</u>

10. CREDITORS: amounts falling due within one year

	1994	1993
	£	£
Group relief payable	34,475	20,215
Other taxes and social security costs	30,125	7,674
Other creditors	34,547	24,969
Accruals and deferred income	131,076	16,267
Current corporation tax	390,240	—
	<u>620,463</u>	<u>69,125</u>

11. SHARE CAPITAL

	1994	1993
	No.	No.
Ordinary shares of £1 each:		
Authorised	100	100
	<u>£</u>	<u>£</u>
Allotted, called up and fully paid	2	2

Startling Music Limited

NOTES TO THE ACCOUNTS

at 31 December 1994

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 1993	2	77,206	77,208
Profit for the year	—	43,689	43,689
At 1 January 1994	2	120,895	120,897
Profit for the year	—	874,850	874,850
At 31 December 1994	2	995,745	995,747

13. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking at 31 December 1994 was Devon Holdings Limited, a company incorporated in the British Virgin Islands.

The company's immediate parent undertaking is Widgeon Investments Limited, a company registered in England and Wales. Copies of its accounts can be obtained from the Registrar of Companies in Cardiff.