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Company Registration No. 2297325 (England and Wales)

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YEARHOUR LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1997



YEARHOUR LIMITED

COMPANY INFORMATION

Directors	P. D. B. Townshend R. H. Daltrey J. A. Entwistle
Secretary	R. N. Rosenberg
Company number	2297325
Registered office	55 Drury Lane London WC2B 5SQ
Auditors	H. W. Fisher & Company Acre House 11-15 William Road London NW1 3ER
Bankers	Coutts & Co 440 Strand London WC2R 0QS
Solicitors	Clintons 55 Drury Lane London WC2B 5SQ

YEARHOUR LIMITED

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YEARHOUR LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 1997

The directors present their report and accounts for the year ended 31 March 1997.

Principal activities

The principal activities of the company are those of theatrical, recording and touring performances by musicians.

Review of business

Both the level of business and the year end financial position were as expected in the light of current trading conditions and the directors do not anticipate any material changes in the present level of activity.

Results

The profit for the year after taxation amounted to £106,136.

Directors and their interests

The directors at 31 March 1997 and their beneficial interests in the shares of the company were:

	Ordinary shares of £1 each	
	31 March 1997	1 April 1996
P. D. B. Townshend	1	1
R. H. Daltrey	1	1
J. A. Entwistle	1	1

Auditors

A resolution proposing the reappointment of H. W. Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board



P. D. B. Townshend

Director

Dated: 16/4/98

YEARHOUR LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 accounts comply with the Companies Act 1985. They are 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.

YEARHOUR LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF YEARHOUR LIMITED

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

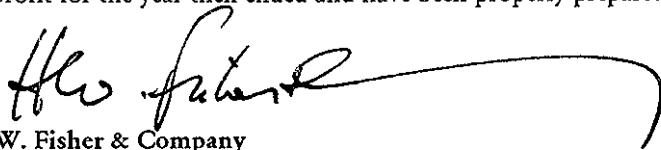
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



H. W. Fisher & Company

Chartered Accountants
Registered Auditor
Acre House
11-15 William Road
London
NW1 3ER

Dated: 24.4.98

YEARHOUR LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £	1996 £
Turnover	2	1,610,132	1,031
Cost of sales		(1,378,264)	-
Gross profit		231,868	1,031
Administrative expenses		(95,724)	(2,027)
Operating profit/(loss)	3	136,144	(996)
Other income	6	2,770	-
Interest payable and similar charges	7	(227)	(3)
Profit/(loss) on ordinary activities before taxation		138,687	(999)
Tax on profit/(loss) on ordinary activities	8	(32,551)	312
Profit/(loss) on ordinary activities after taxation		106,136	(687)
Accumulated loss brought forward		(4,878)	(4,191)
Retained profit/(accumulated loss) carried forward		101,258	(4,878)

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

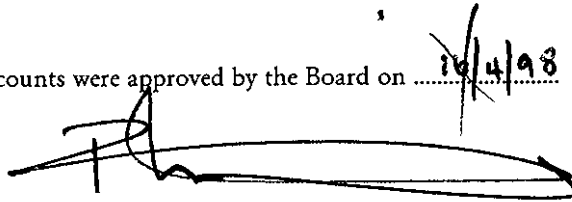
There are no recognised gains and losses other than those passing through the profit and loss account.

YEARHOUR LIMITED

BALANCE SHEET AS AT 31 MARCH 1997

	Notes	1997 £	£	1996 £	£
Fixed assets					
Tangible assets	9		5,179		-
Current assets					
Debtors	10	166,846		495	
Cash at bank and in hand		106,796		2,872	
		<u>273,642</u>		<u>3,367</u>	
Creditors: amounts falling due within one year	11	<u>(177,560)</u>		<u>(8,242)</u>	
Net current assets/(liabilities)			<u>96,082</u>		<u>(4,875)</u>
Total assets less current liabilities			<u>101,261</u>		<u>(4,875)</u>
Capital and reserves					
Called up share capital	12		3		3
Profit and loss account			<u>101,258</u>		<u>(4,878)</u>
Shareholders' funds - all equity interests	13		<u>101,261</u>		<u>(4,875)</u>

The accounts were approved by the Board on 16/4/98


P. D. B. Townshend
Director

YEARHOUR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

1 Accounting policies

1.1 Basis of preparation

The accounts have been 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 cash flow statement on the grounds that it is a small company.

1.2 Turnover

Turnover represents the invoiced value of services provided net of VAT.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Musical Equipment	25% per annum on cost
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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.

1.5 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3	Operating profit/(loss)	1997	1996
		£	£
	Operating profit/(loss) is stated after charging:		
	Depreciation of owned tangible fixed assets	1,023	-
	Auditors' remuneration	6,500	1,000
		<u> </u>	<u> </u>
4	Directors' emoluments	1997	1996
		£	£
	Aggregate emoluments	18,000	-
		<u> </u>	<u> </u>

YEARHOUR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

5 Employees

Number of employees

The average monthly number of employees during the year was:

	1997 Number	1996 Number
Administration	3	3

Employment costs

	£	£
Wages and salaries	18,000	-
Social security costs	1,836	-
	19,836	-

6 Other income

	1997 £	1996 £
Interest receivable and similar income	2,770	-

7 Interest payable and similar charges

	1997 £	1996 £
Interest payable on:		
Bank loans and overdrafts	227	-
Late payment of tax	-	3
	227	3

8 Tax on profit/(loss) on ordinary activities

	1997 £	1996 £
U.K. Current year taxation		
U.K. Corporation tax at 24% (1996 - 25%)	32,551	(312)

YEARHOUR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

9 Tangible fixed assets

	Musical Equipment £
Cost	
At 1 April 1996	19,704
Additions	6,202
	<hr/>
At 31 March 1997	25,906
	<hr/>
Depreciation	
At 1 April 1996	19,704
Charge for the year	1,023
	<hr/>
At 31 March 1997	20,727
	<hr/>
Net book value	
At 31 March 1997	5,179
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At 31 March 1996	-
	<hr/>

10 Debtors

	1997 £	1996 £
Trade debtors	14,175	180
Amounts owed by companies under common control	9,885	-
Corporation tax	-	312
Other debtors	7,886	3
Prepayments and accrued income	134,900	-
	<hr/>	<hr/>
	166,846	495
	<hr/>	<hr/>

Other debtors include £2,127 due from J. A. Entwistle.

YEARHOUR LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

11 Creditors: amounts falling due within one year	1997	1996
	£	£
Amounts owed to connected companies	56,500	-
Amounts owed to companies under common control	14,578	5,559
Corporation tax	32,551	-
Other taxes and social security costs	9,036	95
Directors current accounts	7,200	-
Accruals and deferred income	57,695	2,588
	<u>177,560</u>	<u>8,242</u>
12 Share capital	1997	1996
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
3 Ordinary shares of £1 each	<u>3</u>	<u>3</u>
13 Reconciliation of movements in shareholders' funds	1997	1996
	£	£
Profit/(loss) for the financial year	106,136	(687)
Opening shareholders' funds	(4,875)	(4,188)
Closing shareholders' funds	<u>101,261</u>	<u>(4,875)</u>

14 Directors' interests in contracts

During the year, each of the following companies charged £25,000 for the provision of each respective director's services (1996 - £nil each). At 31 March 1997 £56,500 was outstanding in respect of these amounts, included in : 'amounts due to connected companies'.

Company

Eel Pie Recording Productions Limited
Bejubop Limited
Whistle Rhymes Limited

P. D. B. Townshend
R. H. Daltrey
J. A. Entwistle

Additionally, during the year the company rented storage space from Eel Pie Recording Productions Limited for £800 and paid the company royalties arising from tour income amounting to £14,815.

YEARHOUR LIMITED

NOTES TO THE ACCOUNTS *FOR THE YEAR ENDED 31 MARCH 1997*

15 Related party transactions

At 31 March 1996 the company owed £5,559 to Goldshower Limited, a company under common control. During the year Goldshower Limited loaned the company a further £9,500 and the company repaid Goldshower Limited £1,000. At 31 March 1997 the company owed £14,059 to Goldshower Limited.

During the year the company made sales of £912,742 to Kickapoo Productions Incorporated, a U.S. company under common control. Additionally, further recharged costs of £9,885 were due from the U.S. company but not billed by the year-end.