

2697748

REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1995
FOR
BUG MUSIC LIMITED



BUG MUSIC LIMITED

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for the year ended 31st December 1995**

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BUG MUSIC LIMITED

COMPANY INFORMATION
for the year ended 31st December 1995

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 1995

The directors present their report with the financial statements of the company for the year ended 31st December 1995.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of music publishing.

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 1995 did not hold any beneficial interest in the issued share capital of the company at 1st January 1995 or 31st December 1995.

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 385 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: 13th June 1996

BUG MUSIC LIMITED

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
BUG MUSIC LIMITED**

We have audited the financial statements on pages four to nine 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.

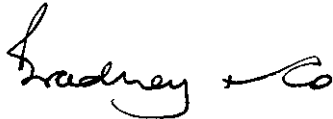
Basis of opinion

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 1995 and of its loss 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: 14th June 1996

BUG MUSIC LIMITED

PROFIT AND LOSS ACCOUNT for the year ended 31st December 1995

		1995	1994
	Notes	£	£
TURNOVER	2	97,099	115,623
GROSS PROFIT		97,099	115,623
Administrative expenses		142,574	106,278
		(45,475)	9,345
Other operating income	3	—	1,668
OPERATING (LOSS)/PROFIT	4	(45,475)	11,013
Interest receivable and similar income	5	10,178	6,615
		(35,297)	17,628
Interest payable and similar charges		589	977
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(35,886)	16,651
Tax on (loss)/profit on ordinary activities		—	1,654
(LOSS)/PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		(35,886)	14,997
Deficit brought forward		(8,081)	(23,078)
DEFICIT CARRIED FORWARD		£(43,967)	£(8,081)

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 loss for the current year and the profit for the previous year.

BUG MUSIC LIMITED

BALANCE SHEET
31st December 1995

	Notes	1995		1994	
		£	£	£	£
FIXED ASSETS:					
Tangible assets	7		14,677		10,139
CURRENT ASSETS:					
Debtors	8	49,671		12,252	
Cash at bank and in hand		144,805		220,487	
		194,476		232,739	
CREDITORS: Amounts falling due within one year	9	239,247		226,464	
NET CURRENT (LIABILITIES)/ASSETS:			(44,771)		6,275
TOTAL ASSETS LESS CURRENT LIABILITIES:			(30,094)		16,414
CREDITORS: Amounts falling due after more than one year	10		13,773		24,395
			£(43,867)		£(7,981)
CAPITAL AND RESERVES:					
Called up share capital	11		100		100
Profit and loss account			(43,967)		(8,081)
Shareholders' funds	15		£(43,867)		£(7,981)

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 13th June 1996

BUG MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 31st December 1995

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 net invoiced sales of services, excluding value added tax.

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.

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 loss (1994 - profit) before taxation are attributable to the one principal activity of the company.

3. OTHER OPERATING INCOME

	1995	1994
	£	£
Exchange gain	—	1,668

4. OPERATING (LOSS)/PROFIT

The operating loss (1994 - operating profit) is stated after charging/(crediting):

	1995	1994
	£	£
Depreciation - owned assets	3,804	3,180
Loss on disposal of fixed assets	840	—
Auditors' remuneration	2,000	3,000
Foreign exchange loss/(gain)	294	(1,668)
	<u>30,990</u>	<u>27,923</u>

BUG MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1995

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	1995	1994
	£	£
Bank interest receivable	9,771	6,615
Other interest receivable	407	—
	<u>10,178</u>	<u>6,615</u>

6. INTEREST PAYABLE

This includes interest payable of £540 (1994: £977) in respect of loans from group companies.

7. TANGIBLE FIXED ASSETS

	Short leasehold	Office equipment	Totals
	£	£	£
COST:			
At 1st January 1995	2,847	16,311	19,158
Additions	4,326	4,857	9,183
Disposals	(2,847)	—	(2,847)
	<u>4,326</u>	<u>21,168</u>	<u>25,494</u>
At 31st December 1995	4,326	21,168	25,494
DEPRECIATION:			
At 1st January 1995	1,431	7,589	9,020
Charge for year	1,441	2,363	3,804
Eliminated on disposals	(2,007)	—	(2,007)
	<u>865</u>	<u>9,952</u>	<u>10,817</u>
At 31st December 1995	865	9,952	10,817
NET BOOK VALUE:			
At 31st December 1995	<u>3,461</u>	<u>11,216</u>	<u>14,677</u>
At 31st December 1994	<u>1,416</u>	<u>8,723</u>	<u>10,139</u>

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995	1994
	£	£
Trade debtors	8,622	—
Other debtors	36,797	10,315
Prepayments and accrued income	4,252	1,937
	<u>49,671</u>	<u>12,252</u>

BUG MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1995

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1995	1994
	£	£
Trade creditors	15,609	2,985
Other creditors	216,607	208,378
Accruals	4,079	4,683
Social security & other taxes	2,952	8,764
Taxation	—	1,654
	<u>239,247</u>	<u>226,464</u>

**10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1995	1994
	£	£
Loan from parent company	<u>13,773</u>	<u>24,395</u>

11. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:			1995	1994
Number:	Class:	Nominal value:	£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

12. ULTIMATE PARENT COMPANY

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

13. 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 during the year and amounted to £5,329 (1994: £3,230).

14. TRANSACTIONS WITH DIRECTORS

During the year the company made a loan to M A Anders, a director. The maximum liability during the year was £7,500 and the balance at the year end was £6,137. The loan is repayable over 36 months, with interest charged at 6% per annum.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	1994
	£	£
(Loss)/Profit for the financial year	<u>(35,886)</u>	<u>14,997</u>
NET (REDUCTION)/ADDITION TO SHAREHOLDERS' FUNDS	<u>(35,886)</u>	<u>14,997</u>
Opening shareholders' funds	<u>(7,981)</u>	<u>(22,978)</u>
CLOSING SHAREHOLDERS' FUNDS	<u><u>(43,867)</u></u>	<u><u>(7,981)</u></u>
Equity interests	<u><u>(43,867)</u></u>	<u><u>(7,981)</u></u>

BUG MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December 1995

16. GOING CONCERN

The directors have prepared these financial statements on the going concern basis. This is dependant upon the continuing support of the parent company, Bug Music Inc, which has indicated that it will continue to give such support.