

**THE SPARTA FLORIDA MUSIC
GROUP LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2002



Company no 2918773

THE SPARTA FLORIDA MUSIC GROUP LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2002

Company registration number: 2918773

Registered office: 8/9 Frith Street
London
W1D 3JB

Directors: R Wise
M P Grabham
D B Rockberger

Secretary: G C Goble

Bankers: Barclays Bank Plc
Media Banking Centre
27 Soho Square
London
W1D 3QR

Auditors: Grant Thornton
Registered Auditors
Chartered Accountants
London

THE SPARTA FLORIDA MUSIC GROUP LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2002

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THE SPARTA FLORIDA MUSIC GROUP LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 31 December 2002.

Principal activities

The company is principally engaged in music copyright and publishing.

Business review

There was a profit for the year after taxation amounting to £nil (2001: £nil). The directors do not recommend payment of a dividend (2001: £nil).

Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 December 2002 and 1 January 2002, were as follows:

	Ordinary shares	
	31 December 2002	1 January 2002
R Wise	-	-
M P Grabham	-	-
D B Rockberger	-	-

No directors had any right granted in the year to subscribe in the shares of the company and no such rights were exercised.

The interests of the directors in the shares of the ultimate parent undertaking, Music Sales Group Limited, are shown in that company's financial statements.

Directors' responsibilities for the financial statements

Company law in the United Kingdom 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
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

THE SPARTA FLORIDA MUSIC GROUP LIMITED

REPORT OF THE DIRECTORS

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



G C Goble
Secretary
Date

19th June 2003

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF THE SPARTA FLORIDA MUSIC GROUP LIMITED

We have audited the financial statements of The Sparta Florida Music Group Limited for the year ended 31 December 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet, and notes 1 to 9. These financial statements have been prepared under 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 directors' 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 other information contained in the director's report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.


Basis of 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON

19 June 2003

THE SPARTA FLORIDA MUSIC GROUP LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

The principal accounting policies of the company have remained unchanged from the previous year except for the adoption of Financial Reporting Standard 19 'Deferred Tax' and are set out below.

TURNOVER

Turnover is the total amount of royalties received by the company in the ordinary course of business with outside customers and for services provided, excluding VAT and trade discounts.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

THE SPARTA FLORIDA MUSIC GROUP LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2002

	Note	2002 £	2001 £
Turnover	1	606,265	556,389
Cost of sales		(606,265)	(556,389)
Operating profit		-	-
Profit on ordinary activities before taxation	1	-	-
Tax on profit on ordinary activities		-	-
Transfer to reserves		-	-

There were no recognised gains or losses other than the result for the financial year.

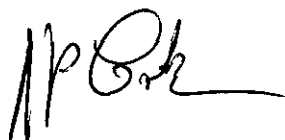
The accompanying accounting policies and notes form an integral part of these financial statements.

THE SPARTA FLORIDA MUSIC GROUP LIMITED

BALANCE SHEET AT 31 DECEMBER 2002

	Note	2002 £	2002 £	2001 £	2001 £
Current assets					
Debtors	3	1,609,749		1,198,948	
Cash at bank and in hand		4,263		-	
		<u>1,614,012</u>		<u>1,198,948</u>	
Creditors: amounts falling due within one year	4	<u>(1,613,912)</u>		<u>(1,198,848)</u>	
Net current assets			<u>100</u>		<u>100</u>
Total assets less current liabilities			<u>100</u>		<u>100</u>
Capital and reserves					
Called up share capital	5		<u>100</u>		<u>100</u>
Shareholders' funds	6		<u>100</u>		<u>100</u>

The financial statements were approved by the Board of Directors on *19th June 2003*.



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

THE SPARTA FLORIDA MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit have been derived from the company's continuing operations and are attributable to the principal activity of music copyright and publishing.

2 DIRECTORS AND EMPLOYEES

No staff costs were incurred during the year ended 31 December 2002 or 31 December 2001, and the directors received no emoluments.

3 DEBTORS

	2002 £	2001 £
Amounts owed by group undertakings	1,574,709	1,198,948
Amounts owed by related undertakings	190	-
Prepayments and accrued income	34,850	-
	<u>1,609,749</u>	<u>1,198,948</u>

4 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	445,102	394,879
Amounts owed to group undertakings	1,161,161	794,296
Social security and other taxes	7,649	9,673
	<u>1,613,912</u>	<u>1,198,848</u>

5 SHARE CAPITAL

	2002 £	2001 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

THE SPARTA FLORIDA MUSIC GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2002

6 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Shareholders' funds at 1 January 2002 and 31 December 2002	<u>100</u>	<u>100</u>

7 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2002 or 31 December 2001.

8 CONTINGENT LIABILITIES

The company has given cross guarantees on behalf of group companies to their bankers. The maximum exposure at 31 December 2002 was £127,700 (2001: £5,612).

There were no other contingent liabilities at 31 December 2002 or 31 December 2001.

9 ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS

The ultimate parent undertaking of this company is Music Sales Group Limited which is registered in England and Wales. Music Sales Group Limited is the largest and smallest group undertaking for which group accounts are prepared. The immediate parent undertaking is Campbell Connelly & Co. Limited which is registered in England and Wales.

As the company is a subsidiary undertaking it has taken advantage of the exemption within Financial Reporting Standard 8: 'Related Party Disclosures' with respect to the disclosure of transactions with related parties which are part of the group.

Transactions with related parties were as follows:

Royalties received			2002 £	2001 £
	From Music Sales Corporation	Royalties received	66,196	74,475
	From Novello Group	Royalties received	36,362	269
Royalties paid			£	£
	To Music Sales Australia	Royalties received	18	-

Details of balances with related party undertakings are given in note 3.

The company is related to the companies noted above by common management.