

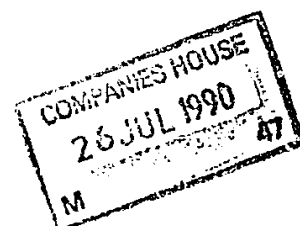
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QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1989



QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

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QUEEN PRODUCTIONS LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 September 1989.

1. Principal activity

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

2. Results and dividend

There was a profit for the year after taxation amounting to £191,402 (1988 £135,281). The directors recommend a dividend absorbing £194,000 leaving a deficit of £2,598 to be deducted from reserves brought forward.

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 1 October 1988 and 30 September 1989 were as follows:

	Ordinary shares of £1 each
F Mercury	25
B H May	25
J R Deacon	25
R M Taylor	25

4. Fixed assets

Movements of tangible 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

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 Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 30 September 1989 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

GRANT THORNTON

LONDON

10 July 1990

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

ACCOUNTING POLICIES

FOR THE YEAR ENDED 30 SEPTEMBER 1989

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

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

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 30 September 1989. 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 30 SEPTEMBER 1989

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 30 SEPTEMBER 1989

	<u>Note</u>	<u>1989</u>	<u>1988</u>
		£	£
Turnover	1	3,965,703	2,306,687
Performance expenditure		2,344,985	1,428,834
Administration expenditure		1,395,472	764,526
		<u>(3,740,457)</u>	<u>(2,193,360)</u>
Operating profit		225,246	113,327
Interest receivable and similar income		90,094	131,818
Interest payable and similar charges	2	<u>(265)</u>	<u>(157)</u>
Profit on ordinary activities before taxation	1	315,075	244,988
Tax on profit on ordinary activities	4	<u>(123,673)</u>	<u>(109,707)</u>
Profit for the financial year	5	191,402	135,281
Dividend	6	<u>(194,000)</u>	<u>(130,000)</u>
Profit/(loss) retained		<u>£(2,598)</u>	<u>£5,281</u>

Statement of group retained profits

At 1 October 1988	1,111,055	1,105,774
Retained profit for the year	<u>(2,598)</u>	<u>5,281</u>
At 30 September 1989	<u>£1,108,457</u>	<u>£1,111,055</u>

The accounting policies and notes on pages 3 and 4 and 9 to 14 form part of these financial statements.


QUEEN PRODUCTIONS LIMITED

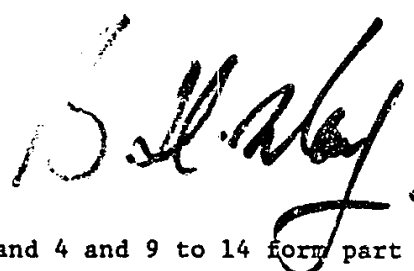
AND ITS SUBSIDIARIES

GROUP BALANCE SHEET AT 30 SEPTEMBER 1989

	<u>Note</u>	<u>1989</u>	<u>1988</u>
		£	£
Fixed assets			
Intangible assets	7	500	500
Tangible assets	8	252,857	211,497
Investments	9	19,645	19,645
		<u>273,002</u>	<u>231,542</u>
Current assets			
Stock	10	46,280	44,788
Debtors	11	709,431	948,860
Cash at bank and in hand		1,010,080	611,271
		<u>1,765,791</u>	<u>1,604,919</u>
Creditors: amounts falling due within one year	12	(930,236)	(725,406)
Net current assets		<u>835,555</u>	<u>879,513</u>
		<u>£1,108,557</u>	<u>£1,111,155</u>
Capital and reserves			
Called-up share capital	13	100	100
Profit and loss account		1,108,457	1,111,055
		<u>£1,108,557</u>	<u>£1,111,155</u>

The financial statements were approved by the board of directors on 10th July 1990


 } DIRECTORS
 JOHN DEACON




The accounting policies and notes on pages 3 and 4 and 9 to 14 form part of these financial statements.

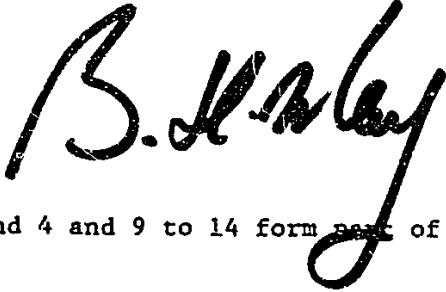
QUEEN PRODUCTIONS LIMITED

BALANCE SHEET AT 30 SEPTEMBER 1989

	<u>Note</u>	<u>1989</u>	<u>1988</u>
		£	£
Fixed assets			
Intangible assets	7	500	500
Tangible assets	8	251,349	208,540
Investments	9	33,697	33,697
		<u>285,546</u>	<u>242,737</u>
Current assets			
Stock	10	46,280	44,788
Debtors	11	604,017	992,530
Cash at bank and in hand		585,862	190,472
		<u>1,236,159</u>	<u>1,227,790</u>
Creditors: amounts falling due within one year	12	(545,380)	(462,094)
Net current assets		<u>690,779</u>	<u>765,696</u>
		<u>£976,325</u>	<u>£1,008,433</u>
Capital and reserves			
Called-up share capital	13	100	100
Profit and loss account	14	976,225	1,008,333
		<u>£976,325</u>	<u>£1,008,433</u>

The financial statements were approved by the board of directors on 10th July 1990

 DIRECTORS
JOHN DEACON



The accounting policies and notes on pages 3 and 4 and 9 to 14 form part of these financial statements.

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

GROUP STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30 SEPTEMBER 1989

	<u>1989</u>		<u>1988</u>
	£	£	£
Source of funds			
From operations			
Profit on ordinary activities before tax	315,075		244,988
Adjustments for items not involving movements of funds:			
Depreciation	39,335		27,820
	<u>354,410</u>		<u>272,808</u>
Application of funds			
Dividends paid	194,000	330,000	
Taxation paid	142,554	238,730	
Purchase of tangible fixed assets	<u>80,695</u>	<u>9,663</u>	
	<u>(417,249)</u>		<u>(578,393)</u>
Net (outflow)/inflow of funds	<u>£(62,839)</u>		<u>£(305,585)</u>
Increases/(decreases) in working capital			
Stock	1,492		4
Debtors	(264,364)		(77,507)
Creditors: amounts falling due within one year	<u>(198,776)</u>		<u>873,043</u>
	<u>(461,648)</u>		<u>795,540</u>
Net liquid funds			
Bank balances and cash	506,227	(962,531)	
Bank overdraft	<u>(107,418)</u>	<u>(138,594)</u>	
	<u>398,809</u>		<u>(1,101,125)</u>
Net (decrease)/increase in working capital	<u>£(62,839)</u>		<u>£(305,585)</u>

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 SEPTEMBER 1989

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>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Professional charges	216,465	180,202
Auditors' remuneration	17,620	15,000
Depreciation	39,335	27,820
Exchange loss/(gain)	(65,214)	52,194
Deed of covenant	18,324	20,034
Loss on video production	818	35,987
	<u> </u>	<u> </u>

2. Interest payable and similar charges

	<u>1989</u>	<u>1988</u>
On bank loans and overdrafts		
repayable within 5 years		
otherwise than by instalments	£265	£157
	<u> </u>	<u> </u>

3. Directors and employees

Staff costs during the year

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
Wages and salaries	1,214,051	1,072,181
Social security	10,117	16,086
	<u> </u>	<u> </u>
	£1,224,168	£1,088,267
	<u> </u>	<u> </u>

The average number of employees of the company during the year was 12 (1988 12). Staff costs include directors' remuneration as follows:

Directors' fees	<u>£1,057,593</u>	<u>£935,678</u>
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The emoluments of the directors excluding pension contributions were:

The highest paid director	<u>329,062</u>	<u>£351,749</u>
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QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 1989

3. Directors and employees (continued)

	<u>1989</u>	<u>1988</u>
Other directors	<u>Number</u>	<u>Number</u>
£175,001 to £180,000	-	1
£180,001 to £185,000	-	1
£220,001 to £225,000	-	1
£235,001 to £240,000	1	-
£240,001 to £245,000	1	-
£245,001 to £250,000	1	-

4. Tax on profit on ordinary activities

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

	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>
United Kingdom corporation tax	68,315	39,210
Deferred taxation	-	(1,226)
Overseas taxation	47,741	65,978
(Overprovision)/underprovision for corporation tax in previous year	7,617	5,745
	<u>£123,673</u>	<u>£109,707</u>

United Kingdom corporation tax has been charged at rates varying from 25% to 35% (1988 25% to 35%).

5. Profit 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 profit of £161,892 (1988 profit £147,135) which is dealt with in the financial statements of the company.

6. Dividend

	<u>1989</u>	<u>1988</u>
Ordinary shares		
Proposed final dividend £1,940 per share (1988 £1,300)	<u>£194,000</u>	<u>£130,000</u>

7. Intangible fixed assets

The group and the company	<u>Trademarks</u>
Cost at 1 October 1988 and 30 September 1989	<u>£500</u>

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 1989

8. Tangible fixed assets

The group

	<u>Total</u> £	<u>Freehold property</u> £	<u>Plant, fixtures, fittings and equipment</u> £
Cost			
At 1 October 1988	817,550	172,854	644,696
Additions	80,695	-	80,695
At 30 September 1989	898,245	172,854	725,391
Depreciation			
At 1 October 1988	606,053	31,112	574,941
Provided in the year	39,335	3,457	35,878
At 30 September 1989	645,388	34,569	610,819
Net book amount at 30 September 1989	<u>£252,857</u>	<u>£138,285</u>	<u>£114,572</u>
Net book amount at 30 September 1988	<u>£211,497</u>	<u>£141,742</u>	<u>£69,755</u>

The company

	£	£	£
Cost			
At 1 October 1988	810,632	172,854	637,778
Additions	80,695	-	80,695
At 30 September 1989	891,327	172,854	718,473
Depreciation			
At 1 October 1988	602,092	31,112	570,980
Provided in the year	37,886	3,457	34,429
At 30 September 1989	639,978	34,569	605,409
Net book amount at 30 September 1989	<u>£251,349</u>	<u>£138,285</u>	<u>£113,064</u>
Net book amount at 30 September 1988	<u>£208,540</u>	<u>£141,742</u>	<u>£66,798</u>

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 1989

9. Fixed asset investments

	<u>The group</u> <u>1989 and 1988</u> <u>£</u>	<u>The company</u> <u>1989 and 1988</u> <u>£</u>
Purchase of royalty and contractual rights	196,289	196,289
Amounts written off at 1 October 1988	(176,644)	(176,644)
	19,645	19,645
Investment in subsidiaries: shares at cost	-	14,052
At 30 September 1989	<u>£19,645</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 SA (incorporated in Switzerland)	Shares of Sw fr 100 each	50,000	100
Leach Music Productions Limited)	100	100
Queen Films Limited) Ordinary shares	2	100
Rushing Water Productions Limited) of £1 each	100	100
Leach Music Productions Limited is presently a dormant company.)		

10. Stock

	<u>1989</u>	<u>1988</u>
The group and the company Goods for resale	<u>£46,280</u>	<u>£44,788</u>

QUEEN PRODUCTIONS LIMITED

AND ITS SUBSIDIARIES

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 SEPTEMBER 1989

11. Debtors

	<u>The group</u>		<u>The company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Amounts falling due within one year				
Trade debtors	380,252	360,722	298,935	245,855
Amounts owed by group companies	-	-	28,787	284,908
Amounts owed by associated companies	84,888	151,930	84,288	75,069
Other debtors	98,744	47,256	98,744	44,064
Prepayments and accrued income	26,229	49,480	-	26,900
Tax recoverable	102,318	77,383	93,263	70,645
Deferred expenditure	17,000	262,089	-	245,089
	<u>£709,431</u>	<u>£948,860</u>	<u>£604,017</u>	<u>£992,530</u>

12. Creditors: amounts falling due within one year

	<u>The group</u>		<u>The company</u>	
	<u>1989</u>	<u>1988</u>	<u>1989</u>	<u>1988</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Directors' current accounts	397,072	158,530	33,209	158,530
Trade creditors	77,245	44,128	61,069	25,228
Amounts owed to group companies	-	-	246,554	95,604
Amounts owed to associated companies	450	7,934	450	16,428
Current taxation	15,093	9,039	-	2,273
Social security and other taxes	194,851	21,833	1,359	196
Other creditors	105,213	77,943	64,815	48,748
Accruals	140,312	405,999	137,924	115,087
	<u>£930,236</u>	<u>£725,406</u>	<u>£545,380</u>	<u>£462,094</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 30 SEPTEMBER 1989

13. Called-up share capital

1989 and 1988
Authorised,
allotted, called-up
and fully paid

Ordinary shares of £1 each

£100

14. Profit and loss account

£

The company

At 1 October 1988

1,008,333

Loss for the year

(32,108)

At 30 September 1989

£976,225

15. Capital commitments

Neither the group nor the company had any capital commitments at 30 September 1989 or 30 September 1988.

16. Contingent liabilities

To date the Inland Revenue have not agreed tax computations for certain group companies since 1983/84. Provisions have been made in the accounts for all expected tax liabilities and the directors are of the opinion that no further material amounts will become payable.

There were no other contingent liabilities at 30 September 1989 or 30 September 1988.