

2697748

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 1994
FOR
BUG MUSIC LIMITED



BUG MUSIC LIMITED

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for the year ended 31st December 1994**

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BUG MUSIC LIMITED

COMPANY INFORMATION
for the year ended 31st December 1994

DIRECTORS: M A Anders
D Bourgoise (American)
F Bourgoise (American)

SECRETARY: M A Anders

REGISTERED OFFICE: 56 Dene Street
Dorking
Surrey
RH4 2DP

REGISTERED NUMBER: 2697748 (England and Wales)

AUDITORS: Bradney & Co
Chartered Accountants
Registered Auditor
56 Dene Street
Dorking
Surrey
RH4 2DP

BUG MUSIC LIMITED

REPORT OF THE DIRECTORS for the year ended 31st December 1994

The directors present their report with the financial statements of the company for the year ended 31st December 1994.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of music publishing, dealing in acquisition of copyrights and collection of publishing royalties on behalf of songwriters.

DIRECTORS

The directors during the year under review were:

M A Anders
D Bourgoise (American)
F Bourgoise (American)

The directors holding office at 31st December 1994 did not hold any beneficial interest in the issued share capital of the company at 1st January 1994 or 31st December 1994.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to

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

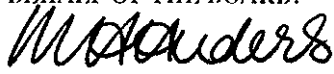
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Bradney & Co, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

In preparing this report, the directors have taken advantage of special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

ON BEHALF OF THE BOARD:


M A Anders - Director

Dated: 24th August 1995

BUG MUSIC LIMITED

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
BUG MUSIC LIMITED

We have audited the financial statements on pages four to eight which have been prepared under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors

As described on page two the company's directors are 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.

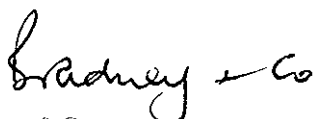
Basis of opinion

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 judgments made by the directors 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 as at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Bradney & Co
Chartered Accountants
Registered Auditor
56 Dene Street
Dorking
Surrey
RH4 2DP

Dated: 25th August 1995

BUG MUSIC LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st December 1994

		1994	1993
	Notes	£	£
TURNOVER	2	115,623	66,500
GROSS PROFIT		115,623	66,500
Administrative expenses		106,278	85,983
		9,345	(19,483)
Other operating income	3	1,668	—
OPERATING PROFIT/(LOSS)	4	11,013	(19,483)
Interest receivable and similar income	5	6,615	9,555
		17,628	(9,928)
Interest payable and similar charges		977	1,676
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		16,651	(11,604)
Tax on profit/(loss) on ordinary activities		1,654	—
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		14,997	(11,604)
Deficit brought forward		(23,078)	(11,474)
DEFICIT CARRIED FORWARD		£(8,081)	£(23,078)

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.


BUG MUSIC LIMITED

BALANCE SHEET
31st December 1994

	Notes	1994		1993	
		£	£	£	£
FIXED ASSETS:					
Tangible assets	6		10,139		10,540
CURRENT ASSETS:					
Debtors	7	12,252		5,601	
Cash at bank		220,487		211,959	
		232,739		217,560	
CREDITORS: Amounts falling due within one year	8	226,464		210,898	
NET CURRENT ASSETS:			6,275		6,662
TOTAL ASSETS LESS CURRENT LIABILITIES:			16,414		17,202
CREDITORS: Amounts falling due after more than one year	9		24,395		40,180
			£(7,981)		£(22,978)
CAPITAL AND RESERVES:					
Called up share capital	10		100		100
Profit & loss account			(8,081)		(23,078)
Shareholders' funds	13		£(7,981)		£(22,978)

In preparing these financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


M A Anders - DIRECTOR

Approved by the Board on

1995

BUG MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 1994

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents the company's share of royalties and fees received.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Short leasehold	– Over the term of the lease
Office equipment	– 25% on reducing balance

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and profit (1993 – loss) before taxation are attributable to the one principal activity of the company.

3. OTHER OPERATING INCOME

	1994	1993
	£	£
Exchange gain	1,668	–
	<u>1,668</u>	<u>–</u>

4. OPERATING PROFIT/(LOSS)

The operating profit (1993 – operating loss) is stated after charging/(crediting):

	1994	1993
	£	£
Depreciation – owned assets	3,180	3,419
Profit on disposal of fixed assets	–	(35)
Auditors' remuneration	3,000	4,500
Exchange gain	(1,668)	–
	<u>27,923</u>	<u>24,583</u>
Directors' emoluments	27,923	24,583

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1994	1993
	£	£
Bank interest received	6,615	9,555
	<u>6,615</u>	<u>9,555</u>

BUG MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1994

6. TANGIBLE FIXED ASSETS

	Short leasehold	Office equipment	Totals
	£	£	£
COST:			
At 1st January 1994	2,847	13,532	16,379
Additions	-	2,779	2,779
At 31st December 1994	2,847	16,311	19,158
DEPRECIATION:			
At 1st January 1994	855	4,984	5,839
Charge for year	576	2,604	3,180
At 31st December 1994	1,431	7,588	9,019
NET BOOK VALUE:			
At 31st December 1994	1,416	8,723	10,139
At 31st December 1993	1,992	8,548	10,540

7. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £	1993 £
Trade debtors	-	282
Other debtors	10,315	3,000
Prepayments and accrued income	1,937	2,319
	12,252	5,601

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £	1993 £
Trade creditors	2,985	8,536
Other creditors	208,378	168,785
Accruals	4,683	5,488
Social security & other taxes	8,764	28,089
Taxation	1,654	-
	226,464	210,898

9. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1994 £	1993 £
Loan from parent company	24,395	40,180

BUG MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 1994

10. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:

Number:	Class:	Nominal value:	1994 £	1993 £
100	Ordinary	£1	<u>100</u>	<u>100</u>

11. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Bug Music Inc. which is incorporated in the USA.

12. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund since the commencement date of 15th November 1994 and amounted to £3,230.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1994 £	1993 £
Profit/(Loss) for the financial year	<u>14,997</u>	<u>(11,604)</u>
NET ADDITION/(REDUCTION) TO SHAREHOLDERS' FUNDS	14,997	(11,604)
Opening shareholders' funds	<u>(22,978)</u>	<u>(11,374)</u>
CLOSING SHAREHOLDERS' FUNDS	<u>(7,981)</u>	<u>(22,978)</u>
Equity interests	<u>(7,981)</u>	<u>(22,978)</u>