

**Touche  
Ross**

Deloitte Touche  
Tohmatsu  
International



Company Registration No. 2033222

**COOMBE MUSIC INTERNATIONAL  
LIMITED**

**Report and Financial Statements**

**31 December 1994**

**Touche Ross & Co.  
Hill House  
1 Little New Street  
London EC4A 3TR**



## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1994. The financial statements have been prepared on a going concern basis and applicable accounting standards followed.

The directors are required by company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing the financial statements, suitable accounting policies must be used and applied consistently, and such judgements and estimates as are made must be reasonable and prudent. The auditors are required to form an independent opinion on the financial statements prepared by the directors and report that independent opinion to the members.

The directors are also responsible for keeping proper accounting records, safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **PRINCIPAL ACTIVITIES AND BUSINESS DEVELOPMENTS**

The company is principally engaged in the business of running a cover version music catalogue. The directors intend to take every opportunity to expand and develop the business.

## **RESULTS AND TRANSFERS FROM RESERVES**

The loss after taxation for the year amounted to £7,804 (1993 - loss £13,037) and has been transferred from reserves. The financial position of the company at the end of the year is set out in the balance sheet on page 5.

## **DIVIDENDS**

The directors do not propose the payment of a dividend (1993 - £nil).

## **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year were as follows:

C.I. Calder  
J.R. Fruin  
D.N. Howe  
S. Jenkins

No director had any beneficial interests in the ordinary shares of the company or its parent company Zomba Records Limited. D.N. Howe holds one share in both companies as a nominee.

## **FIXED ASSETS**

Changes in the fixed assets of the company are shown in note 5 to the accounts.



## **DIRECTORS' REPORT**

### **AUDITORS**

Touche Ross & Co. have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board



D.N. HOWE

Secretary

22 May 1995



## Chartered Accountants

Touche Ross & Co.  
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1 Little New Street  
London EC4A 3TR

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## COOMBE MUSIC INTERNATIONAL LIMITED

### AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

#### Respective responsibilities of directors and auditors

As stated in the directors' report, 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 company'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 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 of the state of the company's affairs at 31 December 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and  
Registered Auditors

22 May 1995

**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1994**

	Note	1994 £	1993 £
<b>TURNOVER</b>	1(b)	98,945	122,497
Cost of sales		(5,735)	(22,102)
Gross profit		93,210	100,395
Administrative expenses		(104,857)	(116,243)
<b>OPERATING LOSS/LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	(11,647)	(15,848)
Tax credit on loss on ordinary activities	4	3,843	2,811
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(7,804)	(13,037)
<b>Profit and loss account brought forward</b>		(199,450)	(186,413)
<b>Profit and loss account carried forward</b>		(207,254)	(199,450)

A statement of total recognised gains and losses is not included in these accounts as there are no recognised gains or losses in either the current financial year or the previous financial year other than the losses reported above.

Further, there has been no movement in shareholders' funds other than the loss for the year. Accordingly, no reconciliation of movement in shareholders' funds is included in these accounts.

The turnover and operating loss for the year derive from continuing operations.

**BALANCE SHEET**  
**31 December 1994**

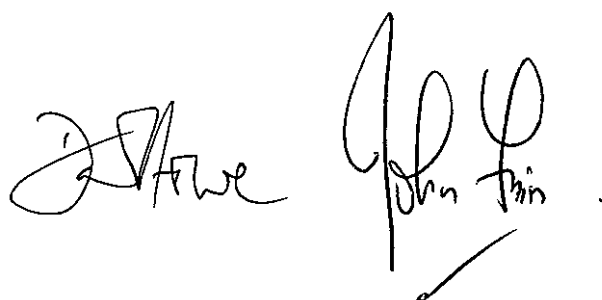
	Note	£	1994 £	£	1993 £
<b>FIXED ASSETS</b>					
Tangible assets	5		166,800		182,222
<b>CURRENT ASSETS</b>					
Debtors	6	38,211		54,332	
Cash at bank and in hand		29,933		23,338	
		<u>68,144</u>		<u>77,670</u>	
<b>CREDITORS: amounts falling due within one year</b>	7	<u>(21,248)</u>		<u>(28,220)</u>	
<b>NET CURRENT ASSETS</b>			<u>46,896</u>		<u>49,450</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			213,696		231,672
<b>CREDITORS: amounts falling due after more than one year</b>	8		(400,000)		(400,000)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	9		<u>(20,850)</u>		<u>(31,022)</u>
			<u>(207,154)</u>		<u>(199,350)</u>
<b>CAPITAL RESERVES</b>					
Called up share capital	10		100		100
Profit and loss account			<u>(207,254)</u>		<u>(199,450)</u>
			<u>(207,154)</u>		<u>(199,350)</u>

These financial statements were approved by the Board of Directors on 22 May 1995.

Signed on behalf of the Board of Directors

J. R. FRUIN  
D. N. HOWE

Directors



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**(a) Accounting convention**

The financial statements are prepared under the historical cost convention.

**(b) Turnover**

Turnover consists of royalties receivable and licensing fees exclusive of value added tax. Royalties receivable are recognised on notification to the company in respect of royalty accounting periods ending within the financial year.

**(c) Fixed assets**

Depreciation is provided on the cost of fixed assets in equal annual instalments over their estimated lives. The estimated lives are as follows:

Catalogue masters	7 years
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**(d) Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

**(e) Leases**

Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**2. DIRECTORS AND EMPLOYEES**

No directors received any remuneration in either year. The directors were the only employees of the company.

**3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION**

	1994 £	1993 £
The loss on ordinary activities before taxation is stated after charging:		
Depreciation of tangible fixed assets		
- owned assets	48,560	52,820
Auditors' remuneration	2,400	1,900
	<u>          </u>	<u>          </u>

**4. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES**

	1994 £	1993 £
Group relief payable at 33% (1993 - 33%) based on the loss for the year	(6,329)	(8,206)
Deferred taxation	10,172	13,362
	<u>          </u>	<u>          </u>
	3,843	5,156
Adjustment in respect of prior years:		
- group relief	-	(18,459)
- corporation tax	-	16,114
	<u>          </u>	<u>          </u>
	<u>3,843</u>	<u>2,811</u>





**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**5. TANGIBLE FIXED ASSETS**

	<b>Catalogue masters</b>
	<b>£</b>
Cost	
At 1 January 1994	703,508
Additions	33,138
	<hr/>
At 31 December 1994	736,646
	<hr/>
Depreciation	
At 1 January 1994	521,286
Charge for the year	48,560
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At 31 December 1994	569,846
	<hr/>
Net book value	
At 31 December 1994	166,800
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At 31 December 1993	182,222
	<hr/>

**6. DEBTORS**

	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
<b>Due within one year:</b>		
Trade debtors	13,657	30,127
Other debtors	780	-
Prepayments and accrued income	7,775	-
Group relief receivable	15,999	24,205
	<hr/>	<hr/>
	38,211	54,332
	<hr/>	<hr/>

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>1994</b>	<b>1993</b>
	<b>£</b>	<b>£</b>
Trade creditors	11,648	13,281
Taxation and social security	7,800	11,937
Accruals	1,800	3,002
	<hr/>	<hr/>
	21,248	28,220
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**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1994**

**8. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1994 £	1993 £
Amounts owed to parent company	<u>400,000</u>	<u>400,000</u>

**9. PROVISIONS FOR LIABILITIES AND CHARGES**

**Deferred taxation**

The amount of deferred taxation provided in the accounts which is also the full potential amount is:

	1994 £	1993 £
Accelerated capital allowances	<u>20,850</u>	<u>31,022</u>
Deferred taxation movement for the year:		
At 1 January 1994		31,022
Current year		<u>(10,172)</u>
At 31 December 1994		<u>20,850</u>

**10. CALLED UP SHARE CAPITAL**

	1994 £	1993 £
Authorised, allotted and fully paid: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

**11. CONTINGENT LIABILITIES**

The company is party to a cross-guarantee structure with the group's bankers. At 31 December 1994 the net borrowings under this arrangement were £nil.

**12. ULTIMATE PARENT COMPANY**

The directors regard Summer Shore NV, a company incorporated in the Netherlands Antilles, as the ultimate parent company.

The company is a subsidiary of Zomba Records Limited, a company registered in England and Wales. Copies of the group financial statements of Zomba Records Limited are available from Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.