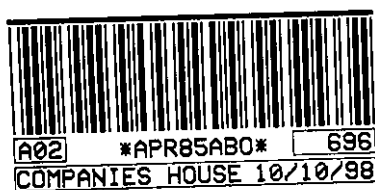


PUNCLOSE LIMITED

Report and Financial Statements

31 March 1998

Company Number.: 02229686



PUNCLOSE LTD

REPORT AND FINANCIAL STATEMENTS 1998

CONTENTS

Officers and professional advisers	1
Director's report	2
Statement of director's responsibilities	3
Profit and loss account	4
Balance sheet	5
Notes to the accounts	6
Detailed profit and loss account	9

REPORT AND FINANCIAL STATEMENTS 1998

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTOR

S M D Fahey

SECRETARY AND REGISTERED OFFICE

D J Jones
2nd Floor
2 - 4 Lambton Place
London
W11 2SH

SOLICITORS

Russells
Regency House
1/4 Warwick Street
London W1R 6LJ

DIRECTOR'S REPORT

The director presents her annual report for the year ended 31 March 1998.

ACTIVITIES

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

REVIEW OF DEVELOPMENTS

The company is currently considering further projects.

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 profit after taxation for the year of £7,311 (loss after tax, 1997 - £18,520) 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 1997 and 31 March 1998 were as follows:

	£1 ordinary shares	
	1998	1997
S M D Fahey	2	2

Approved by and signed on
behalf of the sole Director

D Jones
Secretary



6th October 1998

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 end 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.

PUNCLOSE LIMITED

PROFIT AND LOSS ACCOUNT Year ended 31 March 1998

	Note	1998 £	1997 £
TURNOVER - continuing operations	2	113,980	186,488
Cost of sales		(16,803)	(94,231)
Gross Profit		<u>97,177</u>	<u>92,257</u>
Administrative expenses		(91,061)	(121,603)
OPERATING PROFIT/(LOSS) - continuing operations		<u>6,116</u>	<u>(29,346)</u>
Interest receivable and similar income		3,578	6,836
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	<u>9,694</u>	<u>(22,510)</u>
Tax charge/credit on profit/(loss) on ordinary activities	4	(2,383)	3,990
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>7,311</u>	<u>(18,520)</u>
Profit and loss account brought forward		<u>116,776</u>	<u>135,296</u>
Profit and loss account carried forward		<u>124,087</u>	<u>116,776</u>

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.

PUNCLOSE LIMITED

BALANCE SHEET

Year ended 31 March 1998

	Note	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	6		3,555		5,595
CURRENT ASSETS					
Debtors	7	119,679		113,312	
Cash at bank and in hand		69,212		77,768	
		<u>188,891</u>		<u>191,080</u>	
CREDITORS: amounts falling due within one year	8	<u>(68,357)</u>		<u>(79,897)</u>	
NET CURRENT ASSETS			120,534		111,183
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>124,089</u>		<u>116,778</u>
CAPITAL AND RESERVES					
Called up share capital	9		2		2
Profit and loss account			124,087		116,776
EQUITY SHAREHOLDERS' FUNDS			<u>124,089</u>		<u>116,778</u>

The director is satisfied that the company was entitled to exemption under subsection (1) of section 249A of the Companies Act 1985 and that the member has not requested an audit pursuant to subsection (2) of section 249B in relation to the accounts for the financial year.

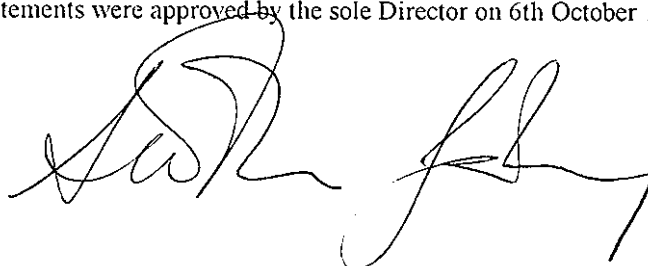
The director acknowledges her responsibility for:-

- 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 results for the financial year in accordance with the requirements of section 226, and which otherwise comply with requirements of this Act relating to accounts so far as applicable to the company.

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

These financial statements were approved by the sole Director on 6th October 1998

S M D Fahey
Director



NOTES TO THE ACCOUNTS

Year ended 31 March 1998

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.

Depreciation

Depreciation is provided in annual instalments over the estimated useful lives of the assets and is calculated as follows:

Music equipment - 25% straight line
Office equipment - 25% straight line

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 BEFORE TAXATION

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

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

	1998 £	1997 £
Loss on ordinary activities before taxation is after charging:		
Auditors' remuneration	-	3,500
Depreciation	2,040	2,040
	<hr/>	<hr/>

PUNCLOSE LIMITED

NOTES TO THE ACCOUNTS Year ended 31 March 1998

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

	1998 £	1997 £
United Kingdom corporation tax based on the profit/(loss) for the year	(2,383)	3,990
	<u> </u>	<u> </u>

5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1998 £	1997 £
Emoluments of sole director	60,000	60,000
	<u> </u>	<u> </u>

Employee costs during the year
(including director):

	£	£
Wages and salaries	63,333	80,000
Social security costs	6,333	8,160
	<u>69,666</u>	<u>88,160</u>

	No.	No.
Average number of persons employed (including directors):		
Administration	1	2
	<u> </u>	<u> </u>

6. TANGIBLE ASSETS

	Music equipment £	Office equipment £	Total £
Cost:			
At 1 April 1997	7,324	835	8,159
Additions	-	-	-
	<u>7,324</u>	<u>835</u>	<u>8,159</u>
At 31 March 1998			
Depreciation:			
At 1 April 1997	2,303	261	2,564
Charge for year	1,831	209	2,040
	<u>4,134</u>	<u>470</u>	<u>4,604</u>
At 31 March 1998			
Net Book value:			
31 March 1997	5,021	574	5,595
	<u> </u>	<u> </u>	<u> </u>
31 March 1998	3,190	365	3,555
	<u> </u>	<u> </u>	<u> </u>

PUNCLOSE LIMITED

NOTES TO THE ACCOUNTS Year ended 31 March 1998

7. DEBTORS

	1998 £	1997 £
Trade debtors	17,014	40,316
Other debtors	10,227	12,705
Accrued income	5,872	3,981
Corporation tax debtor	4,092	3,990
Amounts owed by directors	82,474	52,320
	<hr/>	<hr/>
	119,679	113,312
	<hr/>	<hr/>

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Trade creditors	1,681	1,823
Accruals	4,270	9,832
Taxation and social security	4,079	5,262
Other creditors	58,327	62,980
	<hr/>	<hr/>
	68,357	79,897
	<hr/>	<hr/>

9. CALLED UP SHARE CAPITAL

	£	£
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/>

PUNCLOSE LIMITED

DETAILED PROFIT AND LOSS ACCOUNT Year ended 31 March 1998

	£	1998 £	£	1997 £
INCOME				
Recording royalty income and advances		17,725		84,456
Publishing income		82,778		72,785
Royalties from Performing Right Society		16,137		20,339
Tour support		(4,938)		6,688
Other income		2,278		2,220
		<hr/>		<hr/>
		113,980		186,488
DIRECT COSTS				
Recording costs	-		14,418	
Managers' commission	10,794		27,226	
Producer royalties	6,009		4,495	
Tour costs	-		21,558	
Other costs	-		26,534	
	<hr/>	(16,803)	<hr/>	(94,231)
		<hr/>		<hr/>
Bank interest receivable		97,177		92,257
		3,578		6,836
		<hr/>		<hr/>
		100,755		99,093
ADMINISTRATIVE EXPENSES				
Directors' remuneration	60,000		60,000	
National insurance	6,333		8,160	
Entertaining	-		1,626	
Printing, postage and stationary	31		84	
Subscriptions	332		166	
Telephone	1,289		1,018	
Carriage and delivery (couriers)	137		356	
Sundry expenses	5,606		5,711	
Salaries	3,333		20,000	
Fax	252		216	
Insurance	293		325	
Equipment consumables	32		49	
Depreciation	2,040		2,040	
	<hr/>	(79,678)	<hr/>	(99,751)
FINANCIAL EXPENSES				
Legal and professional	411		4,977	
Audit and accountancy	10,434		16,036	
Bank charges	538		839	
	<hr/>	(11,383)	<hr/>	(21,852)
		<hr/>		<hr/>
Profit/(Loss) on ordinary activities before taxation		9,694		(22,510)
		<hr/>		<hr/>