

Company Registration No. 3126277 (England and Wales)

XL RECORDINGS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005



XL RECORDINGS LIMITED

COMPANY INFORMATION

Directors	Richard Russell Martin Mills
Secretary	Nigel Bolt
Company number	3126277
Registered office	17-19 Alma Road London SW18 1AA
Auditors	Sedley Richard Laurence Voulters 1 Conduit Street London W1S 2XA
Bankers	Coutts & Co 440 Strand London WC2R 0QS

XL RECORDINGS LIMITED

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XL RECORDINGS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2005

The directors present their report and financial statements for the year ended 31 December 2005.

Principal activities and review of the business

The principal activity of the company during the year was that of the production and sale of sound recordings and the licensing of such operations.

The results for the year and the financial position at the year end were considered satisfactory by the directors.

Results and dividends

The results for the year are set out on page 5.

An interim ordinary dividend was paid amounting to £2,000,000. The directors do not recommend payment of a final dividend.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Future developments

The directors will pursue their management policies and it is anticipated that there will be an effective response to the challenges of the ensuing year.

Directors

The following directors have held office since 1 January 2005:

Richard Russell

Martin Mills

James Wyllie (Resigned 19 September 2006)

Directors' interests

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

	A ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
Richard Russell	240	240
Martin Mills	-	-
James Wyllie	-	-

	B ordinary shares of £ 1 each	
	31 December 2005	1 January 2005
Richard Russell	-	-
Martin Mills	-	-
James Wyllie	-	-

	Deferred shares of £ 1 each	
	31 December 2005	1 January 2005
Richard Russell	-	-
Martin Mills	-	-
James Wyllie	-	-

XL RECORDINGS LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

Beggars Group Limited holds 50% of the issued share capital and the interests of the directors in the share capital of Beggars Group Limited are disclosed below:

	Class of share	Number of shares	
		At 31 December 2005	At 31 December 2004
Martin Mills	'A' Ordinary	98	98
	'B' Ordinary	100	100
	'C' Preferred	2	2
	(Joint trustee)		

Martin Mills also had the following interests in other group companies at the beginning and end of the year

	Number of shares
Beggars Banquet Records Limited	24
Mantra Recordings Limited	24
Beggars UK Limited	24

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Sedley Richard Laurence Voulters be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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 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.

By order of the board



Nigel Bolt
Secretary

30 October 2006

XL RECORDINGS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF XL RECORDINGS LIMITED

We have audited the financial statements of XL Recordings Limited for the year ended 31 December 2005 set out on pages 5 to 19. 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 auditors' 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 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 or 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

XL RECORDINGS LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED) TO THE SHAREHOLDERS OF XL RECORDINGS LIMITED

Opinion

In our opinion the financial statements:

- give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended ; and
- have been properly prepared in accordance with the Companies Act 1985.



Sedley Richard Laurence Voulters

Chartered Accountants
Registered Auditor

31 October 2006

1 Conduit Street
London
W1S 2XA

XL RECORDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2005

	Notes	2005 £	2004 £
Turnover	2	23,963,407	15,961,714
Cost of sales		(9,516,565)	(7,511,724)
Gross profit		14,446,842	8,449,990
Distribution costs		(5,496,394)	(4,367,905)
Administrative expenses		(3,986,840)	(3,517,890)
Operating profit	3	4,963,608	564,195
Other interest receivable and similar income	4	38,711	13,576
Interest payable and similar charges	5	(27,093)	(55,399)
Profit on ordinary activities before taxation		4,975,226	522,372
Tax on profit on ordinary activities	6	(1,518,302)	(202,923)
Profit for the year	15	3,456,924	319,449

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

XL RECORDINGS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 2005

	Notes	2005 £	£	2004 £	£
Fixed assets					
Tangible assets	8	1,113,048		1,154,222	
Investments	9	500		500	
		<u>1,113,548</u>		<u>1,154,722</u>	
Current assets					
Stocks	10	211,015		280,545	
Debtors	11	3,422,112		2,338,661	
Cash at bank and in hand		1,197,094		57,416	
		<u>4,830,221</u>		<u>2,676,622</u>	
Creditors: amounts falling due within one year	12	(4,255,523)		(3,600,022)	
Net current assets/(liabilities)		<u>574,698</u>		<u>(923,400)</u>	
Total assets less current liabilities		<u>1,688,246</u>		<u>231,322</u>	
Provisions for liabilities	13	(555)		(555)	
		<u>1,687,691</u>		<u>230,767</u>	
Capital and reserves					
Called up share capital	14	1,000		1,000	
Profit and loss account	15	1,686,691		229,767	
Shareholders' funds	16	<u>1,687,691</u>		<u>230,767</u>	

Approved by the Board and authorised for issue on 30 October 2006



Martin Mills
Director

XL RECORDINGS LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	£	2005 £	£	2004 £
Net cash inflow from operating activities		4,199,276		940,534
Returns on investments and servicing of finance				
Interest received	38,711		13,576	
Interest paid	(27,093)		(18,263)	
Net cash inflow/(outflow) for returns on investments and servicing of finance		11,618		(4,687)
Taxation		(1,038,695)		(213,755)
Capital expenditure				
Payments to acquire tangible assets	(88,839)		(12,892)	
Receipts from sales of tangible assets	56,318		33,000	
Net cash (outflow)/inflow for capital expenditure		(32,521)		20,108
Equity dividends paid		(2,000,000)		(1,000,000)
Net cash inflow/(outflow) before management of liquid resources and financing		1,139,678		(257,800)
Increase/(decrease) in cash in the year		1,139,678		(257,800)

XL RECORDINGS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

1	Reconciliation of operating profit to net cash inflow from operating activities	2005	2004
		£	£
	Operating profit	4,963,608	564,195
	Depreciation of tangible assets	75,670	79,898
	(Profit)/loss on disposal of tangible assets	(1,975)	8,638
	Decrease/(increase) in stocks	69,530	(91,169)
	(Increase)/decrease in debtors	(1,083,451)	598,856
	Increase/(decrease) in creditors within one year	175,894	(219,884)
	Net cash inflow from operating activities	4,199,276	940,534

2	Analysis of net funds	1 January 2005	Cash flow	Other non-cash changes	31 December 2005
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	57,416	1,139,678	-	1,197,094
	Bank deposits	-	-	-	-
	Net funds	57,416	1,139,678	-	1,197,094

3	Reconciliation of net cash flow to movement in net funds	2005	2004
		£	£
	Increase/(decrease) in cash in the year	1,139,678	(257,800)
	Movement in net funds in the year	1,139,678	(257,800)
	Opening net funds	57,416	315,216
	Closing net funds	1,197,094	57,416

XL RECORDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated).

1.3 Turnover

Turnover for sale of physical stock represents the invoiced value of goods and services provided to customers and is net of discounts, value added tax and provisions for goods likely to be returned. Turnover for other income represents amounts reported to the company in statements received during the year.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	2% per annum on cost
Fixtures, fittings & equipment	20% and 25% on a reducing balance basis
Motor vehicles	25% on a reducing balance basis

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value.

1.7 Deferred taxation

The accounting policy in respect of deferred tax reflects the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes, calculated at the rates at which it is expected that tax will arise. The deferred tax balance has not been discounted.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

XL RECORDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

1 Accounting policies

(continued)

1.10 Deferred income

Deferred income represents non returnable advances on royalties receivable from other record companies. These advances are credited to revenue as the royalty income arises or where the probability of future income in respect thereof is removed.

1.11 Advances to artists

Advances to artists represent advances made direct to artists for recording and other costs made on behalf of artists under contract. These advances, which are only recoverable against future royalties, are charged to the profit and loss account as they are recouped or where the probability of future recoupment in respect thereof is unlikely.

2 Turnover and profit on ordinary activities before taxation

	Turnover	
	2005	2004
	£	£
Class of business		
Sales of sound recordings	19,180,320	12,654,092
Royalties receivable	4,783,087	3,307,622
	<u>23,963,407</u>	<u>15,961,714</u>

Geographical market

	Turnover	
	2005	2004
	£	£
United Kingdom	14,148,463	8,867,042
Overseas	9,814,944	7,094,672
	<u>23,963,407</u>	<u>15,961,714</u>

3 Operating profit

	2005	2004
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	75,670	79,898
Loss on disposal of tangible assets	-	8,638
Loss on foreign exchange transactions	-	8,330
and after crediting:		
Profit on disposal of tangible assets	(1,975)	-
Profit on foreign exchange transactions	(18,308)	-
	<u></u>	<u></u>

The audit and tax fees have been borne by another group company in both the current and previous year.

XL RECORDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

4	Investment income	2005	2004
		£	£
	Other interest	38,711	13,576
		<u> </u>	<u> </u>
5	Interest payable	2005	2004
		£	£
	On overdue tax	10,479	37,136
	Other interest	16,614	18,263
		<u> </u>	<u> </u>
		27,093	55,399
		<u> </u>	<u> </u>

XL RECORDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

6	Taxation	2005	2004
		£	£
	Domestic current year tax		
	U.K. corporation tax	1,518,615	190,551
	Adjustment for prior years	(313)	52,542
	Double tax relief	(37,514)	(21,747)
		<u>1,480,788</u>	<u>221,346</u>
	Foreign corporation tax		
	Foreign corporation tax	37,514	(18,423)
		<u>37,514</u>	<u>(18,423)</u>
	Current tax charge	<u>1,518,302</u>	<u>202,923</u>
		<u>1,518,302</u>	<u>202,923</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>4,975,226</u>	<u>522,372</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2004 - 30.00%)	<u>1,492,568</u>	<u>156,712</u>
	Effects of:		
	Non deductible expenses	20,091	15,927
	Depreciation add back	22,701	26,561
	Capital allowances in excess of depreciation	(16,152)	(20,700)
	Foreign tax adjustments	(1,186)	(28,119)
	Adjustments to previous periods	(313)	52,542
	Chargeable disposals	593	-
		<u>25,734</u>	<u>46,211</u>
	Current tax charge	<u>1,518,302</u>	<u>202,923</u>
7	Dividends	2005	2004
		£	£
	Ordinary interim paid	<u>2,000,000</u>	<u>1,000,000</u>

XL RECORDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

8 Tangible fixed assets

	Land and buildings Freehold £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2005	1,167,291	217,860	85,749	1,470,900
Additions	-	23,950	64,889	88,839
Disposals	-	(2,125)	(85,749)	(87,874)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	1,167,291	239,685	64,889	1,471,865
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 2005	141,753	143,170	31,755	316,678
On disposals	-	(1,776)	(31,755)	(33,531)
Charge for the year	23,346	38,027	14,297	75,670
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2005	165,099	179,421	14,297	358,817
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value				
At 31 December 2005	1,002,192	60,264	50,592	1,113,048
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2004	1,025,538	74,690	53,994	1,154,222
	<hr/>	<hr/>	<hr/>	<hr/>

XL RECORDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

9 Fixed asset investments

	Shares in participating interests £
Cost	
At 1 January 2005 & at 31 December 2005	500
Net book value	
At 31 December 2005	500
	<u>500</u>
At 31 December 2004	<u>500</u>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Participating interests			
Mowax Labels Limited	UK	Ordinary	50.00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

		Capital and reserves 2005 £	Profit for the year 2005 £
	Principal activity		
Mowax Labels Limited	Record label	(1,901,398)	27,279
		<u>(1,901,398)</u>	<u>27,279</u>

10 Stocks

	2005 £	2004 £
Finished goods and goods for resale	<u>211,015</u>	<u>280,545</u>

XL RECORDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

11 Debtors	2005 £	2004 £
Trade debtors	3,248,274	1,320,447
Other debtors	1,500	214
Prepayments and accrued income	172,338	1,018,000
	<u>3,422,112</u>	<u>2,338,661</u>

12 Creditors: amounts falling due within one year	2005 £	2004 £
Trade creditors	2,978	10,192
Amounts owed to parent and fellow subsidiary undertakings	-	488,126
Amounts owed to subsidiary undertakings	-	676
Amounts owed to participating interests	3,384	-
Corporation tax	1,004,503	524,896
Other taxes and social security costs	634,619	137,053
Other creditors	2,002,471	1,234,825
Accruals and deferred income	607,568	1,204,254
	<u>4,255,523</u>	<u>3,600,022</u>

13 Provisions for liabilities and charges

Deferred tax
liability
£

Balance at 1 January 2005 & at 31 December 2005	<u>555</u>
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The deferred tax liability is made up as follows:

	2005 £	2004 £
Accelerated capital allowances	<u>555</u>	<u>555</u>

XL RECORDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

14 Share capital	2005 £	2004 £
Authorised		
240 A ordinary shares of £1 each	240	240
240 B ordinary shares of £1 each	240	760
520 Deferred shares of £1 each	520	-
	<u>1,000</u>	<u>1,000</u>
 Allotted, called up and fully paid		
240 A ordinary shares of £1 each	240	240
240 B ordinary shares of £1 each	240	760
520 Deferred shares of £1 each	520	-
	<u>1,000</u>	<u>1,000</u>

The 'A' shares and 'B' shares rank pari passu and are entitled to share equally in any dividend or other distribution declared by the company with effect from 31 December 2003.

520 'B' shares have been converted into 520 deferred shares of £1 each with effect from the 31 March 2005. The deferred shares do not carry a right to dividend, repayment of capital or voting entitlement.

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2005	229,767
Profit for the year	3,456,924
Dividends paid	(2,000,000)
Balance at 31 December 2005	<u>1,686,691</u>

16 Reconciliation of movements in shareholders' funds

	2005 £	2004 £
Profit for the financial year	3,456,924	319,449
Dividends	(2,000,000)	(1,000,000)
Net addition to/(depletion in) shareholders' funds	<u>1,456,924</u>	<u>(680,551)</u>
Opening shareholders' funds	230,767	911,318
Closing shareholders' funds	<u>1,687,691</u>	<u>230,767</u>

XL RECORDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

17 Contingent liabilities

The company has given its bankers a composite cross guarantee dated 8 February 2000 over the £3m overdraft facility, which exists across the following companies:

Beggars Group Limited
Beggars Group Digital Limited
Beggars UK Limited
Beggars Banquet Records Limited
Mantra Recordings Limited
Too Pure Limited
Wiiija Records Limited
4AD Limited

Any liability arising from the composite cross guarantee is secured by individual mortgage debentures over the assets of each of the parties to the guarantee.

The current group cash and overdraft position as at 31 December 2005 and 31 December 2004 is disclosed within the Beggars Group Limited consolidated financial statements.

18 Directors' emoluments	2005 £	2004 £
Emoluments for qualifying services	<u>279,273</u>	<u>265,000</u>
Emoluments disclosed above include the following amounts paid to the highest paid director:		
Emoluments for qualifying services	<u>279,273</u>	<u>265,000</u>

19 Transactions with directors

During the year the company received management fees of £17,500 (2004 - £35,000) from Hero Music Limited, a company in which Richard Russell, a director of XL Recordings Limited is a shareholder.

Included in other debtors at the balance sheet date is £35,000 (2004 - £17,500) due from Hero Music Limited.

XL RECORDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2005 Number	2004 Number
Administrative staff	8	8
Management staff	2	2
	<u>10</u>	<u>10</u>

Employment costs

	2005 £	2004 £
Wages and salaries	471,635	605,811
Social security costs	58,416	75,637
	<u>530,051</u>	<u>681,448</u>

21 Control

Until 31 March 2005, the parent of the smallest and largest group for which group accounts are prepared of which the company was a member was Beggars Group Limited, a company incorporated in Great Britain and registered in England and Wales. The immediate and ultimate parent company was Beggars Group Limited. A copy of the group financial statements may be obtained from the company's registered office.

Until 31 March 2005, the controlling party was Martin Mills through his ownership of Beggars Group Limited.

From 1 April 2005, the company has been owned 50% by Beggars Group Limited and 50% by Richard Russell. The directors do not consider that any of these parties is the ultimate controlling party and that control of the company is shared.

XL RECORDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2005

22 Related party transactions

During the year, Beggars UK Limited, a group company, operated in a central production and distribution role for the company. Export sales and production costs were passed through Beggars UK Limited and were transferred out to the company at the year end:- Turnover £546,444 (2004 - £496,699); Cost of sales £3,652,429 (2004 - £2,821,880).).

During the year Beggars Group Digital Limited, a group company, operated in a central role for digital sales for the group. Income of £564,476 (2004 - £77,993) was transferred by Beggars Group Digital to the company in respect of digital sales.

During the year the company also paid amounts in respect of general overhead charges to fellow group companies as follows:

Beggars UK Limited £709,100 (2004 - £624,400)
Beggars Group Limited £1,504,500 (2004 - £1,422,400).

At the balance sheet date the company owed Beggars Group Limited £571,582 (2004 - £488,127) in respect of working capital loans.

At the balance sheet date the company was owed £1,854,616 by Mowax Labels Limited, against which provision of £1,858,000 was made in previous periods.

During the year the company received royalties from Beggars Group (USA) Inc of £346,784 (2004 - £284,419) and in turn made a contribution to that company's overheads of £88,069 (2004 - £28,696).