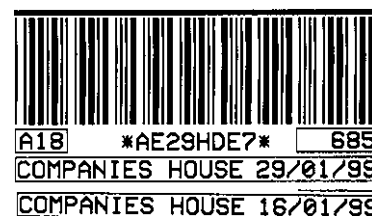


Musical Expressions Ltd.
Directors Report and Financial Statements
Year Ended 31 March
1998

With comparisons for 1997

Company Registered in England and Wales No: 02560793



MUSICAL EXPRESSIONS LTD.
DIRECTORS REPORT AND FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH
1998

Directors	K J Bates W J Phypers
Secretary	K J Bates
Registered Office	106 High St. BILDESTON Suffolk IP7 7EB

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MUSICAL EXPRESSIONS LTD.
DIRECTORS REPORT & NOTES TO FINANCIAL STATEMENTS
YEAR ENDED 31 MARCH
1998

DIRECTORS REPORT

The directors present their report with the financial statements of the company for the year ended 31 March 1998

SHARES, ACTIVITIES, REVIEW OF BUSINESS AND DIVIDENDS

The company traded as a publishing company throughout the year.

Recommended dividend - NIL for 1998

DIRECTORS AND INTERESTS IN ISSUED SHARES

K J Bates	9913
W J Phypers	520

K Bates retires and offers himself for re-election

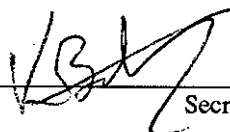
AUDITORS

No auditors were appointed as the company was entitled to small company audit exemption.

BY ORDER OF THE BOARD

K J Bates

Signed


Secretary

Date

15 / 1 / 99

NOTES TO THE FINANCIAL STATEMENTS

ACCOUNTING POLICIES

Historical-Cost Convention as modified by revaluation of certain assets.

TAXATION

No Charge to Corporation Tax based on adjusted results and losses brought forward.

SHARE CAPITAL

40000 ordinary £1 shares authorised
27859 Issued and fully paid

Options to W J Phypers 1000 @ £1 and 2000 @ £2, and to K Bates 1000 @ £1 and 2000 @ £2.

MUSICAL EXPRESSIONS LTD.
 PROFIT AND LOSS ACCOUNT
 YEAR ENDED 31 MARCH
 1998

	1998	1997
	=====	=====
TURNOVER	5,423	6,801
Cost of Sales	2,400	1,532
	=====	=====
GROSS PROFIT	3,024	5,269
Selling & Distribution Costs	1,166	1,160
Administrative Expenses	4,511	3,868
	=====	=====
OPERATING PROFIT (LOSS)	(2,653)	241
Interest Receivable	102	0
	=====	=====
Interest Payable	(2,551)	241
	0	0
	=====	=====
PROFIT (LOSS) ON ORDINARY ACTIVITIES	(2,551)	241
Taxation	0	0
	=====	=====
Profit (Loss) on ordinary activities after taxation.	(2,551)	241
Extraordinary Bad Debts Written Off	0	(801)
	=====	=====
PROFIT (LOSS) FOR YEAR	(2,551)	(560)
RETAINED LOSS @ 31 March 1996	(7,381)	(7,381)
	=====	=====
RETAINED LOSS @ 31 March 1997	(9,932)	(7,941)

Signed



Director/Secretary

Date

15/1/99

MUSICAL EXPRESSIONS LTD.
BALANCE SHEET
AT 31 MARCH
1998

4

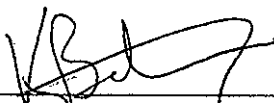
	1998	1997
FIXED ASSETS		
Tangible Assets	19,553	13,699
Rights	10	
CURRENT ASSETS		
Cash At Bank & in Hand	7,186	1,571
Stock & Work In Progress	11,494	6,092
DEBTORS		
Other Debtors	891	706
	<hr/> 39,133	<hr/> 22,068
CREDITORS		
Under 12 Months	163	2,255
Other Creditors	18,105	1,396
	<hr/> 20,866	<hr/> 18,417
NET CURRENT ASSETS		
	20,866	18,417
CAPITAL & RESERVES		
Called Up Share Capital	31,359	26,359
Retained Losses b/f	(7,942)	(7,382)
Profit & Loss Account	(2,551)	(560)
	<hr/> 20,866	<hr/> 18,417

The directors have for the year ended 31 March 1998:-

- a) taken advantage of the Companies Act 1985 in not having these accounts audited under Section 249A(1) [total exemption]
- b) confirmed that no notice has been deposited under Section 249B(2) of the Companies Act 1985
- c) acknowledged their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985
- d) acknowledged their responsibilities for preparing accounts which give a true and fair view of the company and of its profit/loss (which ever is applicable) for the year in accordance with the requirements of Section 226 of the Companies Act 1985 and which otherwise comply with the requirements of this Act relating to accounts, so far as is applicable to this company.
- e) (i) taken advantage of the exemptions conferred by Part III of Schedule 8 of the Companies Act 1985 and
(ii) in their opinion the company is entitled to those exemptions on the basis that it qualifies as a small company.

The references in these statements to particular Sections and Schedules of the Act relate to the Companies Act 1985 as amended by the Companies Act 1989 and SI's 1992/2452, 1994/1935 and 1996/189.

Signed



Director/Secretary

Date

15 | 1 | 99