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FAIR WARNING (AGENCY) LIMITED

ANNUAL REPORT

YEAR ENDED 31 MARCH 1985

PANNELL KERR FORSTER
Chartered Accountants



FAIR WARNING (AGENCY) LIMITED
ANNUAL REPORT
YEAR ENDED 31 MARCH 1985

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The directors submit their report and the audited financial statements for the year ended 31 March 1985, which show the state of affairs of the company.

1 PRINCIPAL ACTIVITY AND REVIEW OF BUSINESS

The principal activity of the company is arranging live tours for music groups. The company achieved a good turnover for it's first year of trading but being in the development phase recorded a loss of £11,715 for the year.

2 ISSUES OF SHARES

During the year the company issued 98 Ordinary Shares of £1 each in order to increase the capital base of the company.

3 RESULTS AND DIVIDEND

The company made a loss of £11,715 for the year and the directors do not recommend the payment of a dividend.

4 DIRECTORS

The directors who served during the year were as follows:

A J Taylor
J W Jackson (appointed 2 May 1984)

None of the directors had any beneficial interest in the share capital of the company at 31 March 1985.

Mr A J Taylor held, at 31 March 1985, 51% of the shares in the parent company, Smallwood Taylor Enterprises Ltd.

5 FIXED ASSETS

The expenditure incurred during the year was in respect of furniture, fixtures and fittings.

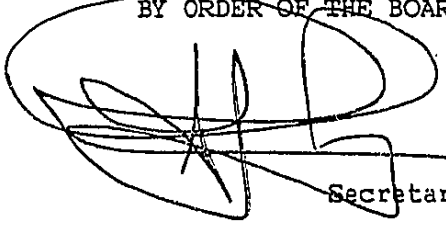
6 STATUS

The company is a close company under the provisions of the Taxes Acts.

7 AUDITORS

A resolution to reappoint the auditors, Pannell Kerr Forster, will be proposed at the annual general meeting.

BY ORDER OF THE BOARD



Secretary

We have audited the financial statements on pages 3 to 9 in accordance with approved Auditing Standards.

We draw attention to note 1(a) which states that the company has a deficiency of net assets amounting to £11,615, and is dependent on the financial support of its new parent company, Smallwood Taylor Group Limited, for the continuance of normal trading operations.

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 at 31 March 1985 and of the loss and source and application of funds for the year ended on that date, and comply with the Companies Act 1985.



LONDON

Chartered Accountants

15 April 1986

FAIR WARNING (AGENCY) LIMITED
 PROFIT AND LOSS ACCOUNT
 YEAR ENDED 31 MARCH 1985

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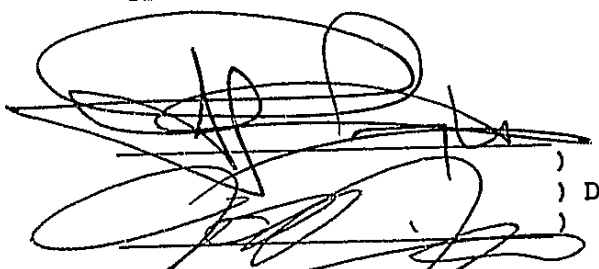
	<u>Notes</u>	<u>Year ended</u> <u>31 March 1985</u> £	<u>Period 21 July 1983</u> <u>to 31 March 1984</u> £
TURNOVER		235,764	-
ADMINISTRATIVE EXPENSES		247,479	-
		<hr/>	<hr/>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	11,715	-
TAXATION	5	-	-
		<hr/>	<hr/>
LOSS FOR THE FINANCIAL YEAR	10	11,715	-
		<hr/>	<hr/>

FAIR WARNING (AGENCY) LIMITED
BALANCE SHEET
31 MARCH 1985

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	Notes	£	1985	£	£	1984	£
FIXED ASSETS							
Tangible assets	6			7,607			-
CURRENT ASSETS							
Debtors	7	104,787				-	
Cash at bank and in hand		163,187				2	
				267,974		2	
CREDITORS: Amounts falling due within one year	8	287,196				-	
NET CURRENT (LIABILITIES) ASSETS				(19,222)			2
TOTAL ASSETS LESS CURRENT LIABILITIES				(11,615)			2
CAPITAL AND RESERVES							
Called up share capital	9			100			2
Profit and loss account	10			(11,715)			-
				(11,615)			2

Approved by the board on 1986


) Directors

FAIR WARNING (AGENCY) LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 31 MARCH 1985

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	Year ended 31 March 1985 £	Period 21 July 1983 to 31 March 1984 £
ABSORPTION OF FUNDS		
Loss before tax	(11,715)	-
Adjustment for item not involving the movement of funds:		
Depreciation	626	-
	<hr/>	<hr/>
TOTAL FUNDS ABSORBED BY OPERATIONS	(11,089)	-
FUNDS FROM OTHER SOURCES		
Issue of share capital	98	2
	<hr/>	<hr/>
	(10,991)	2
APPLICATION OF FUNDS		
Acquisition of fixed assets	8,233	-
	<hr/>	<hr/>
	(19,224)	2
	<hr/>	<hr/>
INCREASE (DECREASE) IN WORKING CAPITAL		
Debtors	104,787	-
Creditors excluding bank loans and overdrafts	(187,060)	-
	<hr/>	<hr/>
	(82,273)	-
Movement in net liquid funds	63,049	2
	<hr/>	<hr/>
	(19,224)	2
	<hr/>	<hr/>

1 ACCOUNTING POLICIES

(a) Going concern

The balance sheet shows that liabilities exceed assets by £11,615. The new parent company, Smallwood Taylor Group Limited, has confirmed its intention to maintain its financial support for the foreseeable future to enable the company to continue normal trading operations. The financial statements are therefore drawn up on a going concern basis.

(b) Turnover

Turnover represents commission income, exclusive of value added tax.

(c) Depreciation

Fixed assets are depreciated from their date of acquisition on a straight line basis at 10% per annum.

(d) Translation of foreign currencies

Transactions and assets and liabilities denominated in foreign currency are converted at the rate of exchange ruling at the balance sheet date.

2 TURNOVER

The company has only one class of activity and its turnover derives from arranging live tours for music groups.

	<u>1985</u> £	<u>1984</u> £
The geographical split of turnover was as follows:		
United Kingdom	134,885	-
USA	100,879	-
	<hr/>	<hr/>
	235,764	-
	<hr/>	<hr/>

3 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging:

	<u>Year ended</u> <u>31 March 1985</u> £	<u>Period 21 July 1983</u> <u>to 31 March 1984</u> £
Depreciation of tangible fixed assets	626	-
Auditors' remuneration	2,500	-
	<hr/>	<hr/>

4 STAFF COSTS

	Year ended 31 March 1985 £	Period 21 July 1983 to 31 March 1984 £
(a) Wages and salaries	28,545	-
Social security costs	2,711	-
	<hr/>	<hr/>
	31,256	-
	<hr/>	<hr/>

The average number of persons employed during the year was:

	Number	Number
Sales	2	-
Administration	3	-
	<hr/>	<hr/>
	5	-
	<hr/>	<hr/>

(b) Directors' emoluments

The only director who received emoluments was Mr J W Jackson. His emoluments, of £53,204, were paid to his company, John William Jackson Limited.

5 TAXATION

There is no charge to taxation in view of the tax loss for the year.

6 TANGIBLE FIXED ASSETS

	Furniture, fixtures and fittings £
<u>Cost</u>	
At 31 March 1984	-
Additions in year	8,233
	<hr/>
At 31 March 1985	8,233
	<hr/>
<u>Depreciation</u>	
At 31 March 1984	-
Charge for year	626
	<hr/>
At 31 March 1985	626
	<hr/>
<u>Net book value</u>	
31 March 1985	7,607
	<hr/>
1 April 1984	-
	<hr/>

FAIR WARNING (AGENCY) LIMITED
NOTES AND ACCOUNTING POLICIES
YEAR ENDED 31 MARCH 1985

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7 DEBTORS: Amounts falling due within one year

	<u>1985</u> £	<u>1984</u> £
Trade debtors		
Amounts owed by holding company	23,662	-
Amounts owed by group companies	74,800	-
Other debtors	5,541	-
Prepayments and accrued income	341	-
	443	-
	<hr/>	<hr/>
	104,787	-
	<hr/>	<hr/>

8 CREDITORS: Amounts falling due within one year

	<u>1985</u> £	<u>1984</u> £
Bank loans and overdraft (secured - see note 11)		
Trade creditors	100,136	-
Amounts owed to holding company	5,876	-
Amounts owed to group companies	27,204	-
Other creditors including taxation and social security	1,438	-
Accruals and deferred income	148,808	-
	3,734	-
	<hr/>	<hr/>
	287,196	-
	<hr/>	<hr/>

9 CALLED UP SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, issued and fully paid</u>	
	<u>1985</u> £	<u>1984</u> £	<u>1985</u> £	<u>1984</u> £
Ordinary shares of £1 each	100	100	100	2
	<hr/>	<hr/>	<hr/>	<hr/>

During the year the company issued 98 Ordinary shares of £1 each at par for cash in order to increase the capital base of the company.

10 PROFIT AND LOSS ACCOUNT

	£
As at 31 March 1984	-
Loss for the year	11,715
	<hr/>
As at 31 March 1985	11,715
	<hr/>

11 CONTINGENT LIABILITIES AND BANK SECURITY

The company has guaranteed the bank indebtedness of its holding company and certain fellow subsidiaries and has executed charges over its assets in favour of the bank. At 31 March 1985 the total bank borrowings of these companies amounted to £422,875. The consolidated bank balances of the companies covered by the cross guarantees amounted to £49,505 at 31 March 1985.

12 TRANSACTIONS WITH A DIRECTOR

During the year the company made payments on behalf of John William Jackson Limited, in which Mr J W Jackson has an interest. At 31 March 1985 £74,800 was owed to the company by John William Jackson Limited. At 31 March 1985 this debt was transferred by the company to its parent company, Smallwood Taylor Enterprises Ltd.

13 HOLDING COMPANY

The ultimate holding company at 31 March 1985 was Smallwood Taylor Enterprises Limited which is incorporated in England.

Subsequent to 31 March 1985, Smallwood Taylor Group Limited, incorporated in England, became the parent and ultimate holding company.