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THE MATERIAL WORLD CHARITABLE FOUNDATION LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their report and group accounts for the year ended December 31, 1978.

Activities

The company's objects are the promotion of exclusively charitable projects.

Results

The results are shown in the accompanying profit and loss account.

Subsidiary

The company has a wholly owned subsidiary, Oops Publishing Limited whose activities are in the music publishing field.

Oops Publishing Limited has covenanted to pay its annual distributable income to The Material World Charitable Foundation Limited.

Directors

The following have held office as directors throughout the year.

G. Harrison  
D.J. O'Brien  
M.B. Boreham

No director had any financial interest in the debenture stock of the company during the year.

Auditors

A resolution to reappoint as auditors Arthur Young McClelland Moores & Co. will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD

P. BURGESS  
Secretary.

LONDON



# Arthur Young McClelland Moores & Co.

Chartered Accountants

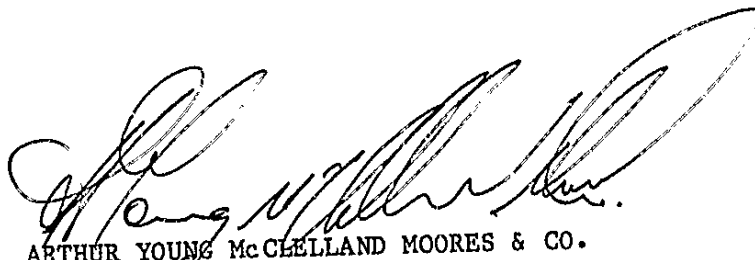
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Rolls House, 7 Rolls Buildings, Fetter Lane, London EC4A 1NL

## REPORT OF THE AUDITORS TO THE MEMBERS OF THE MATERIAL WORLD CHARITABLE FOUNDATION LIMITED

We have examined the accounts set out on pages 3 to 8 which have been prepared under the historical cost convention.

In our opinion these accounts give, under the accounting convention stated above and so far as concerns members of The Material World Charitable Foundation Limited, a true and fair view of the state of affairs at December 31, 1978 and of the results and source and application of funds for the year ended on that date, and comply with the Companies Acts 1948 and 1967.



ARTHUR YOUNG McCLELLAND MOORES & CO.  
June 25, 1980

THE MATERIAL WORLD CHARITABLE FOUNDATION LIMITED  
AND SUBSIDIARY

3.

GROUP PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED DECEMBER 31, 1978

	<u>Notes</u>	<u>1978</u> £	£	<u>1977</u> £
Turnover	1		£ 42,373 =====	£ 89,618 =====
Profit for the year			1,692	26,167 -----
after charging:				
Auditors' remuneration		1,095		450
Australian withholding tax		-		1,160
Depreciation		1,569 =====		- =====
Taxation charge/(credit)	4		( 530)	530 -----
Excess net income for the year of which £3,489 (1977 - £24,770) is dealt with in the accounts of The Material World Charitable Foundation Limited			2,222	25,637 -----
Undistributed income brought forward			147,915 -----	135,028 -----
			150,137	160,665
Deduct: Charitable donations			5,000 -----	12,750 -----
Undistributed income carried forward			£145,137 =====	£147,915 =====

The accompanying notes form part of these accounts.

THE MATERIAL WORLD CHARITABLE FOUNDATION LIMITED  
AND SUBSIDIARY

4.

GROUP BALANCE SHEET AT DECEMBER 31, 1978

	Notes	1978 £	£	1977 £
Fixed assets:				
Freehold property	8		175,352	176,921
Non-current assets:				
Cost of filming concert		27,877		27,877
Less: Amount written off		27,877		27,877
			-	-
Cost of recording album		5,907		5,907
Less: Amount written off		5,907		5,907
			-	-
Current assets:				
Amount due from Harrisons Limited		-		9,055
Sundry debtors		72,660		71,588
Cash		46,211		49,008
		118,871		129,651
Current liabilities:				
Sundry creditors		64,086		73,127
Corporation tax payable		-		530
		64,086		73,657
Net current assets			54,785	55,994
			230,137	232,915
Term loan	7		85,000	85,000
			£145,137	£147,915
Representing:				
Undistributed income			£145,137	£147,915

G. HARRISON

) Directors

D.J. O'BRIEN

)

The accompanying notes form part of these accounts.

THE MATERIAL WORLD CHARITABLE FOUNDATION LIMITED

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BALANCE SHEET AT DECEMBER 31, 1978

	<u>Notes</u>	<u>1978</u> £	£	<u>1977</u> £
Fixed assets:				
Freehold property	8		175,352	176,921
Non-current assets:				
Cost of filming concert		27,877		27,877
Less: Amount written off		27,877		27,877
		-----		-----
Cost of recording album		5,907		5,907
Less: Amount written off		5,907		5,907
		-----		-----
Investment in subsidiary (at cost)	3		100	100
Current assets:				
Amount due from subsidiary company		-		-
Debtors		51,782		52,135
Cash		9,229		20,196
		-----		-----
		61,011		72,331
		-----		-----
Current liabilities:				
Amount due to subsidiary company		-		553
Creditors		3,253		4,391
Amount due to Harrisongs Limited		-		9,687
		-----		-----
		3,253		14,631
		-----		-----
Net current assets			57,758	57,700
			-----	-----
			233,210	234,721
			-----	-----
Term loan	7		85,000	85,000
			-----	-----
			£148,210	£149,721
			=====	=====
Representing:				
Undistributed income			£148,210	£149,721
			=====	=====

G. HARRISON )

Directors

D.J. O'BRIEN )

The accompanying notes form part of these accounts.

THE MATERIAL WORLD CHARITABLE FOUNDATION LIMITED  
AND SUBSIDIARY

6.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 1978

	<u>1978</u> £	£	<u>1977</u> £
Source of funds:			
Net income/(loss) for the year		1,692	26,167
Adjustment for item not involving the movement of working capital:			
Depreciation		1,569	-
		<u>3,261</u>	<u>26,167</u>
Total generated from operations		3,261	26,167
Funds from other sources:			
Term loan proceeds		-	85,000
		<u>3,261</u>	<u>111,167</u>
Application of funds:			
Purchase of fixed assets	-		(176,921)
Charitable donations	(5,000)		( 12,750)
	<u>(5,000)</u>		<u>(189,671)</u>
		(5,000)	(189,671)
(Decrease)/increase in working capital		£(1,739)	£(78,504)
		<u>£(1,739)</u>	<u>£(78,504)</u>
Components of increase/(decrease) in working capital:			
Increase/(decrease) in debtors		1,072	18,472
(Increase)/decrease in creditors		9,041	( 30,436)
Increase/(decrease) in amount due from Harrisongs Limited		(9,055)	-
		<u>1,058</u>	<u>( 11,964)</u>
Movement in net liquid funds:			
Increase/(decrease) in cash		(2,797)	( 66,540)
		<u>£(1,739)</u>	<u>£(78,504)</u>
		<u>£(1,739)</u>	<u>£(78,504)</u>

The accompanying notes form part of these accounts.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1978

1. Accounting policies

Turnover

Turnover includes all royalties received or receivable by the company from Harrisons Limited and bank deposit interest.

Non-current assets

Cost of recording and filming which are not expected to be immediately recoverable are included in the balance sheet as non-current assets and are stated at cost less a provision to write them down to their estimated realisable value.

Depreciation

Freehold property, other than land, is depreciated evenly over a period of 100 years. No depreciation is provided on freehold land.

2. The company

The company is limited by a guarantee and is registered as a charity and under the Provisions of Section 360 of the Income and Corporation Taxes Act 1970 is exempt from corporation tax.

3. Subsidiary company

The company owns the entire issued ordinary share capital of Oops Publishing Limited.

4. Taxation

	<u>1978</u>	<u>1977</u>
Corporation tax charge/(credit)		
At 42% in respect of subsidiary company	£( 530)	£530
	=====	=====

At December 31, 1978 the group had unutilised tax losses of approximately £3,000 available, subject to agreement with the Inland Revenue.

5. Charitable donations

	<u>£</u>
Charitable donations were made to the following:	
Greenpeace Foundation	500
Survival International	2,000
Gunnar Nilsson Cancer Treatment Campaign	2,500
	-----
	£5,000
	=====

6. Directors' emoluments

The directors did not receive any emoluments for their services as directors during the year.

THE MATERIAL WORLD CHARITABLE FOUNDATION LIMITED  
AND SUBSIDIARY

8.

NOTES TO THE ACCOUNTS AT DECEMBER 31, 1978  
(Continued)

7. Term loan

Unsecured interest free debenture stock  
due June 1, 1985

£85,000  
=====

8. Fixed assets

	<u>Freehold land</u> £	<u>Freehold buildings</u> £	<u>Total</u> £
Cost:			
At January 1, 1978	20,000	156,921	176,921
Additions	-	-	-
Disposals	-	-	-
	-----	-----	-----
At December 31, 1978	20,000	156,921	176,921
	-----	-----	-----
Depreciation:			
At January 1, 1978	-	-	-
Provided during year	-	1,569	1,569
	-----	-----	-----
At December 31, 1978	-	1,569	1,569
	-----	-----	-----
Net book amounts:			
At December 31, 1978	£20,000	£155,352	£175,352
	=====	=====	=====
At January 1, 1978	£20,000	£156,921	£176,921
	=====	=====	=====