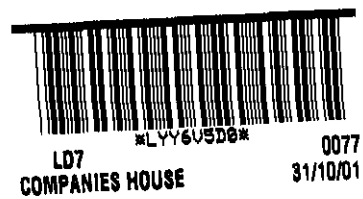


S HARRIS HOLDINGS LIMITED

ANNUAL REPORT

YEAR ENDED 31 OCTOBER 2000

36 55 236



PKF

S HARRIS HOLDINGS LIMITED
(Registered No. 3655236)
ANNUAL REPORT
YEAR ENDED 31 OCTOBER 2000

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**S HARRIS HOLDINGS LIMITED
DIRECTORS' REPORT**

The directors have pleasure in submitting their report and the audited financial statements of the company for the year ended 31 October 2000.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company was the provision of music services and the recording, licensing and publishing of music.

STATE OF AFFAIRS AND RESULT

The company's state of affairs is shown in the financial statements. During the period, the company made a loss on its ordinary activities after taxation of £106,730 (1999: loss £97,183). No dividend is proposed for the year.

DIRECTORS

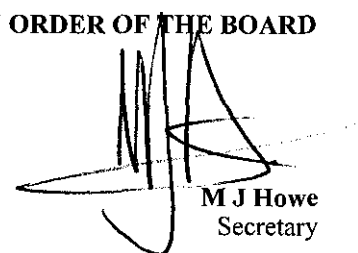
The directors of the company who held office during the period and their beneficial interests in the ordinary share capital were as follows:

	<u>Year to</u> <u>31 October 2000</u>
S P Harris (reappointed 25 May 2000)	2
A J Taylor	-

AUDITORS

Pannell Kerr Forster changed their name to PKF on 1 November 2000 and have signed the audit report in their new name. PKF are eligible for re-appointment as auditors to the company in accordance with Section 384 of the Companies Act 1985 and a resolution proposing their re-appointment will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



M J Howe
Secretary

S HARRIS HOLDINGS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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 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.

The directors are also responsible for ensuring that the directors report is prepared in accordance with company law in the United Kingdom.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF S HARRIS HOLDINGS LIMITED

We have audited the financial statements of S Harris Holdings Limited for the year ended 31 October 2000 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 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 October 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

London, UK

Date

31 October 2001


PKF
Registered Auditors

S HARRIS HOLDINGS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 OCTOBER 2000

	<u>Notes</u>	<u>£</u>	<u>2000</u>	<u>£</u>	<u>£</u>	<u>1999</u>	<u>£</u>
Turnover	2		8,283			15,678	
Administrative expenses - normal		105,048			198,604		
- exceptional	4	-			(99,987)		
			(105,048)			(98,617)	
Operating loss			(96,765)			(82,939)	
Net interest payable	3		(485)			(14,244)	
Loss on ordinary activities before taxation	4		(97,250)			(97,183)	
Taxation	6		(9,480)			-	
Loss for the financial year	14		(106,730)			(97,183)	

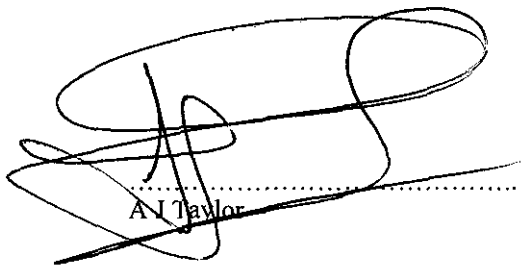
All amounts relate to continuing operations.

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

S HARRIS HOLDINGS LIMITED
BALANCE SHEET
31 OCTOBER 2000

	<u>Notes</u>	<u>£</u>	<u>2000</u>	<u>£</u>	<u>1999</u>	<u>£</u>
FIXED ASSETS						
Intangible assets - negative goodwill	7		(244,839)		(296,703)	
Tangible assets	8		196,350		253,740	
Investments	9		4,967		4,967	
			<u>(43,522)</u>		<u>(37,996)</u>	
CURRENT ASSETS						
Debtors	10	67,342		265,284		
Investments	11	91,000		91,000		
Cash at bank and in hand		7,956		20,718		
		<u>166,298</u>		<u>377,002</u>		
CREDITORS						
Amounts falling due within one year	12	(326,687)		(436,187)		
NET CURRENT LIABILITIES						
			<u>(160,389)</u>		<u>(59,185)</u>	
			<u>(203,911)</u>		<u>(97,181)</u>	
CAPITAL AND RESERVES						
Called up share capital	13		2		2	
Profit and loss account	14		(203,913)		(97,183)	
EQUITY SHAREHOLDER'S FUNDS						
	15		<u>(203,911)</u>		<u>(97,181)</u>	

Approved by the board on 31 October 2001


A. J. Taylor

Director

S HARRIS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2000

1 ACCOUNTING POLICIES

(a) Basis of accounting

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

The balance sheet shows that the company has net liabilities amounting to £203,911 at 31 October 2000. The controlling shareholder, S Harris, has confirmed his intention to provide financial support to the company to enable it to continue normal trading operations. The financial statements are therefore drawn up on a going concern basis.

(b) Group accounts

The company is exempt from preparing group accounts under Section 248 of the Companies Act 1985 since it qualifies as a small group. Accordingly, the results presented in these financial statements present information about the company as an individual undertaking and not about its group.

(c) Turnover

The recording and publishing income is accounted for on a cash received basis or when amounts become contractually due and hire of the studio is on an accruals basis. Commission payable, directly related to such income, is accounted for in the year in which the related income is recognised.

(d) Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair value of the separable net assets acquired.

Negative goodwill is capitalised and credited to the profit and loss account over the periods expected to be benefited.

(e) Depreciation of tangible fixed assets

Depreciation is provided to write off assets on a straight-line basis over their estimated useful lives at the following rates:

Freehold property	-	2%	per annum
Motor vehicles	-	25%	per annum
Studio facilities	-	10% - 25%	per annum
Other equipment	-	20-25%	per annum

(f) Investments

Investments are recorded at cost.

(g) Pension costs

Payments made to a defined contribution scheme are charged to the profit and loss account as they fall due.

(h) Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that there is reasonable probability that the liability will not arise in the future.

2 TURNOVER

The directors consider that the company only engages in one class of business, the income from which is entirely received from the United Kingdom.

S HARRIS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2000

3 NET INTEREST PAYABLE	<u>2000</u> £	<u>1999</u> £
On bank overdraft wholly repayable within five years	1,070	3,426
Other interest (receivable)/payable	(585)	10,156
Interest or penalties on late payment of corporation tax	-	12,677
Interest receivable on S Harris overdrawn current account	-	(12,015)
	<hr/> 485	<hr/> 14,244
	<hr/> <hr/>	<hr/> <hr/>

4 LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	<u>2000</u> £	<u>1999</u> £
The loss on ordinary activities before taxation is stated after charging/(crediting):		
Auditors' remuneration	2,025	16,636
Depreciation	51,338	69,405
Profit on sale of investment in S Harris Enterprises Limited	-	4,965
Amortisation of negative goodwill	(51,864)	(99,987)
Loss on disposal of fixed assets	2,745	-
	<hr/> 2,745	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>

Depreciation costs of £17,207 have been recovered in recharges to S Harris.

The company acquired the assets and liabilities of S Harris Enterprises Limited on 30 October 1999. The negative goodwill arising on this transaction that relates to fixed assets and current asset investments will be credited to the profit and loss account over the period that they are depreciated or realised. The remaining negative goodwill has been credited to the profit and loss account in the period ended 31 October 1999 due to the high value of this credit has been treated as an exceptional item.

There is no tax charge arising on the exceptional item.

5 STAFF COSTS	<u>2000</u> £	<u>1999</u> £
Salaries	47,866	35,015
Social security cost	4,241	4,731
Other pension costs	3,000	3,900
	<hr/> 55,107	<hr/> 43,646
	<hr/> <hr/>	<hr/> <hr/>

Apart from the directors, the company had two employees during the year. Director's remuneration amounted to £12,165 (1999: £NIL).

6 TAXATION		
Amount underprovided in prior periods	9,480	-
	<hr/> 9,480	<hr/> -
	<hr/> <hr/>	<hr/> <hr/>

S HARRIS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2000

7 INTANGIBLE FIXED ASSETS

	<u>Goodwill</u> £
Cost	
At 1 November 1999	(396,690)
Additions	-
	<hr/>
At 31 October 2000	(396,690)
	<hr/> <hr/>
Amortisation	
At 1 November 1999	99,987
Credit for the year	51,864
	<hr/>
At 31 October 2000	151,851
	<hr/> <hr/>
Net book value	
At 31 October 2000	(244,839)
	<hr/> <hr/>
At 31 October 1999	(296,703)
	<hr/> <hr/>

8 TANGIBLE FIXED ASSETS

	<u>Freehold Property</u> £	<u>Motor vehicles</u> £	<u>Studio and equipment</u> £	<u>Other equipment</u> £	<u>Total</u> £
Cost					
At 1 November 1999	100,672	125,339	803,091	114,091	1,143,193
Additions	-	17,034	-	-	17,034
Disposals	-	(15,009)	-	-	(15,009)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2000	100,672	127,364	803,091	114,091	1,145,218
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Depreciation					
At 1 November 1999	17,734	69,578	689,469	112,672	889,453
Charge for the year	2,375	23,249	42,254	667	68,545
Disposals	-	(9,130)	-	-	(9,130)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 October 2000	20,109	83,697	731,723	113,339	948,868
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Net book value					
At 31 October 2000	80,563	43,667	71,368	752	196,350
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31 October 1999	82,938	55,761	113,622	1,419	253,740
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

S HARRIS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2000

9 INVESTMENTS

	<u>Subsidiary</u> £	<u>Other unlisted investments</u> £	<u>Total</u> £
Cost			
At 1 November 1999	2	4,967	4,969
Additions	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
At 31 October 2000	2	4,967	4,969
	<hr/>	<hr/>	<hr/>
Provision			
At 1 November 1999 and at 31 October 2000	2	-	2
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 October 2000	-	4,967	4,967
	<hr/>	<hr/>	<hr/>
At 31 October 1999	-	4,967	4,967
	<hr/>	<hr/>	<hr/>

During the year, the company held the following group undertaking (registered in England and Wales).

	<u>Ordinary share capital</u> %	<u>Activity</u>
S Harris Management Limited	100	Dormant

At 31 October 2000 this subsidiary had net assets of £2.

The company also held an investment in Iron Maiden Holdings Limited further details can be found in note 17.

10 DEBTORS

	<u>2000</u> £	<u>1999</u> £
Amounts falling due within one year:		
Trade debtors	48,435	43,174
Prepayments and accrued income	2,182	64,066
Other debtors	16,725	1,607
Amounts due from S Harris	-	156,437
	<hr/>	<hr/>
	67,342	265,284
	<hr/>	<hr/>

11 INVESTMENTS

	<u>2000</u> £	<u>1999</u> £
Other investments	91,000	91,000
	<hr/>	<hr/>

S HARRIS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2000

12	CREDITORS	<u>2000</u> £	<u>1999</u> £
	Amounts falling due within one year:		
	Trade creditors	51,592	17,036
	Corporation tax	11,004	32,000
	Other taxation and social security	1,605	5,893
	Accruals	8,500	63,926
	Other creditors	253,986	197,332
	Loan from S Harris Pension Fund	-	120,000
		<hr/> 326,687 <hr/>	<hr/> 436,187 <hr/>
13	CALLED UP SHARE CAPITAL	<u>2000</u> £	<u>1999</u> £
	Authorised		
	100 Ordinary shares of £1 each	100	100
		<hr/>	<hr/>
	Allotted and fully paid		
	2 Ordinary shares of £1 each	2	2
		<hr/>	<hr/>
14	PROFIT AND LOSS ACCOUNT		<u>2000</u> £
	At 1 November 1999		(97,183)
	Loss for the year		(106,730)
			<hr/>
	At 31 October 2000		(203,913)
			<hr/>
15	EQUITY SHAREHOLDER'S FUNDS		
	The reconciliation of Equity Shareholder's funds is as follows:		
		<u>2000</u> £	<u>1999</u> £
	Opening shareholder's funds	(97,181)	-
	New share capital subscribed	-	2
	Loss for the year	(106,730)	(97,183)
		<hr/>	<hr/>
	Closing shareholder's funds	(203,911)	(97,181)
		<hr/>	<hr/>

16 PENSION SCHEME ARRANGEMENTS

The company maintains a defined contribution pension scheme for S Harris. The cost charged to the profit and loss account in the period was £nil.

In addition, the company made contributions to the personal pension schemes of certain employees. The cost charged to the profit and loss account in the period was £3,000.

S HARRIS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2000

17 RELATED PARTY TRANSACTIONS

- (a) A J Taylor, a director of S Harris Holdings Limited owns 5.077% of the issued share capital of The Sanctuary Group plc and is a director of Sanctuary Group plc and its subsidiaries.

During the period contractual management commissions amounting to £Nil (1999: £1,990) was paid to Sanctuary Music Management Limited, a subsidiary of The Sanctuary Group plc.

Included in trade creditors are amounts totalling £5,427 (1999: £8,549) due to subsidiaries of The Sanctuary Group plc in respect of services provided.

Included in trade and other debtors are amounts totalling £18,890 (1999: £Nil) due from subsidiaries of The Sanctuary Group plc in respect of services provided.

- (b) S Harris owns 50% of the share capital of Iron Maiden Holdings Limited, a company which owns 100% of the ordinary share capital of S Harris Enterprises Limited.

At 31 October 2000 amounts due to S Harris Enterprises Limited totalling £64,296 (1999: £64,296) and amounts due to Iron Maiden Holdings Limited totalling £61,901 (1999: £132,407) were included in other creditors. These balances related to debt due by the company settled on its behalf by S Harris Enterprises Limited and Iron Maiden Holdings Limited.

- (c) On 30 October 1998 the company acquired 100% of the issued share capital of S Harris Enterprises Limited from S Harris by way of a share for share exchange. Also on 30 October 1998, the company sold its interest in S Harris Enterprises Limited to Iron Maiden Holdings Limited in exchange for 4,967 'A' ordinary shares of Iron Maiden Holdings Limited, resulting in a loss of £4,965 on the disposal of S Harris Enterprises Limited.

- (d) Within other creditors is a balance due to S Harris of £127,171.

18 ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company's immediate and ultimate controlling party is S Harris.