

S HARRIS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 OCTOBER 2002

Company Registration Number 3655236



CHADWICK
Chartered Accountants & Registered Auditors
Tower Building
Water Street
Liverpool
L3 1PQ

S HARRIS HOLDINGS LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The board of directors	S P Harris A J Taylor
Company secretary	M Howe
Registered office	Sanctuary House 45 - 53 Sinclair Road London W14 0NS
Auditors	Chadwick Chartered Accountants & Registered Auditors Tower Building Water Street Liverpool L3 1PQ
Bankers	HSBC Republic Bank (UK) Limited 31 Hill Street London W1J 5LS
Solicitors	Sheridans Solicitors 14 Red Lion Square London WC1R 4QL

S HARRIS HOLDINGS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 OCTOBER 2002

The directors present their report and the financial statements of the company for the year ended 31 October 2002.

PRINCIPAL ACTIVITIES

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

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 October 2002	At 1 November 2001
S P Harris	2	2
A J Taylor	—	—
	<hr/>	<hr/>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 8 to 9, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

AUDITORS

A resolution to re-appoint Chadwick as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

S HARRIS HOLDINGS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 OCTOBER 2002

SMALL COMPANY PROVISIONS

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

Registered office:
Sanctuary House
45 - 53 Sinclair Road
London
W14 0NS

Signed by order of the directors



M HOWE
Company Secretary

Approved by the directors on 19 May 2003

S HARRIS HOLDINGS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 31 OCTOBER 2002**

We have audited the financial statements on pages 6 to 14 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards are set out in the Statement of Directors' Responsibilities on page 2.

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. Our responsibilities do not extend to any other information.

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.

S HARRIS HOLDINGS LIMITED**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS** *(continued)***YEAR ENDED 31 OCTOBER 2002**

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 2002 and of the loss of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Tower Building
Water Street
Liverpool
L3 1PQ

24 June 2003

Chadwick

CHADWICK
Chartered Accountants
& Registered Auditors

S HARRIS HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 OCTOBER 2002

		2002	2001
	Note	£	(restated)
			£
TURNOVER		40,500	60,791
Administrative expenses		<u>131,879</u>	<u>94,117</u>
OPERATING LOSS	2	(91,379)	(33,326)
Interest receivable		119	—
Interest payable		(662)	(438)
		<u> </u>	<u> </u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(91,922)	(33,764)
Tax on loss on ordinary activities	3	—	(5,599)
		<u> </u>	<u> </u>
LOSS FOR THE FINANCIAL YEAR		(91,922)	(28,165)
Balance brought forward		(232,078)	(203,913)
Balance carried forward		<u>(324,000)</u>	<u>(232,078)</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 8 to 14 form part of these financial statements.

S HARRIS HOLDINGS LIMITED

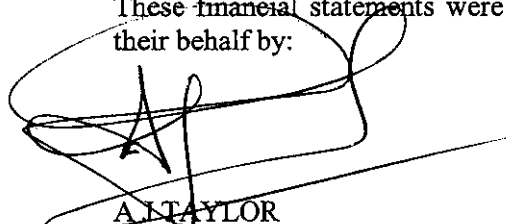
BALANCE SHEET

31 OCTOBER 2002

	Note	2002		2001 (restated)	
		£	£	£	£
FIXED ASSETS					
Intangible assets	4		(184,784)		(209,936)
Tangible assets	5		180,998		153,122
Investments	6		4,967		4,967
			<u>1,181</u>		<u>(51,847)</u>
CURRENT ASSETS					
Debtors due within one year	7	33,389		64,701	
Investments	8	91,000		91,000	
Cash at bank		—		20,284	
		<u>124,389</u>		<u>175,985</u>	
CREDITORS: Amounts falling due within one year	9	<u>133,557</u>		<u>111,131</u>	
NET CURRENT (LIABILITIES)/ASSETS			<u>(9,168)</u>		<u>64,854</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(7,987)</u>		<u>13,007</u>
CREDITORS: Amounts falling due after more than one year	10		<u>316,011</u>		<u>245,083</u>
			<u>(323,998)</u>		<u>(232,076)</u>
CAPITAL AND RESERVES					
Called-up equity share capital	12		2		2
Profit and Loss Account			<u>(324,000)</u>		<u>(232,078)</u>
DEFICIENCY	13		<u>(323,998)</u>		<u>(232,076)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 19 May 2003 and are signed on their behalf by:



A. J. TAYLOR

The notes on pages 8 to 14 form part of these financial statements.

S HARRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2002

1. ACCOUNTING POLICIES *(continued)*

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold Property	-	2.5% per annum
Studio and equipment -		10 - 25% per annum
Motor Vehicles	-	25% per annum
Other Equipment	-	20 - 25% per annum

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the Profit and Loss Account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	2002	2001 <i>(restated)</i>
	£	£
Directors' emoluments	10,000	4,167
Staff pension contributions	1,500	1,800
Amortisation	(25,152)	(34,903)
Depreciation	32,697	50,453
Loss/(profit) on disposal of fixed assets	3,001	(19,203)
Auditors' fees	1,500	1,500
Net profit on foreign currency translation	—	(402)

S HARRIS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2002

3. TAX ON LOSS ON ORDINARY ACTIVITIES

Taxation

	2002	2001 (restated)
	£	£
Current tax:		
Corporation tax	—	—
Over/under provision in prior year	—	(5,599)
Total current tax	—	(5,599)
Tax on loss on ordinary activities	—	(5,599)

4. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
At 1 November 2001 and 31 October 2002	(396,690)
AMORTISATION	
At 1 November 2001	(186,754)
Charge for the year	(25,152)
At 31 October 2002	(211,906)
NET BOOK VALUE	
At 31 October 2002	(184,784)
At 31 October 2001	(209,936)

S HARRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2002

5. TANGIBLE FIXED ASSETS

	Freehold Property £	Studio and Equipment £	Motor Vehicles £	Other equipment £	Total £
COST					
At 1 November 2001	100,672	826,264	42,390	114,091	1,083,417
Additions	—	69,149	—	—	69,149
Disposals	—	—	(10,833)	—	(10,833)
At 31 October 2002	<u>100,672</u>	<u>895,413</u>	<u>31,557</u>	<u>114,091</u>	<u>1,141,733</u>
DEPRECIATION					
At 1 November 2001	22,484	764,407	29,743	113,661	930,295
Charge for the year	2,375	27,773	2,263	286	32,697
On disposals	—	—	(2,257)	—	(2,257)
At 31 October 2002	<u>24,859</u>	<u>792,180</u>	<u>29,749</u>	<u>113,947</u>	<u>960,735</u>
NET BOOK VALUE					
At 31 October 2002	<u>75,813</u>	<u>103,233</u>	<u>1,808</u>	<u>144</u>	<u>180,998</u>
At 31 October 2001	<u>78,188</u>	<u>61,857</u>	<u>12,647</u>	<u>430</u>	<u>153,122</u>

6. INVESTMENTS

	Subsidiary Undertaking £	Listed Investment £	Total £
COST:			
At 1 November 2001 and 31 October 2002	<u>2</u>	<u>4,967</u>	<u>4,969</u>
AMOUNTS WRITTEN OFF:			
At 1 November 2001 and 31 October 2002	<u>2</u>	<u>—</u>	<u>2</u>
NET BOOK VALUE:			
At 31 October 2002	<u>—</u>	<u>4,967</u>	<u>4,967</u>
At 31 October 2001	<u>—</u>	<u>4,967</u>	<u>4,967</u>

The company owns 100% of the issued share capital of S Harris Management Limited a dormant company registered in England and Wales.

The listed investment is a holding of 4967 "A" ordinary shares of Iron Maiden Holdings Limited.

S HARRIS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 OCTOBER 2002

7. DEBTORS

	2002	2001 (restated)
	£	£
Trade debtors	14,850	55,922
VAT recoverable	—	5,365
Other debtors	18,539	827
Prepayments and accrued income	—	2,587
	<u>33,389</u>	<u>64,701</u>

8. INVESTMENTS

	2002	2001 (restated)
	£	£
Other investments	<u>91,000</u>	<u>91,000</u>

Other investments comprise items of musical memorabilia stated at the directors' valuation.

9. CREDITORS: Amounts falling due within one year

	2002	2001 (restated)
	£	£
Bank loans and overdrafts	184	—
Trade creditors	120,189	97,052
Other creditors including taxation and social security:		
PAYE and social security	891	1,204
VAT	613	—
Accruals and deferred income	<u>11,680</u>	<u>12,875</u>
	<u>13,184</u>	<u>14,079</u>
	<u>133,557</u>	<u>111,131</u>

10. CREDITORS: Amounts falling due after more than one year

	2002	2001 (restated)
	£	£
Other creditors	<u>316,011</u>	<u>245,083</u>

Other creditors represents the balance due to S Harris (see note 11).

S HARRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2002

11. RELATED PARTY TRANSACTIONS

The company was under the control of S.P Harris throughout the current and previous year. S.P Harris is the managing director and majority shareholder.

a) A J Taylor, a director of S Harris Holdings Limited, owns 4.776% of the issued share capital of The Sanctuary Group plc and is a director of Sanctuary plc and its subsidiaries.

During the year contractual management commissions amounting to £nil (2001: £6,464) were charged to the company by Sanctuary Music Management Limited, a subsidiary of The Sanctuary Group plc.

At 31 October 2002, trade debtors included £1,116 (2001: £nil), other debtors included £3,039 (2001: £nil), and trade creditors included £192 (2001: £926) due from / to subsidiaries of The Sanctuary Group plc.

Within turnover is £40,500 (2001: £60,791) which relates to income receivable from subsidiaries of The Sanctuary Group plc and Iron Maiden Holdings Limited in respect of services provided during the year.

Within administrative expenses is £5,460 (2001: £9,116) payable to subsidiaries of The Sanctuary Group plc for services provided during the year.

b) S.P Harris, a director of S Harris Holdings Limited, owns 100% of the ordinary "A" share capital of Iron Maiden Holdings Limited, a company which owns 100% of the share capital of S Harris Enterprises Limited.

At 31 October 2002, other debtors included £15,455 (2001: £nil) and trade creditors included £113,502 (2001: £92,775) due from / to Iron Maiden Holdings Limited and its subsidiaries.

c) Included in other creditors due after more than one year is £316,011 (2001: £245,083) due to S.P Harris and companies controlled by him..

12. SHARE CAPITAL

Authorised share capital:

	2002	2001 (restated)
	£	£
100 Ordinary shares of £1 each	100	100

Allotted, called up and fully paid:

	2002	2001 (restated)
	£	£
Ordinary share capital	2	2

S HARRIS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 OCTOBER 2002

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001 (restated)
	£	£
Loss for the financial year	(91,922)	(28,165)
Opening shareholders' equity deficit	(232,076)	(203,911)
Closing shareholders' equity deficit	<u>(323,998)</u>	<u>(232,076)</u>

14. PRIOR YEAR ADJUSTMENT

During the previous year the amount credited to the profit and loss account was based on writing off negative goodwill over a period of five years. This method is not in accordance with FRS 10 and thus a prior year adjustment reducing the credit to the profit and loss account in respect of the negative goodwill by £44,435.

15. CONTROLLING PARTY

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