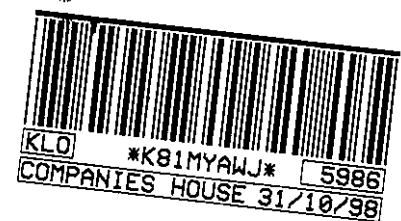


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RAM RECORDS LIMITED

REPORT AND
FINANCIAL STATEMENTS

FOR THE PERIOD ENDING
31 DECEMBER 1997



RAM RECORDS LIMITED

**FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31 DECEMBER 1997**

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RAM RECORDS LIMITED

**COMPANY INFORMATION
AS AT 31 DECEMBER 1997**

DIRECTORS

AD Miles (appointed 30.10.96)
AM Clarke (appointed 30.10.96)

SECRETARY

Mrs V Clarke

REGISTERED NUMBER

3270798

BUSINESS ADDRESS

14 Fairlawns Close
Hornchurch
Essex RM11 3NL

ACCOUNTANTS

Hacker Young
Chartered Accountants
3 & 5 St Pauls Road
Clifton
Bristol BS8 1LX

PRINCIPAL BANKERS

Lloyds Bank
21 Station Lane
Hornchurch
Essex RM12 6JL

RAM RECORDS LIMITED

DIRECTORS' REPORT

The directors present their first annual report with the financial statements of the company for the period ending 31 December 1997.

PRINCIPAL ACTIVITIES

The company's principal activity during the period was that of a record label.

REVIEW OF THE BUSINESS

The trading profit for the period was £43,582, subject to taxation of £8,192.

This period's profit after taxation of £35,390, has been added to the and the unappropriated profits to carry forward now stand at £35,390.

The company was incorporated on 29th October 1996 and commenced trading in April 1997.

DIRECTORS AND THEIR INTERESTS

The directors throughout the period were the following, who have the undermentioned interests in the shares of the company:

		Number of Shares 1997
AD Miles (appointed 30.10.96)	ordinary shares	1
AM Clarke (appointed 30.10.96)	ordinary shares	3

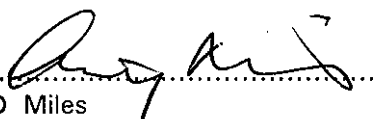
DIRECTORS' RESPONSIBILITIES

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 maintaining 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.

Signed on behalf of the board:

.....
A D Miles
Director

Date.....31 OCTOBER 1998

RAM RECORDS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE PERIOD ENDING 31 DECEMBER 1997

	Notes	1997	
		£	£
<hr/>			
TURNOVER			
Continuing operations			114,571
Cost of sales		25,820	
Other external charges		11,380	
		<hr/>	37,200
GROSS PROFIT			<hr/>
Depreciation	1(c)	595	77,371
Other operating charges		33,194	
		<hr/>	33,789
OPERATING PROFIT			<hr/>
Continuing operations			43,582
Tax on profit on ordinary activities			8,192
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			<hr/>
			35,390
RETAINED PROFITS CARRIED FORWARD	6		<hr/>
			35,390
			<hr/>

Continuing operations

The company commenced trading during the above financial period.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above financial period.

The notes on pages 5 to 6 form part of these financial statements.

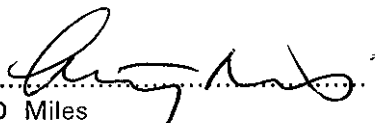
RAM RECORDS LIMITED
BALANCE SHEET
AT 31 DECEMBER 1997

	Notes	£	1997 £
FIXED ASSETS			
Tangible assets	2		7,355
CURRENT ASSETS			
Stocks		4,680	
Debtors	3	32,395	
Cash at bank and in hand		13,087	
		<u>50,162</u>	
CREDITORS: amounts falling due within one year	4	<u>22,123</u>	
NET CURRENT ASSETS			<u>28,039</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u><u>35,394</u></u>
CAPITAL & RESERVES			
Called up share capital	5		4
Profit and loss account			<u>35,390</u>
TOTAL SHAREHOLDERS FUNDS ATTRIBUTABLE TO EQUITY INTERESTS	6		<u><u>35,394</u></u>

The directors have taken advantage of the exemption conferred by section 249A(1) not to have these financial statements audited and confirm that no notice has been deposited under section 249B(2) of the Companies Act 1985. The directors acknowledge their responsibilities for ensuring that:

- The company keeps accounting records which comply with section 221 of the Companies Act 1985;
- The financial statements give a true and fair view of the state of affairs of the company as at 31 December 1997 and of its profit for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The financial statements were approved by the board of directors and signed on its behalf by:

.....

A D Miles
Director

Date.....31 OCTOBER 1998

The notes on pages 5 to 6 form part of these financial statements.

RAM RECORDS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDING 31 DECEMBER 1997

1. STATEMENT OF ACCOUNTING POLICIES

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

The following is a summary of the accounting policies adopted by the company in the preparation of the financial statements.

(a) Cash flow

The company has taken advantage of the exemption permitted by Financial Reporting Standard number 1, whereby a cashflow statement need not be prepared by a small company, as defined in Companies Act 1985.

(b) Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the period.

(c) Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Fixtures and fittings	- 10% on written down value
Computer Equipment	- 25% on written down value

2. TANGIBLE FIXED ASSETS

	Fixtures and fittings £
Cost:	
Additions	7,950
	<hr/>
Depreciation:	
Charge for period	595
	<hr/>
Net book value:	
At 31 December 1997	7,355
	<hr/> <hr/>

3. DEBTORS

	1997 £
Trade debtors	23,000
Prepayments and accrued income	9,395
	<hr/>
	32,395
	<hr/> <hr/>

RAM RECORDS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDING 31 DECEMBER 1997**

4. CREDITORS: amounts falling due within one year

	1997 £
Trade creditors	10,917
Corporation tax	8,192
Other taxes and social security costs	2,231
Accruals and deferred income	783
	<hr/> 22,123 <hr/>

5. SHARE CAPITAL

	1997 £
Authorised:	
4 ordinary shares of £1 each	<hr/> 4 <hr/>
 Allotted, issued and fully paid:	
4 Ordinary shares of £1 each	 <hr/> 4 <hr/>

The company was incorporated on 29th October 1996 and issued 4 ordinary shares of £1 each at par.

6. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £
Profit for the financial period	35,390
Opening shareholders' funds	4
	<hr/>
Closing shareholders' funds	35,394 <hr/>
 Represented by:-	
Equity interests	 <hr/> 35,394 <hr/>

7. CONTROL

The company was under the control of Mr AM Clarke throughout the year, holding 75% of the share capital, with Mr AD Miles holding the remaining 25%.