



PUNCLOSE LIMITED

Report and Financial Statements

31 March 1996

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**





REPORT AND FINANCIAL STATEMENTS 1996

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REPORT AND FINANCIAL STATEMENTS 1996

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

S M D Fahey Stewart

SECRETARY AND REGISTERED OFFICE

D J Jones
The Colonnades
82 Bishops Bridge Road
London
W2 6BB

AUDITORS

Deloitte & Touche
Chartered Accountants
Hill House
1 Little New Street
London EC4A 3TR

DIRECTOR'S REPORT

The director presents her annual report and the audited financial statements for the year ended 31 March 1996.

ACTIVITIES

The company acts as manager for the musical career of Siobhan Fahey Stewart receiving income arising from past participation in the popular musical group "Bananarama" and for the new popular musical group "Shakespears Sister" arising under agreements entered into and discharges related costs.

REVIEW OF DEVELOPMENTS

The company has continued to invest in projects which it considers will enhance the future profitability of the company.

FINANCIAL POSITION AND FUTURE DEVELOPMENTS

The director is satisfied with the company's position at the year end and believes that the company is well placed to seek suitable opportunities to extend its activity in the area of musical recording.

DIVIDEND AND TRANSFER FROM RESERVES

The director does not recommend the payment of a dividend. The loss after taxation for the year of £26,809 (profit after tax, 1995 - £166,059) has been transferred from reserves.

DIRECTORS

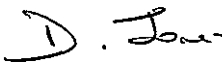
The following directors served during the year. Their beneficial interests, as defined by the Companies Act 1985, in the shares of the company, at 31 March 1995 and 31 March 1996 were as follows:

	£1 ordinary shares	
	1996	1995
S M D Fahey Stewart	2	-
C R Turner (resigned 15 May 1995)	-	1

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche, and accordingly, have signed their report in their new name. Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution for the reappointment of Deloitte & Touche as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Approved by and signed on
 behalf of the sole Director


 D Jones
 Secretary

24 October 1996

**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

Company law requires the director to prepare financial statements for each financial year 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 the profit or loss of the company for that period. In preparing those financial statements, the director is 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act. She is 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.



Chartered Accountants

Deloitte & Touche
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PUNCLOSE LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of the director and auditors

As described on page 3 the company's director is 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 director 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 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


DELOITTE & TOUCHE

Chartered Accountants and Registered Auditors

~~October~~ 1996

7 November

PROFIT AND LOSS ACCOUNT
Year ended 31 March 1996

	Note	1996 £	1995 £
TURNOVER - continuing operations	2	252,577	602,235
Cost of sales		(102,468)	(259,789)
Gross profit		150,109	342,446
Administrative expenses		(197,392)	(126,280)
OPERATING (LOSS)/PROFIT - continuing operations		(47,283)	216,166
Interest receivable and similar income		11,402	4,602
Interest payable and similar charges	3	-	(769)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	(35,881)	219,999
Tax credit/(charge) on (loss)/profit on ordinary activities	5	9,072	(53,940)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(26,809)	166,059
Profit and loss account brought forward		162,105	(3,954)
Profit and loss account carried forward		135,296	162,105

There are no recognised gains or losses for the current financial year and the preceding financial year other than as stated in the profit and loss account above.

BALANCE SHEET
31 March 1996

	Note	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	7		6,591		-
CURRENT ASSETS					
Debtors	8	153,788		106,767	
Cash at bank and in hand		133,887		214,338	
		<u>287,675</u>		<u>321,105</u>	
CREDITORS: amounts falling due within one year	9	<u>(158,968)</u>		<u>(158,998)</u>	
NET CURRENT ASSETS			<u>128,707</u>		<u>162,107</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>135,298</u>		<u>162,107</u>
CAPITAL AND RESERVES					
Called up share capital	10		2		2
Profit and loss account			135,296		162,105
EQUITY SHAREHOLDERS' FUNDS			<u>135,298</u>		<u>162,107</u>

These financial statements were approved by the sole Director on 24 ^{*} October 1996.

S Stewart

S Stewart
 Director

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

1. ACCOUNTING POLICIES

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

Accounting convention

These financial statements are prepared under the historical cost convention.

Royalties

Royalties receivable are recognised in respect of each of the royalty accounting periods ending within the company's financial year.

Advances

Non-returnable, recoupable advances received are credited to the profit and loss account in the period in which they are contractually due.

Foreign exchange

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions denominated in foreign currencies are recorded at the rates ruling at the dates of the transactions. Translation differences are dealt with through the profit and loss account.

Cash flow statement

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

2. TURNOVER AND LOSS/PROFIT BEFORE TAXATION

The turnover and loss/profit before taxation are all derived in the UK and attributable to the principal activity of the company.

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Bank interest	-	769

4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996 £	1995 £
(Loss)/profit on ordinary activities before taxation is after charging:		
Auditors' remuneration	3,500	3,250
Depreciation	524	-

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

5. TAX CREDIT/(CHARGE) ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
United Kingdom corporation tax credit/(charge) based on the (loss)/profit for the year	9,072	(53,940)

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1996 £	1995 £
Directors' emoluments:		
Salary and bonus	140,000	65,776
Remuneration of the highest paid director	140,000	65,776

The emoluments of the other director fell within the following band:

	No.	No.
£0 - £5,000	1	1

Employee costs during the year
 (including director):

	£	£
Wages and salaries	149,165	60,000
Social security costs	14,791	5,776
	163,956	65,776

	No.	No.
Average number of persons employed (including directors):		
Administration	2	2

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

7. TANGIBLE ASSETS

	Music equipment £	Office equipment £	Total £
Cost:			
At 1 April 1995	-	-	-
Additions	6,280	835	7,115
At 31 March 1996	6,280	835	7,115
Depreciation:			
At 1 April 1995	-	-	-
Charge for year	472	52	524
At 31 March 1996	472	52	524
Net book value:			
31 March 1995	-	-	-
31 March 1996	5,808	783	6,591

8. DEBTORS

	1996 £	1995 £
Trade debtors	80,297	90,769
Other debtors	13,656	15,998
Accrued income	45,708	-
Corporation tax debtor	14,127	-
	153,788	106,767

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996 £	1995 £
Trade creditors	34,323	470
Amounts owed to directors	1,268	5,741
Accruals	17,331	-
Taxation and social security	46,529	75,265
Other creditors	59,517	77,522
	158,968	158,998

NOTES TO THE ACCOUNTS
Year ended 31 March 1996

10. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised:		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
Allotted and fully paid		
2 ordinary shares of £1 each	2	2
	<hr/>	<hr/>

**ADDITIONAL INFORMATION**

The additional information on page 12 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

DETAILED PROFIT AND LOSS ACCOUNT
Year ended 31 March 1996

	£	1996 £	£	1995 £
INCOME				
Recording royalty income and advances		80,602		382,382
Publishing income		106,906		172,762
Royalties from Performing Right Society		20,537		26,426
Tour support		35,837		-
Other income		8,695		20,665
		<u>252,577</u>		<u>602,235</u>
DIRECT COSTS				
Recording costs	35,680		139,923	
Managers' commission	21,697		62,266	
Producer royalties	9,254		57,600	
Tour costs	35,837		-	
		<u>(102,468)</u>		<u>(259,789)</u>
		150,109		342,446
Bank interest receivable		11,402		4,602
		<u>161,511</u>		<u>347,048</u>
ADMINISTRATIVE EXPENSES				
Directors' remuneration	140,000		65,776	
National insurance	14,280		-	
Entertaining	3,574		3,318	
Printing, postage and stationery	55		86	
Subscriptions	-		30	
Telephone	328		767	
Carriage and delivery	1,340		138	
Sundry expenses	7,133		234	
Salaries	9,676		-	
Fax	157		-	
Insurance	339		-	
Equipment consumables	2,360		-	
Depreciation	524		-	
		<u>(179,766)</u>		<u>(70,349)</u>
FINANCIAL EXPENSES				
Legal and professional	3,910		23,362	
Audit and accountancy	13,175		9,500	
Bank charges	541		828	
Bank interest	-		769	
Bad debts	-		22,241	
		<u>(17,626)</u>		<u>(56,700)</u>
(Loss)/profit on ordinary activities before taxation		<u>(35,881)</u>		<u>219,999</u>