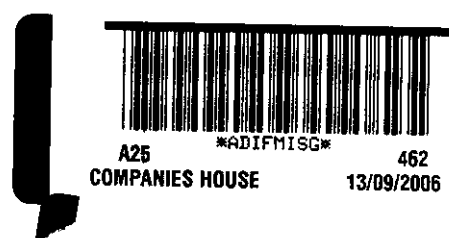


Registered number
05037672

Red Girl Records Ltd

Report and Accounts

31 August 2005



Red Girl Records Ltd

Directors' Report

The directors present their report and accounts for the year ended 31 August 2005.

Principal activities

The company's principal activity during the year continued to be the production and promotion of the new album of the artist Melanie Chisholm.

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	31 Aug 2005	1 Sep 2004
N Phillips	15	15
M Chisholm	-	-

M Chisholm has a beneficial interest in the shares held by Red Girl Productions Ltd, a company in which she is the controlling party. Her interests in the shares of Red Girl Productions Ltd are disclosed in that company's financial statements.

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the company's state of affairs at the end of the period 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

follow applicable accounting standards, 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 to enable them to ensure that the financial statements comply with the Companies Act 1985.

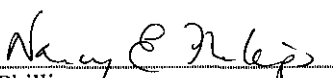
The directors are also responsible for safeguarding the assets of the company and for this reason taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirms that the financial statements comply with these requirements.

Small company special provisions

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 16 August 2006.

X

N Phillips
Director

Red Girl Records Ltd
Profit and Loss Account
for the year ended 31 August 2005

	Notes	2005 £	2004 £
Turnover	2	401,108	-
Cost of sales		(756,089)	(57,750)
Gross loss		(354,981)	(57,750)
Distribution costs		(89,178)	-
Administrative expenses		(119,554)	(9,308)
Other operating income		150	-
Operating loss		(563,563)	(67,058)
Interest receivable		3	-
Loss on ordinary activities before taxation		(563,560)	(67,058)
Tax on loss on ordinary activities	3	48,158	19,443
Loss for the financial year		<u>(515,402)</u>	<u>(47,615)</u>

Red Girl Records Ltd
Balance Sheet
as at 31 August 2005

	Notes	2005 £	2004 £
Current assets			
Stocks		3,328	106,731
Debtors	4	265,530	42,226
Cash at bank and in hand		2,538	15,560
		<u>271,396</u>	<u>164,517</u>
Creditors: amounts falling due within one year	5	(208,886)	(12,032)
Net current assets		<u>62,510</u>	<u>152,485</u>
Total assets less current liabilities		<u>62,510</u>	<u>152,485</u>
Creditors: amounts falling due after more than one year	6	(625,427)	(200,000)
Net liabilities		<u>(562,917)</u>	<u>(47,515)</u>
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account	8	(563,017)	(47,615)
Shareholders' funds		<u>(562,917)</u>	<u>(47,515)</u>

The directors are satisfied that the company is entitled to exemption under Section 249A(1) of the Companies Act 1985 and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with Section 221 of the Companies Act 1985; and
- (ii) preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

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

X 
N Phillips
Director

X 
M J Chisholm
Director

Approved by the board on 16 August 2006

Red Girl Records Ltd
Notes to the Accounts
for the year ended 31 August 2005

1 Accounting policies

The accounts have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Stocks

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes. Deferred taxation is calculated on an un-discounted basis at the tax rates which are expected to apply in the periods when the timing differences will reverse.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Basis of preparation

The balance sheet shows a net deficit of £562,917. This is after allowing for long term funding of £625,427 due to the parent company, Red Girl Productions Ltd. The parent company has confirmed that it will not demand payment of this amount until the company is in a position to pay and accordingly the directors have prepared the financial statements on the going concern basis.

2 Turnover	2005	2004
Turnover attributable to geographical markets outside the UK	64.0%	-
3 Taxation	2005	2004
	£	£
Group tax relief	<u>(48,158)</u>	<u>(19,443)</u>

Red Girl Records Ltd
Notes to the Accounts
for the year ended 31 August 2005

4 Debtors			2005	2004
			£	£
Trade debtors			235,446	-
Amounts owed from parent undertaking			-	6,415
Amounts owed from group undertaking			13,028	13,028
Other debtors			17,056	22,783
			<u>265,530</u>	<u>42,226</u>
5 Creditors: amounts falling due within one year			2005	2004
			£	£
Bank loans and overdrafts			21,015	-
Trade creditors			138,706	8,762
Other taxes and social security costs			9,567	-
Other creditors			39,598	3,270
			<u>208,886</u>	<u>12,032</u>
6 Creditors: amounts falling due after one year			2005	2004
			£	£
Amounts owed to parent undertaking			<u>625,427</u>	<u>200,000</u>
7 Share capital			2005	2004
			£	£
Authorised:				
Ordinary shares of £1 each			<u>1,000,000</u>	<u>1,000,000</u>
	2005	2004	2005	2004
	No	No	£	£
Allotted, called up and fully paid:				
Ordinary shares of £1 each	100	100	<u>100</u>	<u>100</u>
8 Profit and loss account			2005	2004
			£	£
At 1 September			(47,615)	-
Loss for the year			(515,402)	(47,615)
			<u>(563,017)</u>	<u>(47,615)</u>
9 Related parties				

The £625,427 (2004- £200,00) owing to the parent company, Red Girl Productions Ltd, relates to a non-interest bearing loan on which there is no fixed repayment date.

Red Girl Records Ltd
Notes to the Accounts
for the year ended 31 August 2005

There is £13,028 due from Red Girl Touring Ltd. M J Chisholm is a director of Red Girl Touring Ltd.

The company was charged £60,000 (2004-£55,000) for the provision of management services by 45 Management Ltd in which N Phillips is a director and controlling party.

10 Controlling party

The immediate and ultimate parent company, and the immediate controlling party, is Red Girl Productions Ltd, a company incorporated in Great Britain. The ultimate controlling party is considered to be M J Chisholm.