

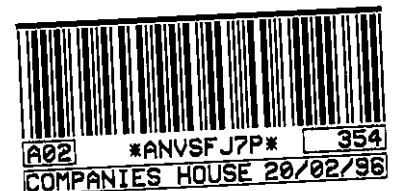
Registered no. 1414045 (England and Wales)

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1994

**LUBBOCK FINE
Chartered Accountants
Russell Bedford House
City Forum
250 City Road
London EC1V 2QQ**



**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

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**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

DIRECTORS AND ADVISERS

Directors

Martin Mills
Nigel Bolt
James Wyllie
Andrew Heath

Secretary

Nigel Bolt

Registered Office

17-19 Alma Road
London SW18 1AA

Registered Number

1414045 (England and Wales)

Auditors

Lubbock Fine
Chartered Accountants
Russell Bedford House
City Forum
250 City Road
London EC1V 2QQ

Bankers

Coutts & Co

BEGGAR'S BANQUET COMMUNICATIONS LIMITED AND SUBSIDIARY UNDERTAKINGS

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994

Financial Statements

The directors present their report and financial statements for the year ended 31 December 1994.

Principal Activities

The group is principally engaged in the sale of compact discs, records and tapes and music publishing.

Review Of The Year

The group continued to trade satisfactorily during the year with turnover increasing from £8.1m to £10.9m and profit before tax again showing a considerable increase from £857,000 to £1,386,000.

Results

The profit of the group after tax and minority interest was £731,638 (1993 - £443,053) details of which are given in the attached financial statements.

Future Developments

In 1995 two of the Group's areas of activity were reorganised with production and promotion activities being transferred from Beggar's Banquet Records Limited to Beggar's Banquet Management Limited and secondly, a separate company was incorporated in the United States with a view to further promoting the Group's activities there.

A new record label, Mantra Recordings was started and further corporate acquisitions were Wiiiija Records Limited and Wiiiija Music Limited.

Events Since The End Of The Year

The details of the post balance sheet event are shown in note 26 to the financial statements.

Dividends

Interim dividends paid are detailed in note 9 to the financial statements. The directors do not recommend payment of a final dividend for the year ended 31 December 1994.

Fixed Assets

Changes in fixed assets are shown in the notes to the financial statements.

In the opinion of the directors the market value of interests in land and buildings held as fixed assets at the balance sheet date were in excess of their book value.

Directors

The members of the board during the year, together with details of their beneficial interests, as defined in the Companies Act 1985, in the shares of the company were:

	1994	1993
Martin Mills	200 (100 'A' + 100 'B')	200 (100 'A' + 100 'B')
Nigel Bolt	-	-
James Wyllie	-	-
Andrew Heath	-	-

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 1994

Auditors

A resolution to re-appoint Lubbock Fine as auditors will be proposed at the Annual General Meeting.

Statement Of Directors' Responsibilities

The directors are required by law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss, total recognised gains or losses and cash flows of the company and the group for that period.

The directors confirm that appropriate accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 December 1994. The directors also confirm that the financial statements have been prepared on a going concern basis and that applicable accounting standards have been followed.

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company and the group, and for taking reasonable steps to prevent and detect fraud and other irregularities

On behalf of the board

.....
Director

Date 9.2.96

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective Responsibilities Of Directors And Auditors

As described on page 3 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 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 group'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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming an 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 affairs of the company and the group at 31 December 1994 and of the group's profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Lubbock Fine
Chartered Accountants
Registered Auditors

Date *9th February 1996*

Russell Bedford House
City Forum
250 City Road
London EC1V 2QQ

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31 DECEMBER 1994**

	Notes	1994 £	1993 £
Turnover	2	10,969,119	8,181,120
Cost of sales		(6,312,518)	(4,688,545)
Gross Profit		<u>4,656,601</u>	<u>3,492,575</u>
Net operating expenses	3	(3,731,094)	(3,066,281)
Operating Profit	4	<u>925,507</u>	<u>426,294</u>
Income from participating interests		115,190	207,904
Other interest receivable and similar income	5	60,976	64,512
Other income		294,730	167,288
Interest payable and similar charges	6	(10,314)	(9,012)
Profit On Ordinary Activities Before Taxation		<u>1,386,089</u>	<u>856,986</u>
Tax on profit on ordinary activities	7	(482,313)	(335,789)
Profit On Ordinary Activities After Taxation		<u>903,776</u>	<u>521,197</u>
Minority interest		(172,138)	(78,144)
Profit Attributable To Shareholders		<u>731,638</u>	<u>443,053</u>
Dividends	9	(470,000)	(86,000)
Retained Profit For The Year	20	<u><u>261,638</u></u>	<u><u>357,053</u></u>

The group's turnover and expenses all relate to continuing operations.

The only recognised gain was the profit for the financial year of £731,638 (1993 - £443,053).

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 1994

	Notes	1994 £	1993 £
Fixed Assets			
Tangible assets	10	622,480	559,499
Investment in participating interest	12	596,684	518,463
		<u>1,219,164</u>	<u>1,077,962</u>
Current Assets			
Stocks	13	172,692	174,636
Debtors	14	3,542,130	2,857,538
Cash at bank and in hand		2,178,551	1,035,197
		<u>5,893,373</u>	<u>4,067,371</u>
Creditors - Amounts Falling Due Within One Year	15	(3,205,520)	(2,469,359)
Net Current Assets		<u>2,687,853</u>	<u>1,598,012</u>
Total Assets Less Current Liabilities		3,907,017	2,675,974
Creditors - Amounts Falling Due After One Year	16	(2,169,370)	(1,267,739)
Provision for liabilities and charges	17	(280,226)	(384,590)
Net Assets		<u>1,457,421</u>	<u>1,023,645</u>
Capital And Reserves			
Called up share capital	18	200	200
Group reserves	20	1,331,709	950,071
Shareholders' funds		<u>1,331,909</u>	<u>950,271</u>
Minority interest		125,512	73,374
		<u>1,457,421</u>	<u>1,023,645</u>

On behalf of the board

M. Mills

.....
Martin Mills - Director

N. Bolt
.....
Nigel Bolt - Director

Date 9.2.96

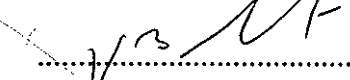
BEGGAR'S BANQUET COMMUNICATIONS LIMITED
BALANCE SHEET AT 31 DECEMBER 1994

	Notes	1994 £	1993 £
Fixed Assets			
Tangible assets	11	494,715	404,507
Investments	12	88,828	20,328
		<u>583,543</u>	<u>424,835</u>
Current Assets			
Debtors	14	146,130	213,866
Cash at bank and in hand		47,603	45,539
		<u>193,733</u>	<u>259,405</u>
Creditors - Amounts Falling Due Within One Year	15	(412,200)	(459,140)
Net Current Liabilities		<u>(218,467)</u>	<u>(199,735)</u>
Total Assets Less Current Liabilities		365,076	225,100
Provision for liabilities and charges	17	(6,976)	(5,316)
Net Assets		<u>358,100</u>	<u>219,784</u>
Capital And Reserves			
Called up share capital	18	200	200
Profit and loss account		357,900	219,584
		<u>358,100</u>	<u>219,784</u>

On behalf of the board



Martin Mills - Director



Nigel Bolt - Director

Date  9.2.96

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED
31 DECEMBER 1994**

	Notes	£	1994 £	£	1993 £
Net Cash Inflow From Operating Activities	21a		1,617,842		585,796
Returns On Investments And Servicing Of Finance					
Investment finance and other income (including tax recovered)		355,706		231,800	
Interest payable		(10,314)		(9,012)	
Dividends paid (excluding ACT):					
Parent undertaking		(350,000)		(50,000)	
Minority interest		<u>(120,000)</u>		<u>(36,000)</u>	
Net Cash Inflow(Outflow) From Investment And Servicing Of Finance			(124,608)		136,788
Taxation					
UK Corporation tax paid (including ACT)		<u>167,203</u>		<u>75,921</u>	
Tax Paid			(167,203)		(75,921)
Investing Activities					
Purchases of tangible fixed assets		(146,266)		(174,245)	
Purchase of participating interest		-		(20,000)	
Sale of tangible fixed assets		<u>10,264</u>		<u>17,661</u>	
Net Cash Outflow From Investing Activities			(136,002)		(176,584)
Increase In Cash And Cash Equivalents	21b & 21c		<u>1,190,029</u>		<u>470,079</u>

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1994**

1. Accounting Policies

Accounting Convention

The financial statements are prepared on a going concern basis under the historical cost convention and in accordance with applicable accounting standards.

Basis Of Consolidation

The consolidated financial statements comprise the financial statements of the parent company and its subsidiary undertakings made up to 31 December 1994.

- i) No profit and loss account is presented for Beggar's Banquet Communications Limited as provided by section 230 of the Companies Act 1985.
- ii) The results and net assets of the group's share of participating interest investments are accounted for on an equity basis from the date of acquisition.

Deferred income

Deferred income represents non-returnable advances on royalties receivable from other record companies. These advances are credited to revenue as the royalty income arises or where the probability of future income in respect thereof is remote.

Advances To Artistes

Advances to artistes represents advances made direct to artistes together with recording or other costs made on behalf of artistes, under contract. These advances, which are only recoverable against future royalties, are charged to revenue as they are recouped or where the probability of future recoupment in respect thereof is unlikely.

Advances To Writers

These advances, which are only recoverable against future royalties, are charged to revenue as they are recouped or where the probability of future recoupment in respect thereof is unlikely.

Depreciation And Amortisation

Depreciation and amortisation has been provided to write off tangible fixed assets over their estimated useful lives at the following rates:

Freehold property	- 2% on cost
Leasehold property	- In equal annual instalments over the period of the lease.
Fixtures, fittings and office equipment	- 20% and 25% per annum on a reducing balance method
Computer equipment	- 25% per annum on a reducing balance method.
Motor vehicles	- 25% per annum on a reducing balance method.

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1994**

Accounting Policies (continued)

Foreign Currencies

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances are translated into sterling at the exchange rate ruling on the balance sheet date. Exchange differences are dealt with through the profit and loss account.

Stocks

Stocks have been valued on an average cost basis at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred Taxation

Deferred taxation is provided using the liability method on all material short term timing differences, at the rate at which the timing difference is expected to reverse.

Operating Leases

Leasing and rental costs are charged to operating profits as they arise.

Pension Costs

Pension scheme contributions are charged to operating profits as they arise.

2. Turnover

Turnover is the amount derived from the provision of goods and services falling within the group's ordinary activities, after deduction of trade discounts, value added tax and any other taxes based on turnover.

The turnover attributable to the principal activities of the group is as follows:

	1994 £	1993 £
Sales and distribution of compact discs, records and tapes	7,743,844	5,477,580
Music publishing and copyright royalties	3,225,275	2,703,540
	<u>10,969,119</u>	<u>8,181,120</u>
Turnover is analysed by geographical markets, as follows:		
U.K.	8,386,566	5,982,525
Europe	1,115,970	1,180,779
North America	1,013,351	592,361
Others	453,232	425,455
	<u>10,969,119</u>	<u>8,181,120</u>

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1994**

3. Net Operating Expenses	1994	1993
	£	£
Distribution costs	1,830,136	1,322,401
Administrative expenses	1,900,958	1,743,880
Net operating expenses	<u>3,731,094</u>	<u>3,066,281</u>

4. Operating Profit

Operating profit is stated after charging:	1994	1993
	£	£
Directors' remuneration as executives	179,075	149,083
Auditors' remuneration	36,544	38,780
Depreciation	73,186	72,742
(Profit)loss on disposal of fixed assets	(165)	5,057
Hire of plant and machinery - operating leases	5,819	9,250
	<u> </u>	<u> </u>

Directors' remuneration	1994	1993
Directors' remuneration is as follows:	£	£
Chairman and highest paid director	<u>121,667</u>	<u>102,917</u>

Other directors' remuneration is within the following bands:	Number	Number
Nil	1	2
£ 5,001 - £10,000	1	-
£45,001 - £50,000	1	1
	<u> </u>	<u> </u>

Particulars of employees

The average number of persons employed by the group, including the directors during the year was:

	1994	1993
Management	5	5
Administration and selling	38	35
	<u>43</u>	<u>40</u>
	<u> </u>	<u> </u>
 Their total remuneration was:	 £	 £
Wages and salaries	900,202	773,998
Social security costs	90,365	77,882
	<u>990,567</u>	<u>851,880</u>

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1994**

5. Other Interest Receivable and Similar Income	1994	1993
	£	£
Bank interest receivable	60,976	64,512
	<u> </u>	<u> </u>

6. Interest Payable And Similar Charges	1994	1993
	£	£
On bank and other borrowings wholly repayable within five years	10,314	9,012
	<u> </u>	<u> </u>

7. Taxation	1994	1993
	£	£
Payment for surrender of losses	-	24,762
U.K. corporation tax at 33%	549,219	155,403
Advance corporation tax written back	-	(2,491)
Transfer (from)to deferred tax	(104,364)	82,460
Irrecoverable withholding tax	-	23,118
Share of participating interests tax	36,969	73,677
Under(Over)provision in previous year	489	(21,140)
	<u>482,313</u>	<u>335,789</u>

8. Retained Profit

Of the retained profit for the year an amount of £138,316 (1993 - £125,369) has been dealt with in the financial statements of the parent undertaking. The figures are stated before adjustments for inter group items.

Profit before taxation and net assets, as attributable to the different classes of business, are not provided as overheads of the group are centralised.

9. Dividends	1994	1993
	£	£
Dividends paid by parent undertaking	350,000	50,000
Dividends paid to minority interest in subsidiary undertaking	120,000	36,000
	<u>470,000</u>	<u>86,000</u>

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1994**

10. Tangible Fixed Assets - Group

	Freehold Property	Short Leasehold Property	Fixtures, Fittings and Equipment	Motor Vehicles	Total
Cost	£	£	£	£	£
At 1 January 1994	270,131	118,368	274,477	123,762	786,738
Additions	84,977	996	49,298	10,995	146,266
Disposals	-	(2,925)	(18,594)	(22,613)	(44,132)
At 31 December 1994	<u>355,108</u>	<u>116,439</u>	<u>305,181</u>	<u>112,144</u>	<u>888,872</u>
Depreciation					
At 1 January 1994	11,431	37,652	117,880	60,276	227,239
Provision for the year	6,746	12,019	37,609	16,812	73,186
Disposals	-	(212)	(14,774)	(19,047)	(34,033)
At 31 December 1994	<u>18,177</u>	<u>49,459</u>	<u>140,715</u>	<u>58,041</u>	<u>266,592</u>
Net Book Value					
At 31 December 1994	<u>336,931</u>	<u>66,980</u>	<u>164,466</u>	<u>54,103</u>	<u>622,480</u>
Net Book Value					
At 31 December 1993	<u>258,700</u>	<u>80,716</u>	<u>156,597</u>	<u>63,486</u>	<u>559,499</u>

11. Tangible Fixed Assets - Company

	Freehold Buildings	Leasehold Property Improve- ments	Fixtures, Fittings and Equipment	Motor Vehicles	Total
Cost	£	£	£	£	£
At 1 January 1994	270,131	31,663	196,415	52,900	551,109
Additions	84,977	996	35,783	10,995	132,751
Disposals	-	-	(13,741)	(22,613)	(36,354)
At 31 December 1994	<u>355,108</u>	<u>32,659</u>	<u>218,457</u>	<u>41,282</u>	<u>647,506</u>
Depreciation					
At 1 January 1994	11,431	6,192	93,341	35,638	146,602
Provision for the year	6,746	655	24,486	5,256	37,143
Disposals	-	-	(11,907)	(19,047)	(30,954)
At 31 December 1994	<u>18,177</u>	<u>6,847</u>	<u>105,920</u>	<u>21,847</u>	<u>152,791</u>
Net Book Value					
At 31 December 1994	<u>336,931</u>	<u>25,812</u>	<u>112,537</u>	<u>19,435</u>	<u>494,715</u>
Net Book Value					
At 31 December 1993	<u>258,700</u>	<u>25,471</u>	<u>103,074</u>	<u>17,262</u>	<u>404,507</u>

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1994**

12. Fixed Asset Investment

	Participating Interest £		
a) Group			
Cost			
At 1 January 1994			518,463
Share of post acquisition retained reserves in year			78,221
Net Book Value			
At 31 December 1994			<u>596,684</u>
b) Company	Subsidiary Undertaking £	Participating Interests £	Total £
Cost			
At 1 January 1994	24,168	20,076	44,244
Additions	<u>68,500</u>	-	<u>68,500</u>
At 31 December 1994	<u>92,668</u>	<u>20,076</u>	<u>112,744</u>
Provisions			
At 1 January 1994 and at 31 December 1994	<u>23,916</u>	-	<u>23,916</u>
Net Book Value			
At 31 December 1994	<u>68,752</u>	<u>20,076</u>	<u>88,828</u>
Net Book Value			
At 31 December 1993	<u>252</u>	<u>20,076</u>	<u>20,328</u>

At the balance sheet date the company owned the following share capital in its subsidiary undertakings and participating interests:

Name	Nature Of Business	Percentage And Class
"Beggar's Banquet" Limited	Retail record sales	92.4% Ordinary
Beggar's Banquet Records Limited	Production and sale of records, compact discs and tapes	76% Ordinary
Beggar's Banquet Music Limited	Music publishing	76% Ordinary
Beggar's Banquet Management Limited	Dormant	76% Ordinary
4 A.D. Limited	Production and sale of records, compact discs and tapes	100% 'A' Ordinary
Nation Records Limited	Production and sale of records and music publishing	16.67% Ordinary

All of the above companies are registered in England.

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1994**

13. Stocks

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Finished goods for resale	172,692	174,636	-	-

14. Debtors

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Trade debtors	1,123,607	1,019,128	30,116	12,190
Amounts due from subsidiary undertakings	-	-	75,417	99,721
Amounts due from participating interest	15,000	-	15,000	-
Other debtors	139,674	120,850	14,827	19,275
Prepayments and accrued income	31,550	23,740	10,770	9,922
Corporation tax recoverable	-	72,758	-	72,758
Advance corporation tax recoverable	-	19,959	-	-
Advances to artistes and writers (see note 1)	2,232,299	1,601,103	-	-
	<u>3,542,130</u>	<u>2,857,538</u>	<u>146,130</u>	<u>213,866</u>

15. Creditors - Amounts Falling Due Within One Year

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Bank overdrafts (secured)	-	46,675	-	8,325
Trade creditors	2,333,734	1,994,500	-	-
Amounts due to subsidiary undertakings	-	-	60,926	226,048
Amounts due to participating interest	81,740	90,547	49,183	59,623
Other creditors	105,514	65,129	86,687	64,749
Social security and other taxes	65,270	59,967	58,999	43,514
Accruals and deferred income	188,101	71,168	72,447	37,910
Corporation tax	336,911	116,405	19,708	4,455
Advance corporation tax payable	94,250	24,968	64,250	14,516
	<u>3,205,520</u>	<u>2,469,359</u>	<u>412,200</u>	<u>459,140</u>

Security

The company's and fellow subsidiaries' bank overdraft are secured by way of a mortgage debenture dated 21 August 1990 over the company's assets.

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1994**

16. Creditors - Amounts Falling Due After One Year - Group	1994	1993
	£	£
Deferred income (see note 1)	<u>2,169,370</u>	<u>1,267,739</u>

17. Provisions For Liabilities And Charges

Deferred taxation

The amount provided and the potential liability for the deferred taxation is as follows:

	Group		Company	
	1994	1993	1994	1993
	£	£	£	£
Accelerated capital allowances	7,555	11,808	6,976	5,316
Arising on net royalty timing differences	<u>272,671</u>	<u>372,782</u>	<u>-</u>	<u>-</u>
	<u>280,226</u>	<u>384,590</u>	<u>6,976</u>	<u>5,316</u>
At 1 January 1994	384,590	302,130	5,316	3,810
Transfer from(to) profit and loss account	<u>(104,364)</u>	<u>82,460</u>	<u>1,660</u>	<u>1,506</u>
	<u>280,226</u>	<u>384,590</u>	<u>6,976</u>	<u>5,316</u>

18. Called Up Share Capital	1994	1993
	£	£
Allotted And Fully Paid		
100 'A' Ordinary shares of £1 each	100	100
100 'B' Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	<u>200</u>	<u>200</u>
Authorised		
1,000 'A' Ordinary shares of £1 each	1,000	1,000
1,000 'B' Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
	<u>2,000</u>	<u>2,000</u>

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
AND SUBSIDIARY UNDERTAKINGS**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1994**

19. Reconciliation Of Movements In Shareholders' Funds	1994	1993
	£	£
Profit for the financial year	731,638	443,053
Dividend	(350,000)	(50,000)
Net additions to shareholders' funds	381,638	393,053
Opening shareholders' funds	950,271	557,218
Closing shareholders' funds	<u>1,331,909</u>	<u>950,271</u>

20. Group Reserves	Profit And Loss Account £	Other Reserve £	Total £
At 1 January 1994	921,900	28,171	950,071
Retained profit for the year	261,638	-	261,638
Dividends paid to the minority interest	120,000	-	120,000
At 31 December 1994	<u>1,303,538</u>	<u>28,171</u>	<u>1,331,709</u>

21. Notes To The Cash Flow Statement

a) Reconciliation of operating profits to net cash inflow from operating activities

	1994	1993
	£	£
Operating profit	925,507	426,294
Depreciation charges	73,186	72,742
(Profit)Loss on disposal of fixed assets	(165)	5,057
Decrease in stocks	1,945	48,370
(Increase)Decrease in debtors	(777,309)	29,570
Increase in creditors	1,394,678	3,763
	<u>1,617,842</u>	<u>585,796</u>

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
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Notes To The Cash Flow Statement (continued)

b) Analysis of changes in cash and cash equivalents during the year

	1994 £	1993 £
Balance at 1 January 1994	988,522	518,443
Net cash inflow	1,190,029	470,079
Balance at 31 December 1994 (see note 21c)	<u>2,178,551</u>	<u>988,522</u>

c) Analysis of the balances of cash and cash equivalents

	1994 £	1993 £	Change In Year £
Cash and bank balances	2,178,551	1,035,197	1,143,354
Bank (overdraft) balance	-	(46,675)	46,675
	<u>2,178,551</u>	<u>988,522</u>	<u>1,190,029</u>

22. Contingent Liabilities

- a) The bankers have been given composite guarantees over the facilities of the following companies:

Beggar's Banquet Records Limited
 Beggar's Banquet Communications Limited
 "Beggar's Banquet" Limited
 Beggar's Banquet Music Limited
 Beggar's Banquet Management Limited

Any liability arising from the composite guarantee is secured by a mortgage debenture dated 21 August 1990 over the company's assets.

- b) Further, a subsidiary company, Beggar's Banquet Records Limited, received a writ in the previous year, jointly with its relevant distributor and artiste, in connection with litigation relating to alleged unauthorised uses of certain visual materials. The claim is for US\$60m, but no provision has been made because the directors believe that the ultimate outcome of the litigation will have no material effect on the group's reserves.

**BEGGAR'S BANQUET COMMUNICATIONS LIMITED
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**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 1994**

23. Pension Arrangements

Defined contribution scheme

The company maintains a pension scheme for the directors. The scheme, which operates on a defined contribution money purchase basis, provides for the payment of the full contribution by the company. The assets of the scheme are held separately from those of the company in an independently administered fund.

24. Financial Commitments

At the balance sheet date the group had annual commitments under non-cancellable operating leases which expire:

	1994	1993
	£	£
Within one year	30,250	-
Between two and five years	22,600	55,600
After more than five years	18,000	18,000
	<u>70,850</u>	<u>73,600</u>

25. Financial Transactions With Directors

During the year £42,924 (1993 - £40,094) was paid to James Wyllie in respect of professional services provided.

26. Post Balance Sheet Event

On 11 January 1996, a subsidiary company, Beggar's Banquet Records Limited entered into an agreement with one of its former employees to make a termination payment to him in the sum of £1,063,000 (gross). Of this amount, 50% was paid on that date with the balance to be paid in April 1997.