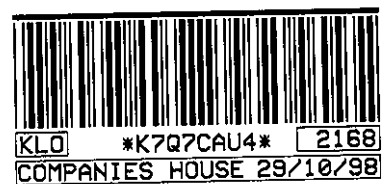


MIRROR GROUP MUSIC LIMITED
(Registered No: 3087502)

Financial Statements
For The Year Ended 28 December 1997



MIRROR GROUP MUSIC LIMITED

Report of the Directors

The directors present their report and the audited financial statements of Mirror Group Music Limited (the "Company") for the year ended 28 December 1997.

Results and Review of Activities

The principal activity of the Company is the collection and distribution of royalties in respect of copyright owned by the Company.

The Company's results for the financial year are set out in the profit and loss account on page 4. No dividends have been paid or proposed (1996: £nil).

Directors

The directors of the Company who served during the year ended 28 December 1997 were as follows:

CJ Alwood	
PA Vickers	
CM Wilson	(resigned 15 January 1998)

Directors' Interests

No director had at any time during the year ended 28 December 1997 any interests in the shares of the Company or any fellow Group undertaking. The interests in the shares of the ultimate parent undertaking, Mirror Group plc ("MG plc"), of the directors who are also directors of MG plc are disclosed in the financial statements of that company.

Insurance of the Directors

MG plc and its subsidiaries (the "Group") maintains insurance for its directors in respect of their duties.

Statements of Directors Responsibilities

The directors are required by Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for the financial year.

The directors consider that in preparing the financial statements on pages 4 to 11, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies Act 1985.

The directors have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

MIRROR GROUP MUSIC LIMITED

Report of the Directors (Continued)

Auditors

Price Waterhouse have indicated their willingness to continue in office and a resolution proposing their reappointment will be proposed at the Annual General Meeting.

By Order of the Board



CJ Alwood
Director

27th October 1998

Price Waterhouse



Report Of The Auditors To The Members Of Mirror Group Music Limited

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 1, the Company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 28 December 1997 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

Chartered Accountants
and Registered Auditors

27 October 1998

MIRROR GROUP MUSIC LIMITED

Profit And Loss Account For The Year Ended 28 December 1997

	<i>Note</i>	1997 £	1996 £
Turnover	1	1,526	-
Cost of sales		-	-
Gross profit		1,526	-
Net operating expenses		-	-
Operating profit		1,526	-
Net interest payable		-	-
Profit on ordinary activities before taxation		1,526	-
Tax on profit on ordinary activities	4	-	-
Profit for the financial period		1,526	-

All turnover and results arose from continuing operations. The Company did not trade from its incorporation on 4 August 1995 to 31 December 1996.

The notes on pages 7 and 8 form part of these financial statements.

MIRROR GROUP MUSIC LIMITED

Statement Of Total Recognised Gains And Losses And Movement On Reserves For The Year Ended 28 December 1997

	1997	1996
	£	£
Reserves brought forward	-	-
Profit for the financial year	1,526	-
Reserve carried forward	1,526	-

There were no other recognised gains or losses during the year.

Note Of Historical Cost Profits And Losses For The Year Ended 28 December 1997

There is no difference between the reported profit and the historical cost profit for the financial year.

Reconciliation Of Movements In Shareholders' Funds For The Year Months Ended 28 December 1997

	1997	1996
	£	£
Opening shareholders' funds	2	2
Profit for the financial year	1,526	-
Closing shareholders' funds	1,528	2

The notes on pages 7 and 8 form part of these financial statements.

MIRROR GROUP MUSIC LIMITED

Balance Sheet At 28 December 1997

	Notes	1997 £	1996 £
Current assets			
Debtors	10	1,528	2
Net assets		<u>1,528</u>	<u>2</u>
Equity capital and reserves			
Called up share capital	12	2	2
Profit and loss account		1,526	-
		<u>1,528</u>	<u>2</u>

The financial statements on pages 4 to 8 were approved by the Board of directors on 27th October 1998 and were signed on its behalf by:



CJ Alwood
Director

The notes on pages 7 and 8 form part of these financial statements.

MIRROR GROUP MUSIC LIMITED

Notes To The Financial Statements For The Year Ended 28 December 1997

1 Principal Accounting Policies

For administrative convenience the financial statements are made up to a date near the end of the calendar year. The financial statements have been prepared in accordance with applicable UK accounting standards. A summary of the more important accounting policies is set out below:

a) **Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention.

b) **Turnover**

Turnover represents royalties receivable.

c) **Deferred taxation**

Provision is only made for deferred taxation to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

2 Auditors' Remuneration

Auditors' remuneration is borne and not recharged by a fellow Group undertaking.

3 Directors' Emoluments

The directors of the company are paid by MGN Limited for their services to the Group as a whole and it is not practicable to apportion their time and consequently no emoluments have been charged to the profit and loss account of the Company in respect of these directors.

4 Tax On Profit On Ordinary Activities

	1997	1996
	£	£
UK Corporation tax at 31.5%	-	-

No tax is payable due to Group relief received for which no charge is made.

MIRROR GROUP MUSIC LIMITED

Notes To The Financial Statements For The Year Ended 28 December 1997 (Continued)

5 Debtors

	1997 £	1996 £
Amounts due from fellow Group undertaking	1,528	2

6 Called Up Share Capital

	1997 £	1996 £
Authorised		
Ordinary shares of £1 each	100	100
Allotted, issued and fully paid		
Ordinary shares of £1 each	2	2

7 Immediate and Ultimate Parent Undertaking

The ultimate parent undertaking is MG plc and the immediate parent undertaking is MGN Limited.

MG plc, registered in England and Wales, is the largest and smallest company which produces consolidated financial statements. The consolidated financial statements of MG plc may be obtained from the Company Secretary, Mirror Group plc, One Canada Square, Canary Wharf, London E14 5AP.

8 Related Party Transactions

Transactions with other undertakings within the Group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard 8 - "Related Party Disclosures", as the consolidated accounts of MG plc in which the Company is included are available at the address noted above.