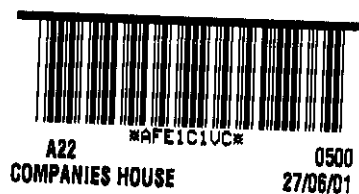


C. House

Company Registration No. 2214510 (England and Wales)

CHARMING MUSIC LTD
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2001



CHARMING MUSIC LTD

COMPANY INFORMATION

Directors	B C J Challis G Levermore
Secretary	B C J Challis
Company number	2214510
Registered office	86 North End Meldreth Herts SG8 6NT
Accountants	Haydn Hughes & Co 52 High Street Pinner Middx HA5 5PW

CHARMING MUSIC LTD

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CHARMING MUSIC LTD

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001

The directors present their report and financial statements for the year ended 31 March 2001.

Principal activities

The principal activity of the company continued to be that of music publishing and artist development.

Directors

The following directors have held office since 1 April 2000:

B C J Challis
G Levermore


Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2001	1 April 2000
B C J Challis	5	5
G Levermore	5	5

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



B C J Challis

Director

08/06/01

CHARMING MUSIC LTD

ACCOUNTANTS' REPORT TO THE DIRECTORS ON THE UNAUDITED ACCOUNTS OF CHARMING MUSIC LTD

As described on the balance sheet you are responsible for the preparation of the accounts for the year ended 31 March 2001, set out on pages 3 to 6 and you consider that the company is exempt from an audit. In accordance with your instructions, we have compiled these unaudited accounts in order to assist you to fulfil your statutory responsibilities from the accounting records and information and explanations supplied to us.



Haydn Hughes & Co

Chartered Accountants

8 June 2001

52 High Street
Pinner
Middx
HA5 5PW

CHARMING MUSIC LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	Notes	2001 £	2000 £
Turnover		17,308	2,351
Cost of sales		(13,630)	(523)
Gross profit		<u>3,678</u>	<u>1,828</u>
Administrative expenses		(6,144)	(1,775)
Operating (loss)/profit		<u>(2,466)</u>	<u>53</u>
Other interest receivable and similar income		126	48
(Loss)/profit on ordinary activities before taxation		<u>(2,340)</u>	<u>101</u>
Tax on (loss)/profit on ordinary activities	2	-	21
(Loss)/profit on ordinary activities after taxation	6	<u><u>(2,340)</u></u>	<u><u>122</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CHARMING MUSIC LTD

BALANCE SHEET AS AT 31 MARCH 2001

	Notes	2001 £	£	2000 £	£
Current assets					
Debtors	3	-		73	
Cash at bank and in hand		4,486		3,122	
		<u>4,486</u>		<u>3,195</u>	
Creditors: amounts falling due within one year	4	<u>(9,351)</u>		<u>(5,721)</u>	
Total assets less current liabilities			<u>(4,865)</u>		<u>(2,526)</u>
Capital and reserves					
Called up share capital	5		10		10
Profit and loss account	6		<u>(4,875)</u>		<u>(2,536)</u>
Shareholders' funds - equity interests	7		<u>(4,865)</u>		<u>(2,526)</u>

In preparing these financial statements:

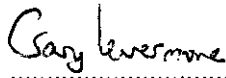
- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 08/06/01



B C J Challis
Director



G Levermore
Director

CHARMING MUSIC LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2001

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2	Taxation	2001 £	2000 £
	U.K. current year taxation		
	U.K. corporation tax at 20% (2000 - 20%)	-	10
	Prior years		
	U.K. corporation tax	-	(31)
		<u>-</u>	<u>(21)</u>

The company has estimated losses of £11,127 (2000 - £8,835) available for carry forward against future trading profits.

3	Debtors	2001 £	2000 £
	Trade debtors	-	73

4	Creditors: amounts falling due within one year	2001 £	2000 £
	Bank loans and overdrafts	-	410
	Taxation and social security	-	10
	Other creditors	9,351	5,301
		<u>9,351</u>	<u>5,721</u>

CHARMING MUSIC LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2001

5	Share capital	2001 £	2000 £
	Authorised		
	100 Ordinary shares of £ 1 each	100	100
		<u> </u>	<u> </u>
	Allotted, called up and fully paid		
	10 Ordinary shares of £ 1 each	10	10
		<u> </u>	<u> </u>

6 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2000	(2,535)
Retained loss for the year	(2,340)
	<u> </u>
Balance at 31 March 2001	(4,875)
	<u> </u>

7	Reconciliation of movements in shareholders' funds	2001 £	2000 £
	(Loss)/profit for the financial year	(2,340)	122
	Opening shareholders' funds	(2,526)	(2,648)
		<u> </u>	<u> </u>
	Closing shareholders' funds	(4,865)	(2,526)
		<u> </u>	<u> </u>

8 Control

The ultimate controlling party is B Challis, a director.

9 Related party transactions

No remuneration was paid to the directors. However, £798 (1999 : £nil) was paid to Ben Challis Entertainments for the services of B Challis and £798 was paid to G Levermore (1999 : £nil) for his services. £2,948 (1999: £nil) was paid to Charming Music Management Limited, a company also under the control of Ben Challis.