

BIG PIG MUSIC LIMITED
(registered number: 1088827)

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

31 MARCH 1997



BIG PIG MUSIC LIMITED

DIRECTORS' REPORT

The directors present their report on the affairs of the Company, together with the financial statements and auditors' report for the year ended 31 March 1997.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company continues to be music publishing.

RESULTS AND DIVIDENDS

Results for the year are as follows:

	£
Retained profit at 1 April 1996	707,950
Loss for the year after taxation	<u>(7,620)</u>
Retained profit at 31 March 1997	<u>700,330</u>

The directors do not recommend the payment of a dividend (1996 - £Nil).

DIRECTORS AND THEIR INTERESTS

The directors who served during the year together with their interests in the shares of the Company were:

	<u>Ordinary shares of £1 each</u>	
	<u>31 March 1997</u>	<u>31 March 1996</u>
EH John	50	50
B Taupin	50	50
J Reid	-	-
M Lippman	-	-

All interests were beneficial interests.

BIG PIG MUSIC LIMITED

DIRECTORS' REPORT (CONTINUED)

STATEMENT OF 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

AUDITORS

Price Waterhouse have indicated their willingness to continue in office and a resolution concerning their re-appointment will be proposed at the Annual General Meeting.

By Order of the Board



N Turnbull
Secretary

22 January 1998

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF BIG PIG MUSIC LIMITED

We have audited the accounts on pages 4 to 9 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 2 the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements 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 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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the affairs of the Company as at 31 March 1997 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

22 January 1998

BIG PIG MUSIC LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	<u>1997</u>	<u>1996</u>
	£	£
Administrative expenses	(8,925)	(8,713)
	<hr/>	<hr/>
OPERATING LOSS - continuing activities	(8,925)	(8,713)
Interest receivable and similar income (Note 2)	1,414	2,066
Interest payable and other charges (Note 3)	(109)	(1,777)
	<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION (Note 4)	(7,620)	(8,424)
Tax on loss on ordinary activities (Note 6)	-	16,184
	<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	(7,620)	7,760
RETAINED PROFIT BROUGHT FORWARD	707,950	700,190
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RETAINED PROFIT CARRIED FORWARD	700,330	707,950
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The Company had no recognised gains or losses during the year other than those reflected in the profit and loss account above.

There is no difference between the reported profits for the year and those that would be reported under the historical cost convention.

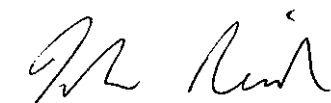
The notes on pages 6 to 9 form an integral part of these financial statements.

BIG PIG MUSIC LIMITED**BALANCE SHEET AT 31 MARCH 1997**

	<u>1997</u>	<u>1996</u>
	£	£
CURRENT ASSETS		
Debtors (Notes 1b and 7)	670,317	671,888
Cash at bank and in hand	<u>47,857</u>	<u>49,566</u>
	718,174	721,454
 CREDITORS - Amounts falling due within one year (Note 8)	 (17,744)	 (13,404)
 NET CURRENT ASSETS	 <u>700,430</u>	 <u>708,050</u>
 CAPITAL AND RESERVES		
Called up share capital (Note 9)	100	100
Profit and loss account	<u>700,330</u>	<u>707,950</u>
 EQUITY SHAREHOLDERS' FUNDS (Note 10)	 <u>700,430</u>	 <u>708,050</u>

APPROVED BY THE BOARD ON 22 JANUARY

1998

J Reid
DIRECTOR

The notes on pages 6 to 9 form an integral part of these financial statements.

BIG PIG MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997

1 ACCOUNTING POLICIES

The principal accounting policies are:

(a) Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) Advances to writers

This represents the balance of advances made by the Company to its retained writers which are non-returnable. Such advances were historically recouped by the Company against income due to the writers subsequent to the advice being made.

The Company's main Music Publishing agreement was terminated in 1993 and consequently the Company no longer receives royalties from sub publishers due to writers and recoup against advances provided.

(c) Deferred taxation

Provision is made for deferred taxation to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. The provision is maintained to the extent that it is probable that an asset or liability will crystallise in the foreseeable future.

(d) Cash flow statement

The Company has not prepared a cash flow statement due to the exemption available for small companies contained within Financial Reporting Standard Number 1 (cash flow statements).

BIG PIG MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (Continued)

2 INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1997</u>	<u>1996</u>
	£	£
Bank interest receivable	1,414	2,066

3 INTEREST PAYABLE AND OTHER CHARGES

	<u>1997</u>	<u>1996</u>
	£	£
Bank interest payable	109	190
Interest on overdue tax	-	<u>1,587</u>
	<u>109</u>	<u>1,777</u>

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Loss on ordinary activities before taxation is stated after charging:

	<u>1997</u>	<u>1996</u>
	£	£
Auditors' remuneration	1,000	1,500

5 STAFF COSTS

No directors received emoluments during the year (1996: £nil).

The Company has no employees (1996: none).

BIG PIG MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (Continued)

6 TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>1997</u>	<u>1996</u>
	£	£
Taxation is based on the taxable loss for the year and comprises:		
Corporation tax credit at 33% (1996 - 33%)	-	1,729
Adjustment in respect of prior periods	<u>-</u>	<u>14,455</u>
	-	16,184
	<u>-</u>	<u>-</u>

7 DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Trade debtors	225,307	225,807
VAT recoverable	1,041	883
Corporation tax recoverable	-	1,729
Advances to writers (Note 11)	443,176	443,176
Other debtors	<u>293</u>	<u>293</u>
	670,317	671,888
	<u>670,317</u>	<u>671,888</u>

8 CREDITORS (amounts falling due within one year)

	<u>1997</u>	<u>1996</u>
	£	£
Accruals and deferred income	5,840	1,500
Other creditors	<u>11,904</u>	<u>11,904</u>
	17,744	13,404
	<u>17,744</u>	<u>13,404</u>

BIG PIG MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (Continued)

9 CALLED UP SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
	£	£
Authorised, issued and fully paid:		
100 ordinary shares of £1 each	100	100
	<u> </u>	<u> </u>

10 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
(Loss)/profit for the financial year	(7,620)	7,760
Opening shareholders' funds	<u>708,050</u>	<u>700,290</u>
Closing shareholders' funds	<u>700,430</u>	<u>708,050</u>

11 AMOUNTS DUE FROM RELATED PARTIES

Included in advances to writers are the following advances made to related parties:

Rouge Booze Inc (100% owned by a director, Bernie Taupin) of £443,176 (1996: £443,176).