

**COMPANY NUMBER:**  
**02749258 (ENGLAND & WALES)**

AMENDING

**ACCESS TO MUSIC LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

**MOORE STEPHENS**  
**CHARTERED ACCOUNTANTS**  
**REGISTERED AUDITORS**  
**RUTLAND HOUSE**  
**MINERVA BUSINESS PARK**  
**LYNCH WOOD**  
**PETERBOROUGH**  
**PE2 6PZ**



**ACCESS TO MUSIC LIMITED**

**COMPANY INFORMATION**

**Company Number:** 02749258 (England & Wales)

**Directors:** Mr J Ridgeon  
Ms L M Cummins

**Secretary:** Ms L M Cummins

**Registered Office:** The Old Nursery  
Wansford  
Peterborough  
PE8 6JR

**Auditors:** Moore Stephens  
Chartered Accountants  
Registered Auditors  
Rutland House  
Minerva Business Park  
Lynch Wood  
Peterborough  
PE2 6PZ

**Bankers:** Barclays Bank Plc  
Leicester Corporate Banking Centre  
Barclays House  
PO Box 1500  
Dominus Way  
Meridian Business Park  
Leicester  
LE3 2RN

**Solicitors:** Harvey Ingram Owston  
20 New Walk  
Leicester  
LE1 6TX

**ACCESS TO MUSIC LIMITED**  
**REPORTS AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

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**ACCESS TO MUSIC LIMITED**

**DIRECTORS' REPORT**

**FOR THE YEAR ENDED 31 AUGUST 2003**

The directors present their report and the financial statements for the year ended 31 August 2003.

**Principal activities**

The principal activity of the company is the provision of music training and consultancy services.

There has not been any significant change in this activity during the year.

**Review of business**

The directors consider the profit achieved on ordinary activities before taxation to be satisfactory.

**Future developments**

At the year end, the company is in a strong position for future trading.

**Donations**

Political and charitable donations did not exceed £200 in the year.

**Fixed assets**

Changes in fixed assets during the year are set out in the notes to the financial statements.

**Results and dividends**

The directors recommend that a final dividend of £97,500 (2002 - £23,700) per share be paid on the shares in issue amounting to £195,000 (2002 - £47,400) and that the interim dividend of £76,200 (2002 - £21,600) per share amounting to £152,400 (2002 - £43,200) paid be confirmed.

**Directors' interests**

The directors of the company during the year and their interests in the share capital of the company as recorded in the register of directors' interests were as follows:

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>No.</u></b>	<b><u>of shares</u></b>
Mr J Ridgeon	1	1
Ms L M Cummins	1	1

**ACCESS TO MUSIC LIMITED**

**DIRECTORS' REPORT** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

No director has been granted a right to subscribe for additional shares or debentures.

The director retiring by rotation is Mr J Ridgeon, who being eligible will offer himself for re-election at the forthcoming Annual General Meeting.

**Responsibilities of the directors**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the 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 judgements and estimates that are reasonable and prudent;

follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;

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, Messrs Moore Stephens (Chartered Accountants) have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

**On behalf of the board**

L. M. Cummins

29/6/04

The Old Nursery  
Wansford  
Peterborough  
PE8 6JR

**INDEPENDENT AUDITORS' REPORT**  
**TO THE SHAREHOLDERS OF ACCESS TO MUSIC LIMITED**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

We have audited the financial statements on pages 5 to 21. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

**Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 judgements 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 misstatements, 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.

**INDEPENDENT AUDITORS' REPORT**

**TO THE SHAREHOLDERS OF ACCESS TO MUSIC LIMITED** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 August 2003 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

*Moore Stephens*  
Moore Stephens  
Chartered Accountants  
Registered Auditors  
Rutland House  
Minerva Business Park  
Lynch Wood  
Peterborough  
PE2 6PZ

Dated: *29 June '04*

**ACCESS TO MUSIC LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

	<b><u>Note</u></b>	<b><u>2003</u></b> <b><u>£</u></b>	<b><u>2002</u></b> <b><u>£</u></b>
<b><u>Turnover</u></b>	2	4,539,791	3,317,512
Cost of sales		(3,149,976)	(2,163,302)
<b><u>Gross profit</u></b>		1,389,815	1,154,210
Administrative expenses		(964,481)	(764,617)
Other operating charges		(42,610)	(19,212)
		382,724	370,381
Other operating income		7,848	1,595
<b><u>Operating profit</u></b>	3	390,572	371,976
Other interest receivable and similar income		16,182	21,247
Interest payable	6	(18,187)	(3,432)
<b><u>Profit on ordinary activities before taxation</u></b>		388,567	389,791
Tax on profit on ordinary activities	7	(125,758)	(96,481)
<b><u>Profit for the financial year</u></b>		262,809	293,310
Dividends distributed from profits of current and prior years	8	(347,400)	(90,600)
<b><u>Retained (loss)/profit for the year</u></b>		(84,591)	202,710

The company has made no acquisitions nor discontinued any operations within the meaning of Financial Reporting Standard 3 during 2003 therefore turnover and operating profit derive entirely from continued operations.

The company has no recognised gains or losses other than the profit for the financial year.

The annexed notes form part of these financial statements.



**ACCESS TO MUSIC LIMITED**

**BALANCE SHEET**

**AS AT 31 AUGUST 2003**

	<u>Note</u>	<u>2003</u>	<u>2002</u>
		£	£
<b><u>Fixed assets</u></b>			
Intangible assets	9	125,200	146,200
Tangible assets	10	602,600	194,372
		<u>727,800</u>	<u>340,572</u>
<b><u>Current assets</u></b>			
Stocks	11	15,000	14,438
Debtors	12	649,470	265,037
Cash at bank and in hand		803,499	639,688
		<u>1,467,969</u>	<u>919,163</u>
<b><u>Creditors</u></b>			
Amounts falling due within one year	13	(1,485,583)	(649,504)
<b><u>Net current (liabilities)/assets</u></b>		<u>(17,614)</u>	<u>269,659</u>
<b><u>Total assets less current liabilities</u></b>		<u>710,186</u>	<u>610,231</u>
<b><u>Creditors</u></b>			
Amounts falling due after more than one year	14	(217,841)	(33,295)
<b><u>Net assets</u></b>		<u>492,345</u>	<u>576,936</u>
<b><u>Capital and reserves</u></b>			
Called up share capital	16	2	2
Profit and loss account	17	492,343	576,934
<b><u>Shareholders' funds</u></b>		<u>492,345</u>	<u>576,936</u>

Approved by the board of directors on 29/6/04 and signed on its behalf.

L. M. Cummins  
.....

The annexed notes form part of these financial statements.

**ACCESS TO MUSIC LIMITED**

**CASHFLOW STATEMENT**

**FOR THE YEAR ENDED 31 AUGUST 2003**

	<b><u>Note</u></b>	<b><u>2003</u></b> <b><u>£</u></b>	<b><u>2002</u></b> <b><u>£</u></b>
<b><u>Net cash inflow from operating activities</u></b>	18	872,631	226,918
<b><u>Returns on investments and servicing of finance</u></b>	19	(2,005)	17,815
<b><u>Taxation</u></b>		(96,408)	(90,992)
<b><u>Capital Expenditure</u></b>	19	(478,070)	(144,292)
<b><u>Equity dividends paid</u></b>		(199,800)	(54,000)
		<u>96,348</u>	<u>(44,551)</u>
<b><u>Financing</u></b>	19	81,001	(3,776)
<b><u>Increase/(Decrease) in cash</u></b>		<u>177,349</u>	<u>(48,327)</u>

**ACCESS TO MUSIC LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 AUGUST 2003**

1. **Accounting policies**

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

**Turnover**

Turnover represents charges to external customers for services provided during the period, and is shown exclusive of Value Added Tax and trade discounts.

**Depreciation and diminution in value of assets**

Depreciation has been computed to write off the cost of fixed assets over their expected useful lives at the following rates:-

Leasehold premises	over the period of the lease
Goodwill	10% per annum straight line
Asset under finance lease	over the period of the lease
Fixtures and fittings	20% per annum straight line
Office equipment	33 1/3% per annum straight line
Instruments	20% per annum straight line
Motor vehicles	25% per annum reducing balance

A full years depreciation is charged in the year of acquisition of an asset but none in the year of disposal.

**Stocks**

Stocks and work in progress are valued consistently at the lower of cost (on a first in, first out basis) or net realisable value. Cost, where appropriate, includes a proportion of directly attributable overheads.

**Debtors**

Debtors are shown after providing for any amounts which in the opinion of the directors may not be collected in full.

**Deferred taxation**

Deferred tax assets and liabilities have arisen from timing differences between the recognition of gains and losses in the financial statements and their recognition in a tax computation. In accordance with Financial Reporting Standard No.19, full provision has been made to the extent to which it is considered more likely than not to become payable/recoverable in the foreseeable future and at the rate eventually expected to be charged.

## **ACCESS TO MUSIC LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS** (Continued)

#### **FOR THE YEAR ENDED 31 AUGUST 2003**

##### **Leasing**

Leasing rentals payable on agreements which transfer substantially all the risk and rewards associated with ownership of the lessee ("finance leases") are capitalised within fixed assets, and the obligation to pay future rentals included in creditors as a liability. The interest charges implicit in such a lease are written off to the profit and loss account in proportion to the balance outstanding during the year.

All other leasing rentals ("operating leases") are written off to the profit and loss account as incurred.

##### **Goodwill**

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of its separable net assets. It is being written off in equal annual instalments over its estimated economic life.

##### **Pension costs**

The company operates a defined contribution pension scheme and pension contributions are charged to profit and loss account to spread the cost of the pensions over the employees working lives.

##### **Grants received**

Grants related to capital expenditure on tangible assets are credited to the profit and loss account at the same rate as the depreciation on the assets to which the grants relate.

## 2. **Turnover**

Turnover is attributable solely to continuing operations and derives from the activities of music training and consultancy services.

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
The analysis of turnover by area is as follows:		
United Kingdom & Eire	4,539,791	3,317,512
	<u>4,539,791</u>	<u>3,317,512</u>
	<u><u>4,539,791</u></u>	<u><u>3,317,512</u></u>

**ACCESS TO MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

3. **Operating profit**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
This is stated after charging:		
Auditors' remuneration	14,000	8,900
Accountancy	3,350	3,470
Depreciation and amortisation of owned assets	191,930	87,522
Depreciation of assets held under finance leases and hire purchase contracts	64,147	12,910
Pension costs	11,387	11,619
Charges for hire of other assets (included in direct costs)	213,116	101,475
	<u>          </u>	<u>          </u>

4. **Directors' emoluments**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Directors' emoluments	206,424	182,252
Company contributions to money purchase schemes in relation to directors pensions	39,104	28,560
	<u>          </u>	<u>          </u>

The above details include the following amounts in respect of the highest paid director:

Directors' emoluments	109,129	92,543
Company contributions to money purchase schemes in relation to directors pensions	31,183	19,800
	<u>          </u>	<u>          </u>

2 (2002 - 2) directors are accruing benefits under a money purchase scheme.

**ACCESS TO MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

5. **Staff costs**

The average number of persons employed by the company, including directors, during the year was as follows:

	<b><u>2003</u></b>	<b><u>2002</u></b>
Management	6	3
Administration	7	8
Tutors	157	118
	<hr/>	<hr/>
	170	129
	<hr/> <hr/>	<hr/> <hr/>

The aggregate payroll costs of these persons were as follows:

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Wages and salaries	2,015,609	1,549,108
Social security	173,548	110,612
Other pension costs	50,491	40,179
	<hr/>	<hr/>
	2,239,648	1,699,899
	<hr/> <hr/>	<hr/> <hr/>

6. **Interest payable**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Interest payable - bank loans and overdraft and other loans repayable within five years	5,527	226
Finance charges payable - finance leases and hire purchase contracts	12,660	3,206
	<hr/>	<hr/>
	18,187	3,432
	<hr/> <hr/>	<hr/> <hr/>

**ACCESS TO MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

7. **Taxation on profit on ordinary activities**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
<b><u>Analysis of charge in period</u></b>		
<b><u>Current Tax:</u></b>		
UK corporation tax on profits of the period	125,757	96,407
Adjustments in respect of previous period	1	74
	<hr/>	<hr/>
Tax on profit on ordinary activities	125,758	96,481
	<hr/> <hr/>	<hr/> <hr/>

**Factors affecting tax charge for year**

The tax assessed for the year differs from the standard rate of corporation tax in the UK. The differences are explained below:

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Profit on ordinary activities before tax	388,567	389,791
	<hr/>	<hr/>
Standard UK corporation tax rate:	23.87 %	23.20 %
Profit/(loss) on ordinary activities multiplied by standard UK corporation tax rate:	92,756	90,432
Effects of:		
Expenses not deductible for tax purposes	35,934	7,889
Depreciation in excess of capital allowances	3,035	406
Grant income	(5,968)	(2,320)
Adjustments in respect of previous period	1	74
	<hr/>	<hr/>
Current tax charge for the year	125,758	96,481
	<hr/> <hr/>	<hr/> <hr/>

**ACCESS TO MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

**8. Dividends**

	<b><u>2003</u></b> <b><u>£</u></b>	<b><u>2002</u></b> <b><u>£</u></b>
Dividends paid	152,400	43,200
Dividends proposed	195,000	47,400
	<u>347,400</u>	<u>90,600</u>

**9. Intangible fixed assets**

	<b><u>Lease</u></b> <b><u>Premium</u></b> <b><u>£</u></b>	<b><u>Goodwill</u></b> <b><u>£</u></b>	<b><u>Total</u></b> <b><u>£</u></b>
Cost:			
At 1 September 2002	28,000	171,200	199,200
At 31 August 2003	<u>28,000</u>	<u>171,200</u>	<u>199,200</u>
Amortisation:			
At 1 September 2002	3,500	49,500	53,000
Charge for the year	3,500	17,500	21,000
At 31 August 2003	<u>7,000</u>	<u>67,000</u>	<u>74,000</u>
Net book value:			
At 31 August 2003	<u>21,000</u>	<u>104,200</u>	<u>125,200</u>
At 31 August 2002	<u>24,500</u>	<u>121,700</u>	<u>146,200</u>



**ACCESS TO MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

10. **Tangible fixed assets**

	<b><u>Land and Buildings</u></b>	<b><u>Plant and Machinery</u></b>	<b><u>Fixtures and Fittings</u></b>	<b><u>Motor Vehicles</u></b>	<b><u>Total</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>	<b><u>£</u></b>	<b><u>£</u></b>	<b><u>£</u></b>
Cost:					
At 1 September 2002	87,545	58,736	128,765	54,194	329,240
Additions	447,884	133,134	62,286	-	643,304
	<u>535,429</u>	<u>191,870</u>	<u>191,051</u>	<u>54,194</u>	<u>972,544</u>
Depreciation:					
At 1 September 2002	15,298	15,472	88,633	15,465	134,868
Charge for the year	126,412	55,848	43,134	9,682	235,076
	<u>141,710</u>	<u>71,320</u>	<u>131,767</u>	<u>25,147</u>	<u>369,944</u>
Net book value:					
At 31 August 2003	<u>393,719</u>	<u>120,550</u>	<u>59,284</u>	<u>29,047</u>	<u>602,600</u>
At 31 August 2002	<u>72,247</u>	<u>43,264</u>	<u>40,132</u>	<u>38,729</u>	<u>194,372</u>

Included within land and buildings are short leasehold improvements with a net book value of £393,719.

Included within plant and machinery are assets with a net book value of £137,352 which are held under finance leases and hire purchase contracts.

11. **Stocks**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Work in progress	<u>15,000</u>	<u>14,438</u>

**ACCESS TO MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

12. **Debtors**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Due within one year:		
Trade debtors	597,072	223,537
Prepayments	34,898	24,000
	<u>631,970</u>	<u>247,537</u>
Due after one year:		
Prepayments	17,500	17,500
	<u>649,470</u>	<u>265,037</u>

13. **Creditors - amounts falling due within one year**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Bank loans and overdrafts	11,222	13,537
Trade creditors	40,079	61,473
Corporation tax	125,757	96,407
Other taxes and social security	105,838	85,873
Obligations under finance leases and hire purchase contracts	59,704	9,237
Accruals and deferred income	947,983	335,577
Proposed dividend	195,000	47,400
	<u>1,485,583</u>	<u>649,504</u>

Of the creditors falling due within one year £70,926 is secured.

**ACCESS TO MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

14. **Creditors - amounts falling due after more than one year**

	<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u>
Bank loan accounts	131,348	-
Directors current accounts	224	224
Obligations under finance leases and hire purchase contracts	86,269	33,071
	<u>217,841</u>	<u>33,295</u>

Of the above creditors, the following amounts are repayable wholly or in part more than five years after balance sheet date:

	<u>£</u>	<u>£</u>
Bank Loan	63,201	-

All the aforementioned bank loans are repayable by annual instalments with a fixed rate of interest at £6.55% per annum.

Of the creditors falling due after more than one year £217,618 is secured.

15. **Provisions for Liabilities and Charges**

	Provided		Maximum potential Liability	
	<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u>	<u>2003</u> <u>£</u>	<u>2002</u> <u>£</u>
Accelerated capital allowances	-	-	2,403	1,511
	<u>-</u>	<u>-</u>	<u>2,403</u>	<u>1,511</u>

**ACCESS TO MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

16. **Share capital**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
<b><u>Authorised</u></b>		
Ordinary shares of £1 each	100	100
	<u>          </u>	<u>          </u>
	<b><u>£</u></b>	<b><u>£</u></b>
Ordinary shares of £1 each	2	2
	<u>          </u>	<u>          </u>

17. **Profit and loss account**

	<b><u>2003</u></b>
	<b><u>£</u></b>
Balance at 1 September 2002	576,934
Loss suffered for the year	(84,591)
	<u>          </u>
Balance at 31 August 2003	492,343
	<u>          </u>

18. **Reconciliation of operating profit to net cash inflow from operating activities**

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Operating profit	390,572	371,976
Depreciation charges	235,077	79,432
Amortisation	21,000	21,000
Grant recognised in the period	(25,000)	(10,000)
Profit on sale of tangible fixed assets	-	7,397
Increase in stocks	(562)	(14,438)
Increase in debtors	(384,433)	(176,195)
Increase/(Decrease) in creditors	635,977	(52,254)
	<u>          </u>	<u>          </u>
Net cash flow from operating activities	872,631	226,918
	<u>          </u>	<u>          </u>

**ACCESS TO MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

19. **Gross cash flows**

	<b><u>2003</u></b> <b><u>£</u></b>	<b><u>2003</u></b> <b><u>£</u></b>	<b><u>2002</u></b> <b><u>£</u></b>
<b><u>Returns on investments and servicing of finance</u></b>			
Interest received	16,182		21,247
Interest paid	(5,527)		(226)
Interest element of finance lease rental payments	(12,660)		(3,206)
	<hr/>	(2,005)	<hr/>
		<hr/>	<hr/>
<b><u>Capital expenditure</u></b>			
Payments to acquire tangible fixed assets	(478,070)		(120,342)
Payments to acquire intangible fixed assets	-		(39,200)
Receipts from fixed assets disposals	-		15,250
	<hr/>	(478,070)	<hr/>
		<hr/>	<hr/>
<b><u>Financing</u></b>			
New loans	150,000		-
Repayments of amount borrowed	(7,430)		-
Capital element of finance lease rental repayments	(61,569)		(3,776)
	<hr/>	81,001	<hr/>
		<hr/>	<hr/>

**ACCESS TO MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

20. **Reconciliation of net cash flow to movement in net debt**

	<b><u>2003</u></b> <b><u>£</u></b>	<b><u>2003</u></b> <b><u>£</u></b>	<b><u>2002</u></b> <b><u>£</u></b>
Increase/(Decrease) in cash in the year	177,348		(48,327)
Cash inflow from increase in debt and lease financing	(81,001)		3,776
	<hr/>		<hr/>
Change in net funds resulting from cash flows		96,347	(44,551)
	<hr/>		<hr/>
New finance leases	165,234		46,084
	<hr/>		<hr/>
		(165,234)	(46,084)
		<hr/>	<hr/>
<b>Movement in net funds in the year</b>		<b>(68,887)</b>	<b>(90,635)</b>
		<hr/>	<hr/>
<b>Net funds at 1 September 2002</b>		<b>583,843</b>	<b>674,478</b>
		<hr/>	<hr/>
<b>Net funds at 31 August 2003</b>		<b>514,956</b>	<b>583,843</b>
		<hr/> <hr/>	<hr/> <hr/>

# ACCESS TO MUSIC LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

### FOR THE YEAR ENDED 31 AUGUST 2003

#### 21. Analysis of net fund

	Opening Balance £	Cash Flows £	Other Changes £	Closing Balance £
<b><u>Net cash:</u></b>				
Cash at bank	632,662	165,101	-	797,763
Cash in hand	7,026	(1,290)	-	5,736
	<hr/>	<hr/>	<hr/>	<hr/>
	639,688	163,811	-	803,499
Bank overdraft	(13,537)	13,537	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	626,151	177,348	-	803,499
 Debts due within one year:				
Bank loans	-	(142,570)	131,348	(11,222)
Finance leases	(9,237)	61,569	(112,036)	(59,704)
	<hr/>	<hr/>	<hr/>	<hr/>
	(9,237)	(81,001)	19,312	(70,926)
 Debts due after one year:				
Bank loans	-	-	(131,348)	(131,348)
Finance leases	(33,071)	-	(53,198)	(86,269)
	<hr/>	<hr/>	<hr/>	<hr/>
	(33,071)	-	(184,546)	(217,617)
	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>Net fund/(debt)</u></b>	583,843	96,347	(165,234)	514,956
	<hr/>	<hr/>	<hr/>	<hr/>

#### 22. Leasing commitments

At 31 August 2003 the company had annual commitments under non-cancellable operating leases as detailed below:

	<u>Land and Buildings 2003 £</u>	<u>Land and Buildings 2002 £</u>
Operating leases which expire:		
Within one year	214,559	213,116
Between one and five years	621,279	637,141
After five years	252,652	228,500
	<hr/>	<hr/>
	1,088,490	1,078,757
	<hr/>	<hr/>

**ACCESS TO MUSIC LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS** (Continued)

**FOR THE YEAR ENDED 31 AUGUST 2003**

23. **Bank Loans and Obligations under finance leases and hire purchase contracts**

The maturity of bank loan amount is as follows:

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Amounts payable:		
Within one year	11,222	-
Between one and five years	68,147	-
More than five years	63,201	-
	<hr/> 142,570	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>

The maturity of obligations under finance leases and hire purchase contracts amounts is as follows:

	<b><u>2003</u></b>	<b><u>2002</u></b>
	<b><u>£</u></b>	<b><u>£</u></b>
Amounts payable:		
Within one year	59,704	11,484
Between one and five years	86,269	21,587
	<hr/> 145,973	<hr/> 33,071
	<hr/> <hr/>	<hr/> <hr/>

24. **Pension costs**

The company operates a defined contribution pension scheme and the amount charged to the profit and loss account is £50,491 (2002 - £40179).

25. **Transactions with directors and officers**

During the year, an amount of £14,175 (2002 £14,175) was paid to Mr J Ridgeon and Ms L M Cummins in respect of rent relating to office premises owned by them.