

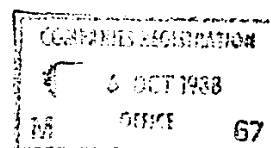
QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1987



QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

INDEX

	<u>Page</u>
REPORT OF THE DIRECTORS	1
REPORT OF THE AUDITORS	2
ACCOUNTING POLICIES	3 & 4
GROUP PROFIT AND LOSS ACCOUNT	5
GROUP BALANCE SHEET	6
COMPANY BALANCE SHEET	7
GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS	8
NOTES TO THE FINANCIAL STATEMENTS	9 - 15

QUEEN PRODUCTIONS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30th September 1987.

1. Principal activity

The group is principally engaged in the promotion of the services of certain musicians.

2. Results

The 1987 operating results were much as had been expected. The directors do not expect the overall result for 1988 to show a significant change.

There was a profit for the year after taxation amounting to £212,684 (1986 £23,904) The directors recommend dividends absorbing £200,000 leaving £12,684 retained.

3. Directors

The directors in office at the end of the year are listed below. All served on the Board throughout the year. The beneficial interests of the directors and their families in the shares of the company at 1st October 1986 and 30th September 1987 were as follows:

	<u>Ordinary shares of £1 each</u>
F. Mercury	25
B.H. May	25
J.R. Deacon	25
R.M. Taylor	25

4. Fixed assets

Movements of fixed assets are set out in note 8 to the financial statements. The principal item of capital expenditure in the year was musical equipment.

5. Tax status

The directors are of the opinion that the company is a close company within the provisions of section 414 of the Income and Corporation Taxes Act 1988.

6. Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 384(1) of the Companies Act 1985.


46 Pembridge Road
London W11 3HN

12th September 1988

BY ORDER OF THE BOARD

FOR AND ON BEHALF OF

BARTLETT NOMINEES


.....
DIRECTOR

SECRETARY

REPORT OF THE AUDITORS TO THE MEMBERS OF

QUEEN PRODUCTIONS LIMITED

We have audited the financial statements on pages 3 to 15 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and the group at 30th September 1987 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

Grant Thornton

GRANT THORNTON

LONDON

12th September 1988

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30TH SEPTEMBER 1987

The financial statements have been prepared under the historical cost convention.

The principal accounting policies of the group are set out below. They have remained unchanged from the previous year.

a) Basis of consolidation

The group financial statements consolidate those of the company and all its subsidiaries (see note 9). The financial statements of each company in the group have been prepared to 30th September 1987. All intra-group profits are eliminated on consolidation.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair value of the net assets of subsidiaries at the date of acquisition, is eliminated from the financial statements by immediate write-off on acquisition against reserves.

b) Turnover

Turnover is the total amount earned by the group in respect of production royalties and income arising from live performances.

Royalties are brought into account when they become due and payable or if received in the year by way of non-refundable advances on anticipated future royalties.

c) Interest

Bank interest is accounted for on a received basis.

d) Deferred expenditure

Deferred expenditure relates to recording and associated costs incurred during the year, which are charged to the profit and loss account in the accounting period in which the recordings are completed.

e) Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets to their estimated residual value over their expected useful lives on the following bases.

Freehold buildings	2% straight line
Plant, fixtures, fittings and equipment	15% straight line
Motor vehicles	25% reducing balance

QUEEN PRODUCTIONS LIMITED
AND ITS SUBSIDIARIES
ACCOUNTING POLICIES (CONTINUED)
FOR THE YEAR ENDED 30TH SEPTEMBER 1987

f) Investments

Investments are stated at cost less amounts written off.

g) Stock

Stock is stated at the lower of cost and net realisable value. Net realisable value means estimated selling price less all further costs to be incurred in marketing, selling and distribution.

h) Deferred taxation

Deferred taxation is the taxation attributable to timing differences between profits or losses as computed for taxation purposes and results as stated in the financial statements.

Deferred tax is provided for to the extent that it is probable that a liability or asset will crystallise and not provided for to the extent that it is probable that a liability or asset will not crystallise.

Deferred tax is calculated on the rate at which it is estimated that the tax/group relief will be paid (or recovered) when the timing differences reverse.

i) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Overseas tour income has been translated into sterling at the rates of exchange ruling at the dates of receipt.

Foreign currency payments have been translated into sterling at the rates applicable for the months in which payments are made. Realised differences arising from changes in exchange rates on capital or trading transactions are dealt with through the profit and loss account.

QUEEN PRODUCTIONS LIMITED
AND ITS SUBSIDIARIES
GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER 1987

	<u>Note</u>	<u>1987</u>	<u>1986</u>
		£	£
Turnover	1	4,316,908	8,399,142
Performance expenditure		2,169,549	5,209,708
Administration expenditure		2,007,257	3,239,091
		<u>4,176,806</u>	<u>8,448,799</u>
Operating profit/(loss)		140,102	(49,657)
Amount written off investments 9		-	(19,500)
Interest receivable and similar income		230,254	215,138
Interest payable and similar charges	2	(214)	(474)
Profit on ordinary activities before taxation	1	370,152	145,507
Tax on profit on ordinary activities	4	(157,468)	(121,603)
Profit for the financial year	5	212,684	23,904
Dividends	6	(200,000)	-
		<u>£12,684</u>	<u>£23,904</u>
Statement of profits/(losses) 15			
By the company		£(12,551)	£ 78,373
By the subsidiaries		<u>£ 25,235</u>	<u>£(54,469)</u>
Statement of group retained profits			
At 1st October 1986		1,093,090	1,004,391
Prior year adjustment		-	64,795
		<u>1,093,090</u>	<u>1,069,186</u>
Retained profit for the year		12,584	23,904
At 30th September 1987		<u>£1,105,774</u>	<u>£1,093,090</u>

The accounting policies and notes on pages 3 and 4 and 9 to 15 form part of these financial statements.

QUEEN PRODUCTIONS LIMITED
AND ITS SUBSIDIARIES
GROUP BALANCE SHEET AT 30TH SEPTEMBER 1987

	<u>Note</u>	<u>1987</u>	<u>1986</u>
		£	£
Fixed assets			
Intangible assets	7	500	500
Tangible assets	8	229,654	234,631
Investments	9	19,645	19,645
		<u>249,799</u>	<u>254,776</u>
Current assets			
Stock	10	44,784	37,076
Debtors	11	1,033,908	990,292
Cash at bank and in hand		1,714,834	3,237,240
		<u>2,793,526</u>	<u>4,264,608</u>
Creditors: amounts falling due within one year	12	(1,936,225)	(3,415,801)
Net current assets		<u>857,301</u>	<u>848,807</u>
Total assets less current liabilities		<u>1,107,100</u>	<u>1,103,583</u>
Provision for liabilities and charges	13	(1,226)	(10,393)
		<u>£1,105,874</u>	<u>£1,093,190</u>
Capital and reserves			
Called-up share capital	15	100	100
Profit and loss account		1,105,774	1,093,090
		<u>£1,105,874</u>	<u>£1,093,190</u>

The financial statements were approved by the board of directors on 12 September 1988.

) R M Taylor
) DIRECTORS
) J R Deacon



The accounting policies and notes on pages 3 and 4 and 9 to 15 form part of these financial statements.

QUEEN PRODUCTIONS LIMITED

BALANCE SHEET AT 30TH SEPTEMBER 1987

	<u>Note</u>	<u>1987</u>	<u>1986</u>
		£	£
Fixed assets			
Intangible assets	7	500	500
Tangible assets	8	224,736	234,326
Investments	9	33,697	33,697
		<u>258,933</u>	<u>268,523</u>
Current assets			
Stock	10	44,784	37,076
Debtors	11	1,197,953	749,403
Cash at bank and in hand		501,912	1,695,207
		<u>1,744,649</u>	<u>2,481,686</u>
Creditors: amounts falling due within one year	12	(1,011,058)	(1,735,967)
Net current assets		<u>733,591</u>	<u>745,719</u>
Total assets less current liabilities		<u>992,524</u>	<u>1,014,242</u>
Provision for liabilities and charges	13	(1,226)	(10,393)
		<u>£991,298</u>	<u>£1,003,849</u>
Capital and reserves			
Called-up share capital	15	100	100
Profit and loss account	16	991,198	1,003,749
		<u>£991,298</u>	<u>£1,003,849</u>

The financial statements were approved by the board of directors on 12 September 1988.

)
) R M Taylor
) DIRECTORS
)
) J R Deacon

The accounting policies and notes on pages 3 and 4 and 9 to 15 form part of these financial statements.

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30TH SEPTEMBER 1987

	<u>1987</u>		<u>1986</u>	
	£	£	£	£
Source of funds				
From operations				
Profit on ordinary activities before tax		370,152		145,507
Adjustments for items not involving movements of funds:				
Depreciation	26,987		31,561	
Profit on sale of fixed assets	(1,110)		(4,380)	
Amount written off investments	-		19,500	
		<u>25,877</u>		<u>46,681</u>
		396,029		192,188
From other sources				
Proceeds from disposal of tangible fixed assets		1,110		5,704
		<u>397,139</u>		<u>197,892</u>
Application of funds				
Taxation paid	150,509		119,269	
Purchase of tangible fixed assets	22,010		60,063	
		<u>(172,519)</u>		<u>(179,332)</u>
Net inflow of funds		<u>£224,620</u>		<u>£18,560</u>
Increases/(decreases) in working capital				
Stock		7,708		10,403
Debtors		(34,163)		(107,175)
Creditors: amounts falling due within one year		1,685,269		(1,139,871)
		<u>1,658,814</u>		<u>(1,236,643)</u>
Net liquid funds				
Bank balances and cash	(1,522,406)		1,255,203	
Bank overdraft	88,212		-	
		<u>(1,434,194)</u>		<u>1,255,203</u>
Net increase in working capital		<u>£224,620</u>		<u>£18,560</u>

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH SEPTEMBER 1987

1. Turnover and profit on ordinary activities before taxation

The turnover and profit before taxation are attributable to one activity: the promotion of the services of certain musicians.

The profit on ordinary activities is stated after:

	<u>1987</u>	<u>1986</u>
	£	£
Professional charges	408,800	422,291
Auditors' remuneration	14,566	13,463
Depreciation	26,987	31,561
Exchange loss/(gain)	96,300	(45,467)
Deed of covenant	21,315	20,122
	<u> </u>	<u> </u>

2. Interest payable and similar charges

	<u>1987</u>	<u>1986</u>
On bank loans and overdrafts		
repayable within 5 years		
otherwise than by instalments	£214	£474
	<u> </u>	<u> </u>

3. Directors and employees

Staff costs during the year

	<u>1987</u>	<u>1986</u>
	£	£
Wages and salaries	1,705,781	2,509,517
Social security	9,799	(26,782)
	<u>£1,715,580</u>	<u>£2,482,735</u>

The average number of employees of the company during the year was 12 (1986 12). Staff costs include directors' remuneration as follows:

Directors' fees	<u>£1,584,478</u>	<u>£2,404,045</u>
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The emoluments of the directors excluding pension contributions were:

The highest paid director	<u>£630,354</u>	<u>£831,474</u>
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QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1987

3. Directors and employees (continued)

	<u>1987</u>	<u>1986</u>
Other directors	<u>Number</u>	<u>Number</u>
£295,001 to £300,000	1	-
£300,001 to £305,000	1	-
£350,001 to £355,000	1	-
£470,001 to £475,000	-	1
£535,001 to £540,000	-	1
£560,001 to £565,000	-	1

4. Tax on profit on ordinary activities

The tax charge is based on the profit for the year and represents:

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
United Kingdom corporation tax	126,594	61,683
Deferred taxation (note 13)	(9,167)	(1,555)
Overseas taxation	26,779	61,638
Underprovision for corporation tax in previous year	13,262	(163)
	<u>£157,468</u>	<u>£121,603</u>

United Kingdom corporation tax has been charged at rates varying from 27% to 35% (1986 29.5% to 37.5%).

5. Loss for the financial year

The parent company has taken advantage of section 228 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group result for the year includes a loss of £12,551 (1986 profit £78,373) which is dealt with in the financial statements of the company.

6. Dividend

	<u>1987</u>	<u>1986</u>
Ordinary shares		
Proposed final dividend £2,000 per share (1986 nil)	<u>£200,000</u>	<u>£ -</u>

7. Intangible fixed assets

The group and the company	<u>Trademarks</u>
Cost at 1st October 1986 and 30th September 1987	<u>£500</u>

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1987

8. Tangible fixed assets

The group			Plant, fixtures, fittings and equipment	Motor vehicle
	<u>Total</u>	<u>Freehold</u>		
	<u>£</u>	<u>property</u>	<u>£</u>	<u>£</u>
Cost				
At 1st October 1986	786,987	172,854	614,132	1
Additions	22,010	-	22,010	-
Disposals	(1,110)	-	(1,110)	-
At 30th September 1987	807,887	172,854	635,032	1
Depreciation				
At 1st October 1986	552,356	24,198	528,158	-
Provided in the year	26,987	3,457	23,530	-
Disposals	(1,110)	-	(1,110)	-
At 30th September 1987	578,233	27,655	550,578	-
Net book amount at 30th September 1987	£229,654	£145,199	£84,454	£ 1
Net book amount at 30th September 1986	£234,631	£148,656	£85,974	£ 1
The company				
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost				
At 1st October 1986	786,553	172,854	613,699	-
Additions	15,526	-	15,526	-
Disposals	(1,110)	-	(1,110)	-
At 30th September 1987	800,969	172,854	628,115	-
Depreciation				
At 1st October 1986	552,227	24,198	528,029	-
Provided in the year	25,116	3,457	21,659	-
Disposals	(1,110)	-	(1,110)	-
At 30th September 1987	576,233	27,655	548,578	-
Net book amount at 30th September 1987	£224,736	£145,199	£79,537	£ -
Net book amount at 30th September 1986	£234,326	£148,656	£85,670	£ -

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1987

9. Fixed asset investments

	<u>The group</u>		<u>The company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Purchase of royalty and contractual rights	196,289	196,289	196,289	196,289
Amounts written off				
At 1st October 1986	(176,644)	(157,144)	(176,644)	(157,144)
Provided in the year	-	(19,500)	-	(19,500)
At 30th September 1987	19,645	19,645	19,645	19,645
Investment in subsidiaries: shares at cost	-	-	14,052	14,052
	<u>£19,645</u>	<u>£19,645</u>	<u>£33,697</u>	<u>£33,697</u>

The following companies are subsidiaries of Queen Productions Limited.

	<u>Class of capital</u>	<u>Total issued capital</u>	<u>% of share capital owned</u>
Raincloud Productions Limited	Ordinary shares of £1 each	100	100
Mountain Studios (Montreux) Limited	Ordinary shares of £1 each	100	100
Mountain Studios S.A. (incorporated in Switzerland)	Shares of Sw. fr. 100 each	50,000	100
Leach Productions Limited)	100	100
Queen Films Limited) Ordinary shares	2	100
Rushing Water Productions Limited) of £1 each	100	100
Leach Productions Limited is presently a dormant company.)		

10. Stock	<u>1987</u>	<u>1986</u>
The group and the company Goods for resale	<u>£44,784</u>	<u>£37,076</u>

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1987

11. Debtors

	<u>The group</u>		<u>The company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	£	£	£	£
Amounts falling due within one year				
Trade debtors	591,719	353,051	425,507	216,986
Amounts owed by group companies	-	-	475,454	51,254
Amounts owed by affiliated companies	122,993	245,886	97,706	244,774
Other debtors	123,864	265,053	108,987	196,170
Prepayments and accrued income	128,665	126,302	23,632	40,219
	<u>967,241</u>	<u>990,292</u>	<u>1,131,286</u>	<u>749,403</u>
Amounts falling due after more than one year	66,667	-	66,667	-
	<u>£1,033,908</u>	<u>£990,292</u>	<u>£1,197,953</u>	<u>£749,403</u>

12. Creditors: amounts falling due within one year

	<u>The group</u>		<u>The company</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	£	£	£	£
Bank overdraft	2,438	90,650	2,438	74,788
Directors' current accounts	486,426	863,146	4,636	-
Trade creditors	79,370	253,510	33,934	170,819
Amounts owed to group companies	-	-	91,057	179,531
Amounts owed to affiliated companies	188,097	923,688	170,496	910,827
Current taxation	144,377	47,948	118,864	2,245
Social security and other taxes	389,133	763,317	1,439	3,665
Proposed dividends	200,000	-	200,000	-
Other creditors	100,667	101,661	53,293	48,017
Accruals	345,717	371,881	334,901	346,075
	<u>£1,936,225</u>	<u>£3,415,801</u>	<u>£1,011,058</u>	<u>£1,735,967</u>

The directors' current accounts owed by Raincloud Productions Limited are secured by a floating charge on all property, present and future, belonging to that company.

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1987

13. Provision for liabilities and charges

	Deferred taxation (note 14) £
The group and the company	
At 1st October 1986	10,393
Utilised during the year (note 4)	(9,167)
	<hr/>
At 30th September 1987	£1,226
	<hr/>

14. Deferred taxation

	<u>1987</u> £	<u>1986</u> £
The group and the company		
Accelerated capital allowances	7,014	15,122
Other timing differences	(5,788)	(4,729)
	<hr/>	<hr/>
	£1,226	£10,393
	<hr/>	<hr/>

15. Called-up share capital

	<u>1987 and 1986</u> Authorised, allotted, called-up and fully paid
Ordinary shares of £1 each	£100
	<hr/>

16. Profit and loss account

	£
The company	
At 1st October 1986	1,003,749
Loss for the year	(12,551)
	<hr/>
At 30th September 1987	£991,198
	<hr/>

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH SEPTEMBER 1987

17. Capital commitments

Neither the group nor the company had any capital commitments at 30th September 1987 or 30th September 1986.

18. Contingent liabilities

There were no contingent liabilities at 30th September 1987 or 30th September 1986.