

**TAMCO MULTIMEDIA LIMITED**

formerly

**E.G. MULTIMEDIA LIMITED**

**REGISTERED NUMBER 961524**

**31ST DECEMBER 1997**

**ANNUAL REPORT AND FINANCIAL STATEMENTS**



**TAMCO MULTIMEDIA LIMITED**  
**Formerly E.G. Multimedia Limited**  
**DIRECTOR'S REPORT**

The director presents the annual report and audited financial statements for the year to 31<sup>st</sup> December 1997. The company changed its name from E.G. Group Limited to E.G. Multimedia Limited on 29<sup>th</sup> October 1998, and changed its name from E.G. Multimedia Limited to TAMCO Multimedia Limited on 25<sup>th</sup> May 1999

**Results and dividends**

The loss for the year is as disclosed on page 4 of these financial statements.

The director does not recommend the payment of a dividend and the loss is transferred to reserves.

**Review of the business and future developments**

Tamco Multimedia Limited provided administration and management services to its subsidiary companies during the year, whose principal activities were in music publishing, record production and the management of creative artistes and concert tours. The company also provided administration and management services to fellow consortium members in a computer software project related to the entertainment industry. It was anticipated that both activities would continue at a similar or reduced level.

**Fixed Assets**

The director considers that the fixed assets held by the company during the year were worth not less than the value stated in the financial statements, prior to sale or transfer.

Changes to tangible fixed assets are shown in note 8 of these financial statements and changes to fixed asset investments are shown in note 9 of these financial statements.

**Directors**

The director who served during the year and his interests in the ordinary share capital of the company were as follows:-

	<b><u>Ordinary Shares of £1 each</u></b>	
	<b><u>1997</u></b>	<b><u>1996</u></b>
S.G. Alder	200,000	200,000
S.G. Alder ( indirect beneficial interest )	100,000	100,000

In accordance with the Articles of Association, S.G. Alder retires and, being eligible, offers himself for re-election.

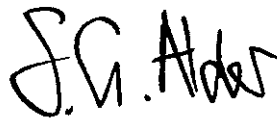
**Auditors**

In the opinion of the directors the company was not an excluded category of company within Section 249B(1)(a) to (f) of the Companies Act 1985 and so is entitled to the exemptions provided by S249A of the Companies Act 1985 for the period ended 31 December 1997 and

**TAMCO MULTIMEDIA LIMITED**  
**REPORT OF THE DIRECTOR (continued)**

will continue to be so entitled in the following year. Accordingly there is no necessity for the company to appoint auditors for each succeeding year in which the company is exempt. Any member or members holding in aggregate not less than 10% of any class of issued share capital may, by written notice deposited at the Registered office at least one month prior to the balance sheet date, require the company to obtain an audit of the financial statements for that financial year.

Approved by the Board of Directors on  
29<sup>th</sup> July 1999 and signed on their  
behalf by:



63a Kings Road  
Chelsea  
London SW3 4NT

S.G. Alder  
Director

**TAMCO MULTIMEDIA LIMITED**

**PROFIT AND LOSS ACCOUNT**

**For the period ended 31st December 1997**

Continuing Operations

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
<u>Turnover</u>	2	45,050	58,152
<u>Cost of sales</u>		<u>17,829</u>	<u>33,129</u>
<u>Gross profit</u>		27,211	25,023
 Less Administration expenses		<u>169,405</u>	<u>189,994</u>
 Operating Loss		( 142,194 )	( 164,921 )
 Other operating income:-			
Interest received			
Management and Administration			
Fees receivable		<u>55,750</u>	<u>78,750</u>
		( 86,444 )	( 86,171 )
Less Interest payable	3	<u>111,069</u>	<u>104,831</u>
Loss on ordinary activities	4	( 196,513 )	( 191,002 )
before Tax			
 Tax on profits on ordinary	7	—	—
activities			
<u>Loss on ordinary activities after</u>	13	<u>£ (196,513)</u>	<u>£ (191,002)</u>
<u>taxation</u>			

The company made no recognised gain or loss during either 1997 or 1996 other than the loss for the year.

There is no difference between the loss disclosed in the profit and loss account and the loss which results using the historical cost basis of accounting.

The notes on pages 5 to 12 form an integral part of these financial statements.

**TAMCO MULTIMEDIA LIMITED**  
**BALANCE SHEET**  
**31st December 1997**

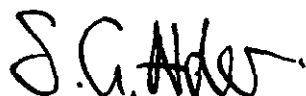
	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
<b><u>Fixed assets</u></b>			
Tangible assets	8	3,557	11,269
Investments	9	<u>72,050</u>	<u>72,050</u>
		75,607	83,319
<b><u>Current Assets</u></b>			
Debtors	10	1,495,306	1,320,577
Cash at bank and in hand		<u>-</u>	<u>-</u>
		1,495,306	1,320,577
Creditors (amounts falling due within one year)	11	<u>(1,911,316)</u>	<u>(1,699,000)</u>
<b><u>Net current (liabilities)</u></b>		<u>(416,010)</u>	<u>(378,423)</u>
		<u>£(491,617)</u>	<u>£(295,104)</u>
<b><u>Capital and reserves</u></b>			
Called up share capital	12	500,000	500,000
Profit and loss account	13	<u>(991,617)</u>	<u>(795,104)</u>
Shareholders funds	14	<u>£(491,617)</u>	<u>£(295,104)</u>

The exemption conferred by S249A(1) not to have these accounts audited applies to the company and the directors confirm that no notice has been deposited under S249B(2) of the Companies Act 1985.

The directors acknowledge their responsibility for ensuring that:

- a. the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
- b. the accounts give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its profit or loss for the period then ended in accordance with the requirements of the Companies Act 1985 relating to accounts so far as applicable to the company.

The financial statements were approved by the Board on 29<sup>th</sup> July 1999 and signed on its behalf by:



S.G. Alder

The notes on pages 5 to 12 form an integral part of these financial statements.

## **TAMCO MULTIMEDIA LIMITED**

### **NOTES TO THE ACCOUNTS**

**For the year ended 31st December 1997**

#### **1. Accounting Policies**

The financial statements have been prepared in accordance with applicable Accounting Standards. A summary of the principal accounting policies is set out below:

##### **Accounting convention**

The financial statements of the company are prepared under the historical cost convention.

##### **Consolidation**

The company and its subsidiary undertakings as at 31<sup>st</sup> December 1997 comprised a small group (1996 small group) and therefore have taken advantage of the exemption provided by S248 of the Companies Act 1985 not to prepare group financial statements. Consequently these financial statements present information about E.G. Multimedia Limited as an individual undertaking only and not about its group.

##### **Depreciation and amortisation**

The company provides depreciation and amortisation of fixed assets at rates calculated to reduce the net book value of each asset to its estimated residual value by the end of its probable useful life.

##### **Rates used are as follows:**

Furniture and equipment	-	25% of written down value
Motor vehicles	-	25% of written down value
Computer equipment	-	25% straight line

##### **Foreign exchange**

Foreign currencies are converted according to the rate of exchange at the time of the transaction. Profits and losses on exchange are not brought into account until realised.

**TAMCO MULTIMEDIA LIMITED**  
**NOTES TO THE ACCOUNTS (Continued)**  
**For the year ended 31st December 1997**

1. **Accounting Policies (continued)**

**Pension scheme arrangements**

The company maintains The Athol Trust as a money purchase pension scheme for the benefit of the controlling directors. E.G. Multimedia Limited contributes to the Trust at rates recommended by the Trust's actuary, in order to provide for maximum permissible benefits. These rates are based on the actuary's regular assessments of the financial position of the fund which are carried out in accordance with the Trust Deed and Rules on a triennial basis.

Certain other employees have contributions paid by the company to money purchase schemes administered by insurance companies. The pension cost for these schemes represents contributions payable by the company and amounted to £ 1,000 (1996 £1,000). Contributions of £ nil (1996: nil) were payable at the year end.

**Deferred taxation**

Deferred taxation is provided on all short term timing differences and where, in the opinion of the directors, a charge to taxation will arise in the foreseeable future.

**Cash flow statements**

The company qualifies as a small company and has therefore taken advantage of the exemption contained in Financial Reporting Standard No. 1 not to prepare a cash flow statement.

2. **Turnover**

The company's turnover results from grants towards a multimedia software project for the entertainment industry funded by the European Commission. Management and administration fees receivable are stated as turnover in 1995.

3. <b><u>Interest payable</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Bank loans and bank overdrafts wholly repayable within five years	15,537	13,147
Other loans wholly repayable within five years	94,532	91,684
	<b><u>£ 110,069</u></b>	<b><u>£ 104,831</u></b>

**TAMCO MULTIMEDIA LIMITED**  
**NOTES TO THE ACCOUNTS (Continued)**  
**For the year ended 31st December 1997**

4. **Loss on ordinary activities before**

**taxation**

is stated after charging the following amounts

£

£

Staff costs:

Directors' remuneration

(Note 5) – Salaries

10,000

10,000

Wages and salaries

53,220

85,222

63,220

95,222

Other pension costs

1,000

1,000

Depreciation and amortisation

4,003

3,755

Auditors' remuneration

-

-

Operating lease rentals land and buildings

33,559

39,366

5. **Directors' remuneration**

The Chairman received management remuneration of £10,000 (1996:10,000).

In 1997 consultancy fees of £ 13,565 (1996: £3,935) were paid to Leeward Management Services Limited a company of which S.G. Alder is a director

6. **Employees**

The average number of persons employed by the company during the year was as follows:

1997

1996

U.K.

4

4



**TAMCO MULTIMEDIA LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31st December 1997**

7.

1997

1996

£

£

Tax on profit on ordinary activities

Tax on results at 33%

Nil

Nil

There is no potential deferred tax liability

8.

Tangible assets

Computer equipment

Furniture And Equipment

Motor Vehicles

Total

£

£

£

£

Cost

1 January 1997

Additions

Disposals

31 December 97

Depreciation:

1 January 1997

Provided in year

Disposals

31 December 97

Net book value

31 December 97

31 December 96

-

4,743

-

4,743

-

15,594

1,186

17,211

1,186

£ 3,557

£ -

22,064

-

22,064

-

£ -

£ 6,470

37,245

-

37,245

-

£ -

£ 4,799

59,309

4,743

59,309

4,743

48,040

4,003

50,857

1,186

£ 3,557

£ 11,269

# **TAMCO MULTIMEDIA LIMITED**

## **NOTES TO THE ACCOUNTS (Continued)** **For the year ended 31st December 1997**

9.	<b><u>Fixed assets investments</u></b>	<b><u>1997</u></b>	<b><u>1996</u></b>
		<b><u>£</u></b>	<b><u>£</u></b>
i)	Investments in ordinary shares of subsidiaries at cost or valuation:		
	E.G. Records Limited	100	100
	E.G. Music Limited	100	100
	E.G. Management Limited	50,000	50,000
	E.G. International B.V.	-	-
	Old Chelsea Properties Limited	-	-
		<u>50,200</u>	<u>50,200</u>
	Other investments at cost	<u>20,050</u>	<u>20,050</u>
		<b><u>£70,250</u></b>	<b><u>£70,250</u></b>

- ii) The company wholly owned, directly or indirectly, the ordinary share capital of the following subsidiary companies during the year:

<b><u>Company</u></b>	<b><u>Country of Registration</u></b>	<b><u>Nature of business</u></b>
E.G. Management Ltd.	England	Management and tours
E.G. Records Ltd.	England	Record production
E.G. Music Limited	England	Music publishing
E.G. International B.V.	Holland	Management
E.G. Management Inc	USA	Management and tours
Old Chelsea Properties Ltd	Isle of Man	Property holding

### **Dormant Companies**

E.G. Music Group Inc	USA	Music publishing
E.G. Records Inc	USA	Record publishing
E.G. Music Inc	USA	Music publishing

# **TAMCO MULTIMEDIA LIMITED**

## **NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31st December 1997**

- iii) On 12 October 1998 the company sold EG Records Ltd., EG Music Ltd. and EG Management Ltd. to Leeward Investments Ltd. a company incorporated in the Isle of Man.
- iv) All of the above companies have year ends of 31 December and the aggregate amounts of capital and reserves at 31 December 1997 and the profit for the year ended 31 December 1997 of the UK subsidiary companies are as follows:

	<u>Share capital and reserves</u>	<u>Profit / loss for the year</u>
	£	£
E.G. Records Limited	29,341	(9,718)
E.G. Music Limited	4,679	132
E.G. Management Limited	<u>55,148</u>	<u>15</u>
	<u>£89,036</u>	<u>£7,313</u>

The overseas subsidiaries are not trading and accounts have not been prepared.

10. <u>Debtors</u>	<u>1997</u>	<u>1996</u>
	£	£
Trade debtors	9,628	8,237
Other debtors and prepayments	1,083,737	972,342
Deferred expenses	19,421	18,346
Amounts due from subsidiary undertakings	<u>382,520</u>	<u>321,652</u>
	<u>£1,495,306</u>	<u>£1,320,577</u>

Other debtors include amounts of £52,134 (1996:£52,134) due by Ashol & Co. Limited a company of which S.G. Alder is a director, and £32,384 (1996:£32,384) due by Leeward Management Services Limited a company of which S.G. Alder is a director.

11. <u>Creditors (amounts falling due within one year)</u>	<u>1997</u>	<u>1996</u>
	£	£
Bank overdraft	74,879	70,478
Trade creditors	86,448	83,226
Other taxes and social security costs	35,426	23,924
Other creditors	1,330,286	1,210,392
Accruals and deferred income	25,426	24,368
Corporation tax and income tax	<u>32,418</u>	<u>23,426</u>
	1,584,815	1,435,814
Amount due to subsidiary undertakings	<u>326,431</u>	<u>263,286</u>
	<u>£1,911,316</u>	<u>£1,699,000</u>

# **TAMCO MULTIMEDIA LIMITED**

## **NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31st December 1997**

**12. Share capital**

	<u>1997</u>	<u>1996</u>
<u>Authorised</u>	<u>£</u>	<u>£</u>
Ordinary shares of £1 each	600,000	600,000
Redeemable cumulative participating preference shares of £1 each	<u>150,000</u>	<u>150,000</u>
	<u>750,000</u>	<u>750,000</u>
 <u>Issued and fully paid</u>		
Ordinary shares of £1 each	500,000	500,000
Redeemable cumulative participating preference shares of £1 each	<u>—</u>	<u>—</u>
	<u>500,000</u>	<u>500,000</u>

**13. Profit and loss account**

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>
Balance brought forward	795,104	(604,102)
Loss for the year	<u>196,513</u>	<u>191,002</u>
Balance carried forward	<u><del>£(951,617)</del></u>	<u><del>£(795,104)</del></u>

**14. Reconciliation of movements in shareholders funds**

Loss for the financial year	(196,513)	(191,002)
Net decrease in shareholders funds	(196,513)	(191,002)
Opening shareholders funds	(295,104)	(104,102)
Closing shareholders funds	<u><del>£(491,617)</del></u>	<u><del>£(295,104)</del></u>

**15. Capital commitments**

Commitments for capital expenditure at 31 December 1997 were as follows:	<u>£ Nil</u>	<u>£ Nil</u>
Contracted	<u>£ Nil</u>	<u>£ Nil</u>

**TAMCO MULTIMEDIA LIMITED**

**NOTES TO THE ACCOUNTS (Continued)**

**For the year ended 31st December 1997**

16. **Financial commitments**

At 31 December 1997 the company was committed to making the following payments, in the forthcoming year, in respect of non cancellable operating leases:

	<b><u>Land and Buildings</u></b>	
	<b><u>1997</u></b>	<b><u>1996</u></b>
Leases Expiring:		
After five years	<b><u>£ 38,250</u></b>	<b><u>£ 38,250</u></b>