

Registered number
05037672

Red Girl Records Ltd

Report and Accounts

31 August 2007

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Red Girl Records Ltd

Directors' Report

The directors present their report and accounts for the year ended 31 August 2007

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 2007 | 31-Aug-06 |
| 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

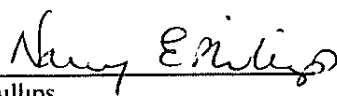
The directors are also responsible for safeguarding the assets of the company and for this reason taking reasonable steps for the prevention and detection of fraud and other irregularities

The directors confirm 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 21 November 2008


N Phillips
Director

Red Girl Records Ltd
Profit and Loss Account
for the year ended 31 August 2007

| | Notes | 2007 £ | 2006 £ |
|--|-------|------------------|----------------|
| Turnover | 2 | 702,377 | 317,308 |
| Cost of sales | | (910,717) | (237,045) |
| Gross (loss)/profit | | <u>(208,340)</u> | <u>80,263</u> |
| Distribution costs | | (69,573) | (10,030) |
| Administrative expenses | | (75,365) | (78,739) |
| Operating loss | | <u>(353,278)</u> | <u>(8,506)</u> |
| Interest receivable | | 47 | 137 |
| Interest payable | 3 | - | (43) |
| Loss on ordinary activities before taxation | | <u>(353,231)</u> | <u>(8,412)</u> |
| Tax on loss on ordinary activities | 4 | 22,092 | 2,346 |
| Loss for the financial year | | <u>(331,139)</u> | <u>(6,066)</u> |

Red Girl Records Ltd
Balance Sheet
as at 31 August 2007

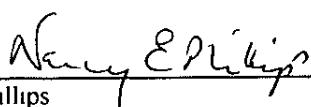
| | Notes | 2007 £ | 2006 £ |
|--|-------|------------------|------------------|
| Current assets | | | |
| Stocks | | 3,328 | 3,328 |
| Debtors | 5 | 164,775 | 98,658 |
| Cash at bank and in hand | | 87,608 | 106,578 |
| | | <u>255,711</u> | <u>208,564</u> |
| Creditors amounts falling due within one year | 6 | (103,953) | (42,934) |
| Net current assets | | <u>151,758</u> | <u>165,630</u> |
| Total assets less current liabilities | | <u>151,758</u> | <u>165,630</u> |
| Creditors: amounts falling due after more than one year | 7 | (1,051,880) | (734,615) |
| Net liabilities | | <u>(900,122)</u> | <u>(568,985)</u> |
| Capital and reserves | | | |
| Called up share capital | 8 | 100 | 100 |
| Profit and loss account | 9 | (900,222) | (569,085) |
| Shareholders' funds | | <u>(900,122)</u> | <u>(568,985)</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 January 2007)


N Phillips
Director

Approved by the board on 21 November 2008


M J Chisholm
Director

Red Girl Records Ltd
Notes to the Accounts
for the year ended 31 August 2007

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 2007)

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 £900,122. This is after allowing for long term funding of £105,1880 from 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 | 2007 | 2006 |
| Turnover attributable to geographical markets outside the UK | 70.4% | 64.0% |
| 3 Interest payable | 2007 | 2006 |
| | £ | £ |
| Interest payable | - | 43 |
| 4 Taxation | 2007 | 2006 |
| | £ | £ |
| Group tax relief | (22,092) | (2,346) |

Red Girl Records Ltd
Notes to the Accounts
for the year ended 31 August 2007

| | | | | |
|---|-------------|-------------|------------------|------------------|
| 5 Debtors | | | 2007 | 2006 |
| | | | £ | £ |
| Trade debtors | | | 137,501 | 12,424 |
| Amounts owed from group undertaking | | | 20,994 | 9,396 |
| Other debtors | | | <u>6,280</u> | <u>76,838</u> |
| | | | <u>164,775</u> | <u>98,658</u> |
| 6 Creditors' amounts falling due within one year | | | 2007 | 2006 |
| | | | £ | £ |
| Trade creditors | | | 25,965 | 6,259 |
| Other creditors | | | <u>77,988</u> | <u>36,675</u> |
| | | | <u>103,953</u> | <u>42,934</u> |
| 7 Creditors' amounts falling due after one year | | | 2007 | 2006 |
| | | | £ | £ |
| Amounts owed to parent undertaking | | | <u>1,051,880</u> | <u>734,615</u> |
| 8 Share capital | | | 2007 | 2006 |
| | | | £ | £ |
| Authorised | | | | |
| Ordinary shares of £1 each | | | <u>1,000,000</u> | <u>1,000,000</u> |
| | 2007 | 2006 | 2007 | 2006 |
| | No | No | £ | £ |
| Allotted, called up and fully paid | | | | |
| Ordinary shares of £1 each | 100 | 100 | <u>100</u> | <u>100</u> |
| 9 Profit and loss account | | | 2007 | 2006 |
| | | | £ | £ |
| At 1 September | | | (569,083) | (563,019) |
| Loss for the year | | | (331,139) | (6,066) |
| | | | <u>(900,222)</u> | <u>(569,085)</u> |
| At 31 August | | | | |

Red Girl Records Ltd
Notes to the Accounts
for the year ended 31 August 2007

10 Related parties

The £1,051,880 (2006- £734,615) owing to the parent company, Red Girl Productions Ltd, relates to a non-interest bearing loan on which there is no fixed repayment date

There is £20 994 (2006-£9,396) due from Red Girl Touring Ltd M J Chisholm is a director of Red Girl Touring Ltd

The company was charged £60,000 (2006-£60,000) for the provision of management services by 45 Management Ltd in which N Phillips is a director and controlling party

11 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

Red Girl Records Ltd
Profit and Loss Account
for the year ended 31 August 2007
for the information of the directors only

| | 2007 | 2006 |
|--------------------------------|------------------|----------------|
| | £ | £ |
| Sales | 702,377 | 317,308 |
| Cost of sales | (910,717) | (237,045) |
| Gross (loss)/profit | <u>(208,340)</u> | <u>80,263</u> |
| Distribution costs | (69,573) | (10,030) |
| Administrative expenses | (75,365) | (78,739) |
| Operating loss | <u>(353,278)</u> | <u>(8,506)</u> |
| Interest receivable | 47 | 137 |
| Interest payable | - | (43) |
| Loss before tax | <u>(353,231)</u> | <u>(8,412)</u> |

Red Girl Records Ltd
Schedule to the Profit and Loss Account
for the year ended 31 August 2007
for the information of the directors only

| | 2007 | 2006 |
|---------------------------------------|----------------|----------------|
| | £ | £ |
| Sales | | |
| International promotion contributions | 30,250 | 58,800 |
| Licence income | 10,000 | - |
| PPL, VPL and other income | 3,359 | 14,908 |
| Record sales | 596,878 | 235,745 |
| Video contributions | 25,860 | 7,855 |
| DVD Sales | 36,030 | - |
| | <u>702,377</u> | <u>317,308</u> |
| Cost of sales | | |
| Agents commission | - | 39,971 |
| Band royalties | 9,119 | 4,425 |
| Consultant royalties | 3,040 | 1,475 |
| Consultant commission | 62,400 | - |
| Copyright royalties | 13,806 | 571 |
| CD albums | - | 2,000 |
| Manufacturing costs | 44,554 | - |
| DVD production costs | 124,370 | - |
| Mastering | 13,542 | 5,223 |
| Promotion | 4,842 | - |
| Marketing | 24,961 | 14,235 |
| Musician fees | 34,288 | 3,349 |
| Photography | 38,803 | 1,486 |
| Pre-production costs | - | 750 |
| Press & Promotion | 49,758 | 4,987 |
| Radio promotion | 15,195 | - |
| TV promotion | 13,948 | - |
| Producer fees | 68,000 | 4,500 |
| Producer royalties | 31,040 | 14,966 |
| Recording costs | 2,775 | - |
| Studio costs | 52,047 | 10,325 |
| Video production | 192,291 | - |
| Artwork | 7,500 | 1,800 |
| International promotion | 33,412 | 66,982 |
| Management charges | 60,000 | 60,000 |
| Hair & make-up | 11,026 | - |
| | <u>910,717</u> | <u>237,045</u> |
| Distribution costs | | |
| Distribution costs | <u>69,573</u> | <u>10,030</u> |
| Administrative expenses | | |
| Travel and subsistence | 9,897 | 7,307 |
| Entertaining | - | 588 |
| | <u>9,897</u> | <u>7,895</u> |

Red Girl Records Ltd
Schedule to the Profit and Loss Account
for the year ended 31 August 2007
for the information of the directors only

| | 2007 | 2006 |
|---------------------------------|---------------|---------------|
| | £ | £ |
| General administrative expenses | | |
| Telephone and fax | 300 | - |
| Postage | 2,397 | 1,323 |
| Stationery and printing | 17 | - |
| Bank charges | 1,055 | 643 |
| Repairs and maintenance | 773 | - |
| Bad debts | - | 17,836 |
| Website | 10,241 | 7,499 |
| Irrecoverable Withholding Tax | 3,583 | 4,660 |
| Stage clothes | 7,471 | 1,461 |
| Tapes etc | - | 189 |
| Penalties | 100 | - |
| Exchange differences | 4,436 | - |
| Sundry expenses | - | 2,383 |
| | <u>30,373</u> | <u>35,994</u> |
| Legal and professional costs | | |
| Accountancy fees | 22,419 | 19,815 |
| Legal fees | 12,676 | 15,035 |
| | <u>35,095</u> | <u>34,850</u> |
| | <u>75,365</u> | <u>78,739</u> |