

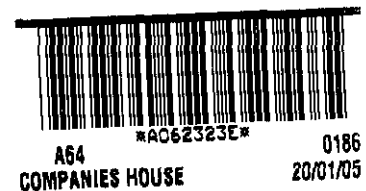
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DAVID BOOTH SCHOOL OF MUSIC LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

**FOR THE PERIOD ENDED
31 AUGUST 2004**

UNAUDITED



DAVID BOOTH SCHOOL OF MUSIC LIMITED

COMPANY INFORMATION

| | |
|----------------|---|
| DIRECTORS | Mr D Booth Mrs C M Booth |
| SECRETARY | Mrs C M Booth |
| COMPANY NUMBER | 4727359 |
| ACCOUNTANTS | Horwath Clark Whitehill Chartered Accountants Oakland House 40 Victoria Road Hartlepool TS26 8DD |

DAVID BOOTH SCHOOL OF MUSIC LIMITED

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DAVID BOOTH SCHOOL OF MUSIC LIMITED

DIRECTORS' REPORT
For the period ended 31 August 2004

The directors present their report and the financial statements for the period ended 31 August 2004.

PRINCIPAL ACTIVITIES

The company's principal activity during the period was that of a music school.

The company was incorporated 8 April 2004 and commenced trading 1 September 2003.

DIRECTORS

The directors who served during the period and their beneficial interests in the company's issued share capital were:

| | Ordinary shares of £1 each | |
|---|-------------------------------|---------------|
| | <u>31/8/04</u> | <u>8/4/03</u> |
| Mr D Booth (appointed 13.05.03) | 50 | - |
| Mrs C M Booth (appointed 13.05.03) | 50 | - |
| LCI Directors Limited (appointed & resigned 13.05.03) | - | 1 * |

(* held on date of appointment)

The report of the directors has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on

14-1-05

and signed on its behalf.

D. Booth

Mr D Booth
Director

**ACCOUNTANTS' REPORT TO THE BOARD OF DIRECTORS ON THE
UNAUDITED FINANCIAL STATEMENTS OF DAVID BOOTH SCHOOL OF MUSIC LIMITED**

In accordance with the engagement letter dated 11 January 2005, and in order to assist you to fulfil your duties under the Companies Act 1985, we have compiled the financial statements of the company set out on pages 3 to 7, from the accounting records and information and explanations you have given to us.

This report is made to the Company's Board of Directors, as a body, in accordance with the terms of our engagement. Our work has been undertaken so that we might compile the financial statements, report to the Company's Board of Directors that we have done so, 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 Board of Directors, as a body, for our work or for this report.

You have acknowledged on the balance sheet for the period ended 31 August 2004 your duty to ensure that the company has kept proper accounting records and to prepare financial statements that give a true and fair view under the Companies Act 1985. You consider that the company is exempt from the statutory requirement for an audit for the period.

We have not been instructed to carry out an audit of the financial statements. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the financial statements.

Horwath Clark Whitehill

Horwath Clark Whitehill

Chartered Accountants
HARTLEPOOL

18 January 2005

DAVID BOOTH SCHOOL OF MUSIC LIMITED

PROFIT AND LOSS ACCOUNT
For the period ended 31 August 2004

| | Note | 2004 £ |
|--|------|-----------|
| TURNOVER | 1 | 26,649 |
| Administrative expenses | | (12,740) |
| OPERATING PROFIT | 2 | 13,909 |
| Interest receivable | | 10 |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 13,919 |
| TAX ON PROFIT ON ORDINARY ACTIVITIES | 4 | (1,020) |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | 12,899 |
| DIVIDENDS PAID | | (4,134) |
| RETAINED PROFIT FOR THE FINANCIAL PERIOD | | 8,765 |

The notes on pages 5 to 7 form part of these financial statements.

DAVID BOOTH SCHOOL OF MUSIC LIMITED

BALANCE SHEET
As at 31 August 2004

| | Note | £ | 2004 £ |
|---|------|--------------|-----------------|
| FIXED ASSETS | | | |
| Intangible fixed assets | 5 | | 23,750 |
| Tangible fixed assets | 6 | | 6,289 |
| | | | <u>30,039</u> |
| CURRENT ASSETS | | | |
| Debtors | 7 | 12 | |
| Cash at bank | | 1,714 | |
| | | <u>1,726</u> | |
| CREDITORS: amounts falling due within one year | 8 | (22,900) | |
| NET CURRENT LIABILITIES | | | <u>(21,174)</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>8,865</u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 9 | | 100 |
| Profit and loss account | | | 8,765 |
| SHAREHOLDERS' FUNDS | | | <u>8,865</u> |

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985 and members have not required the company to obtain an audit of its financial statements for the period in question in accordance with section 249B(2) of the Act. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 August 2004 and of its profit for the period then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to the financial statements so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

The financial statements were approved by the board on 14-1-05 and signed on its behalf.

D. Booth

Mr D Booth
Director

The notes on pages 5 to 7 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2004

1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Cash flow

The financial statements do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.3 Turnover

Turnover comprises the invoiced value of services supplied by the company.

1.4 Intangible fixed assets and amortisation

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. It is amortised to profit and loss account over its estimated economic life of twenty years.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

| | |
|--------------------|------------------------------|
| Plant & machinery | - 10% reducing balance |
| Computer equipment | - over 3 years straight line |

2. OPERATING PROFIT

The operating profit is stated after charging:

| | |
|--|--------------|
| | 2004 |
| | £ |
| Amortisation - intangible fixed assets | 1,250 |
| Depreciation of tangible fixed assets: | |
| - owned by the company | 1,052 |
| | <u>2,302</u> |

3. DIRECTORS' REMUNERATION

| | |
|----------------------|--------------|
| | 2004 |
| | £ |
| Aggregate emoluments | 6,909 |
| | <u>6,909</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2004

4. TAXATION

| | 2004 £ |
|---|-----------|
| UK corporation tax charge on profit of the period | 1,020 |

5. INTANGIBLE FIXED ASSETS

| | Goodwill £ |
|-----------------------|---------------|
| Cost | |
| At 8 April 2003 | - |
| Additions | 25,000 |
| At 31 August 2004 | 25,000 |
| Amortisation | |
| At 8 April 2003 | - |
| Charge for the period | 1,250 |
| At 31 August 2004 | 1,250 |
| Net book value | |
| At 31 August 2004 | 23,750 |

6. TANGIBLE FIXED ASSETS

| | Instruments & computer equipment £ |
|-----------------------|---|
| Cost | |
| Additions | 7,341 |
| At 31 August 2004 | 7,341 |
| Depreciation | |
| Charge for the period | 1,052 |
| At 31 August 2004 | 1,052 |
| Net book value | |
| At 31 August 2004 | 6,289 |

DAVID BOOTH SCHOOL OF MUSIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 August 2004

7. DEBTORS

| | 2004 £ |
|---------------------|-----------|
| Due within one year | |
| Other debtors | 12 |
| | <u>12</u> |

8. CREDITORS:
Amounts falling due within one year

| | 2004 £ |
|---------------------------------|---------------|
| Corporation tax | 1,020 |
| Social security and other taxes | 4 |
| Other creditors | 21,876 |
| | <u>22,900</u> |

9. SHARE CAPITAL

| | 2004 £ |
|--|------------|
| Authorised, allotted, called up and fully paid | |
| 100 Ordinary shares of £1 each | 100 |
| | <u>100</u> |

100 Ordinary £1 shares were issued at par on incorporation (8 April 2003).

10. CONTROL AND TRANSACTIONS WITH DIRECTORS

Control is exercised by Mr and Mrs D Booth, who are both directors of the company. At 31 August 2004 the company owed Mr & Mrs D Booth £20,995.

On 1 September 2003 the assets, liabilities and trade of a sole trader previously operated by Mr Booth were transferred to the company at a value of £30,913 (including goodwill of £25,000).

11. ACCOUNTING PERIOD

The accounting period of the company ran from 8 April 2003 (date of incorporation) to 31 August 2004.