

Company Registration No. 2889377 (England and Wales)

MASQUERADE MUSIC LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003



MASQUERADE MUSIC LIMITED

COMPANY INFORMATION

Directors	R H Martin (Appointed 12 November 2002) D E Shepherd (Appointed 12 November 2003)
Secretary	Beach Secretaries
Company number	2889377
Registered office	The Studio Lynton Road Crouch End London N8 8SL
Auditors	Carter Backer Winter Enterprise House 21 Buckle Street London E1 8NN
Business address	33-35 Wembley Hill Road Wembley Middlesex HA9 8RT
Bankers	National Westminster Bank Plc 218 Upper Street Islington London N1 1SA
Solicitors	Beachcroft Wansbroughs 100 Fetter Lane London EC4A 1BN

MASQUERADE MUSIC LIMITED

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MASQUERADE MUSIC LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

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

Principal activities

The principal activity of the company is the licensing and distribution of music produced by artists assigned to the Death Row records label and other independent artists.

Directors

The following directors have held office since 1 April 2002:

R H Martin	(Appointed 12 November 2002)
D E Shepherd	(Appointed 12 November 2003)
R Winter	(Resigned 11 September 2002)
K J Starkey	(Appointed 11 September 2002 and resigned 14 November 2003)

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2003	1 April 2002
R H Martin	-	-
K J Starkey	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Carter Backer Winter be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

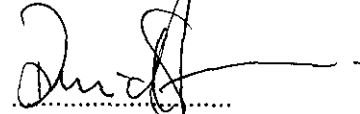
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements 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.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



D E Shepherd

Director

26/11/2004

MASQUERADE MUSIC LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF MASQUERADE MUSIC LIMITED

We have audited the financial statements Masquerade Music Limited on pages 4 to 9 for the year ended 31 March 2003. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), 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 the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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.

MASQUERADE MUSIC LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF MASQUERADE MUSIC LIMITED

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the requirement of the company to obtain additional funds through an AIM floatation or other sources. Details of this fundamental uncertainty regarding the company's ability to continue as a going concern are described in note 1.1. Our opinion is not qualified in this respect.

Opinion

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

Carter Backer Winter

Carter Backer Winter

29 November 2004

Chartered Accountants
Registered Auditor

Enterprise House
21 Buckle Street
London
E1 8NN

MASQUERADE MUSIC LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

		2003	2002
	Notes	£	£
Turnover		672,780	-
Cost of sales		(357,756)	-
Gross profit		<u>315,024</u>	<u>-</u>
Administrative expenses		(576,662)	(46,374)
Loss on ordinary activities before taxation	2	<u>(261,638)</u>	<u>(46,374)</u>
Tax on loss on ordinary activities	3	-	-
Loss on ordinary activities after taxation	10	<u><u>(261,638)</u></u>	<u><u>(46,374)</u></u>


MASQUERADE MUSIC LIMITED

BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Intangible assets	4		5,885		-
Tangible assets	5		6,750		-
			<u>12,635</u>		<u>-</u>
Current assets					
Stocks		20,040		-	
Debtors	6	361,958		-	
Cash at bank and in hand		74		411	
		<u>382,072</u>		<u>411</u>	
Creditors: amounts falling due within one year	7	<u>(406,200)</u>		<u>-</u>	
Net current (liabilities)/assets			<u>(24,128)</u>		<u>411</u>
Total assets less current liabilities			<u>(11,493)</u>		<u>411</u>
Creditors: amounts falling due after more than one year	8		<u>(249,734)</u>		<u>-</u>
			<u>(261,227)</u>		<u>411</u>
Capital and reserves					
Called up share capital	9	725,000		725,000	
Profit and loss account	10	(986,227)		(724,589)	
Shareholders' funds			<u>(261,227)</u>		<u>411</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the Board on 26/11/2004 and signed on its behalf by


D E Shepherd
Director

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

	Development Costs
Cost	£
At 1 April 2002	-
Additions	5,885
At 31 March 2003	5,885
Net book value	
At 31 March 2003	5,885
At 31 March 2002	-

MASQUERADE MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2003

5 Tangible fixed assets

	Plant and machinery etc
	£
Cost	
At 1 April 2002	-
Additions	9,000
	<hr/>
At 31 March 2003	9,000
	<hr/>
Depreciation	
At 1 April 2002	-
Charge for the year	2,250
	<hr/>
At 31 March 2003	2,250
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Net book value	
At 31 March 2003	6,750
	<hr/>

6 Debtors

	2003 £	2002 £
Trade debtors	253,159	-
Other debtors	108,799	-
	<hr/>	<hr/>
	361,958	-
	<hr/>	<hr/>

7 Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	185,402	-
Taxation and social security	121,659	-
Other creditors	99,139	-
	<hr/>	<hr/>
	406,200	-
	<hr/>	<hr/>

MASQUERADE MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

8	Creditors: amounts falling due after more than one year	2003 £	2002 £
	Other creditors	249,734	-

Analysis of loans

Wholly repayable within five years	249,734	-
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9	Share capital	2003 £	2002 £
	Authorised		
	1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	Allotted, called up and fully paid		
	725,000 Ordinary shares of £1 each	725,000	725,000

10 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2002	(724,589)
Retained loss for the year	(261,638)
Balance at 31 March 2003	(986,227)

11 Financial commitments

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as follows:

	2003 £	2002 £
Expiry date:		
Between two and five years	12,632	-

12 Control

The ultimate controlling party is Ambitious Management Limited.