

Queen Touring Limited

Financial statements

For the year ended 30 September 2006

Grant Thornton 

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Company No. 1239272

Company information

Company registration number	1239272
Registered office	1st Floor Greengarden House 15-22 St Christopher's Place London W1U 1NL
Directors	B H May R M Taylor J R Deacon
Secretary	R W Lee A Thompson
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Churchill House Chalvey Road East Slough Berkshire SL1 2LS

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 September 2006

Principal activities and business review

The principal activity of the company during the year was the provision of touring shows in the popular music industry

In assessing the performance of the company in the year the directors consider that success is determined by the number of persons purchasing tickets to see the show toured by the company and the level of sales of related products. On the basis of these criteria the performance of the company is considered to be extremely successful. Direct comparisons with the prior year are difficult as the performances in the two years were directed at different geographical markets, but it will be noted that the company's turnover has increased by some 19% as compared to the previous year.

The directors remain of an open mind regarding future tours, however at present there are no commitments that involve the company in any new touring or related activities.

Results and dividends

The results for the year and dividends are stated in the attached financial statements.

Financial risk management objectives and policies

The company uses a variety of financial instruments including cash, equity investments and various items, such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to provide working capital for the company's operations. Given the nature of the company's operations and the financial instruments used, the company is exposed to very limited credit, liquidity or interest rate risk. The company is, at times, exposed to significant currency risk which the directors seek to limit by operating in more established, stable currencies and using natural hedging where possible.

Directors

The directors who served the company during the year were as follows:

B H May
R M Taylor
J R Deacon

The company is a wholly owned subsidiary and the interests of the group directors in the shares of the parent undertaking are disclosed in its financial statements.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 these 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,
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Grant Thornton UK LLP offer themselves for reappointment as auditor in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

Director

A handwritten signature in black ink, appearing to be 'R. G. Lee', written over a large, faint, circular watermark or background mark.

Report of the independent auditor to the members of Queen Touring Limited

We have audited the financial statements of Queen Touring Limited for the year ended 30 September 2006 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Report of the independent auditor to the members of Queen Touring Limited (continued)

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 financial statements 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2006 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985 and
- the information given in the Report of the Directors is consistent with the financial statements



GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH
8 May 2007

Principal accounting policies

Basis of accounting

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

The principal accounting policies are stated below, which remain unchanged from the previous year except as disclosed, are stated below

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the following Financial Reporting Standards

-FRS 21 'Events after the Balance Sheet date (IAS 10)', and

-the presentation requirements of FRS 25 'Financial Instruments Disclosure and Presentation (IAS 32)'

FRS 21 'Events after the Balance Sheet date (IAS 10)'

The adoption of FRS 21 has resulted in a change in accounting policy in respect of proposed equity dividends. If the company declares dividends to the holders of equity instruments after the balance sheet date, the company does not recognise those dividends as a liability at the balance sheet date. The aggregate amount of equity dividends proposed before approval of the financial statements, which have not been shown as liabilities at the balance sheet date, are disclosed in the notes to the financial statements. Previously, proposed equity dividends were recorded as liabilities at the balance sheet date.

FRS 25 'Financial Instruments Disclosure and Presentation (IAS 32)'

There has been no impact on the disclosures in the financial statements for 2006. The dividends proposed in 2005 are reflected through reserves instead of the profit and loss account, as described above.

Turnover

The turnover shown in the profit and loss account represents amounts receivable in respect of performances and services provided.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity.

Profit and loss account

	Note	2006 £	2005 £
Turnover	1	8,728,936	7,311,792
Cost of sales		5,344,263	3,759,929
Gross profit		3,384,673	3,551,863
Other operating charges	2	1,836,759	739,418
Operating profit	3	1,547,914	2,812,445
Interest receivable		79,224	40,824
Interest payable and similar charges	6	–	(12,917)
Profit on ordinary activities before taxation		1,627,138	2,840,352
Tax on profit on ordinary activities	7	500,507	1,018,748
Profit for the financial year	13	1,126,631	1,821,604

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

Balance sheet

	Note	2006 £	2005 £
Current assets			
Debtors	9	499,989	2,013,368
Cash at bank		2,427,263	2,449,651
		<u>2,927,252</u>	<u>4,463,019</u>
Creditors: amounts falling due within one year	10	2,615,371	3,272,769
		<u>311,881</u>	<u>1,190,250</u>
Net current assets			
Total assets less current liabilities		<u>311,881</u>	<u>1,190,250</u>
Capital and reserves			
Called-up equity share capital	12	2	2
Profit and loss account	13	311,879	1,190,248
		<u>311,881</u>	<u>1,190,250</u>
Shareholders' funds	14		

These financial statements were approved by the directors on 1.5.07 and are signed on their behalf by

Director



Cash flow statement

	Note	2006 £	2005 £
Net cash inflow from operating activities	15	2,942,183	3,091,296
Returns on investments and servicing of finance			
Interest received		79,224	40,824
Interest paid		—	(12,917)
Net cash inflow from returns on investments and servicing of finance		<u>79,224</u>	<u>27,907</u>
Taxation		(1,020,484)	(147,863)
Equity dividends paid		(2,005,000)	(540,000)
(Decrease)/increase in cash	16	<u>(4,077)</u>	<u>2,431,340</u>

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
74% of turnover was derived from The Americas, 25% from Asia and 1% from Europe

2 Other operating charges

	2006 £	2005 £
Distribution costs	329,002	315,000
Administrative expenses	1,507,757	424,418
	<u>1,836,759</u>	<u>739,418</u>

3 Operating profit

Operating profit is stated after charging

	2006 £	2005 £
Auditor's remuneration		
Audit fees	4,550	4,000
Net loss on foreign currency translation	<u>3,549</u>	<u>20,558</u>

4 Directors and employees

The aggregate payroll costs of the above were

	2006 £	2005 £
Wages and salaries	1,230,810	—
Social security costs	157,544	—
	<u>1,388,354</u>	<u>—</u>

5 Directors

Remuneration in respect of directors was as follows

	2006 £	2005 £
Emoluments	<u>1,230,810</u>	<u>-</u>
Emoluments of highest paid director		
	2006 £	2005 £
Total emoluments (excluding pension contributions)	<u>615,405</u>	<u>-</u>

6 Interest payable and similar charges

	2006 £	2005 £
Interest payable on borrowing	<u>-</u>	<u>12,917</u>

7 Taxation on profit on ordinary activities

	2006 £	2005 £
Current tax		
UK corporation tax in respect of the year	500,000	870,000
Foreign tax in respect of the year	358,178	511,417
Double tax relief	(358,178)	(362,669)
Under provision in respect of prior years	507	-
Total current tax	<u>500,507</u>	<u>1,018,748</u>

Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2005 - 30%) A reconciliation is given below

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>1,627,138</u>	<u>2,840,352</u>
Profit on ordinary activities multiplied by rate of tax	488,141	852,106
Foreign tax not relieved by double tax relief	-	148,748
Expenses not allowable for corporation tax purposes	951	1,568
Other differences	10,908	16,326
Adjustments to tax charge in respect of previous periods	507	-
Total current tax	<u>500,507</u>	<u>1,018,748</u>

8 Dividends

	2006 £	2005 £
Paid during the year		
Equity dividends on ordinary shares	<u>2,005,000</u>	<u>—</u>
Proposed at the year-end (recognised as a liability)		
Equity dividends on ordinary shares	<u>—</u>	<u>540,000</u>

9 Debtors

	2006 £	2005 £
Trade debtors	333	1,180,831
Amounts owed by group undertakings	18,190	—
Other debtors	461,888	564,057
Prepayments and accrued income	19,578	268,480
	<u>499,989</u>	<u>2,013,368</u>

10 Creditors: amounts falling due within one year

	2006 £	2005 £
Bank loans and overdrafts	—	18,311
Trade creditors	93,389	50,656
Amounts owed to group and other related undertakings	586,851	82,940
Corporation tax	350,908	870,885
Other creditors	60,713	—
Accruals and deferred income	1,523,510	2,249,977
	<u>2,615,371</u>	<u>3,272,769</u>

11 Related party transactions

During the year, the company paid royalties of £9,420 (2005 £nil) and recharges of £4,550 (2005 £4,000) to Queen Productions Limited, the company's ultimate parent undertaking. It also paid interest of £nil (2005 £12,917) to Queen Productions Limited. At the year end a net balance of £567,941 (2005 £57,366) was due to Queen Productions Limited and a balance of £nil (2005 £25,574) was due to Nightjar Productions Limited. An amount of £9,700 (2005 £nil) was paid to Nightjar Productions Limited and an amount of £44,019 (2005 £nil) was paid to Duck Productions Limited for use of studios. These companies are related by virtue of common directors.

12 Share capital

Authorised share capital

	2006	2005
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid

	2006		2005	
	No	£	No	£
Ordinary shares of £1 each	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

13 Profit and loss account

	2006	2005
	£	£
Balance brought forward	1,190,248	(91,356)
Profit for the financial year	1,126,631	1,821,604
Equity dividends paid	(2,005,000)	(540,000)
Balance carried forward	<u>311,879</u>	<u>1,190,248</u>

14 Reconciliation of movements in shareholders' funds

	2006	2005
	£	£
Profit for the financial year	1,126,631	1,821,604
Equity dividends paid	(2,005,000)	(540,000)
Net (reduction)/addition to shareholders' funds/(deficit)	(878,369)	1,281,604
Opening shareholders' funds/(deficit)	1,190,250	(91,354)
Closing shareholders' funds	<u>311,881</u>	<u>1,190,250</u>

15 Reconciliation of operating profit to net cash inflow from operating activities

	2006	2005
	£	£
Operating profit	1,547,914	2,812,445
Decrease/(increase) in debtors	1,513,379	(2,013,368)
(Decrease)/increase in creditors	(119,110)	2,292,219
Net cash inflow from operating activities	<u>2,942,183</u>	<u>3,091,296</u>

16 Reconciliation of net cash flow to movement in net funds

	2006 £	2005 £
(Decrease)/increase in cash in the period	(4,077)	2,431,340
Movement in net funds in the period	(4,077)	2,431,340
Net funds at 1 October 2005	2,431,340	–
Net funds at 30 September 2006	2,427,263	2,431,340

17 Analysis of changes in net funds

	At 1 Oct 2005 £	Cash flows £	At 30 Sep 2006 £
Net cash			
Cash in hand and at bank	2,449,651	(22,388)	2,427,263
Overdrafts	(18,311)	18,311	–
	2,431,340	(4,077)	2,427,263
Net funds	2,431,340	(4,077)	2,427,263