

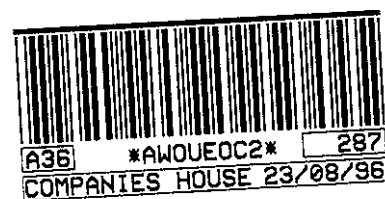
M. HOHNER LIMITED AND SUBSIDIARIES

REGISTERED NUMBER: 514699

REPORT AND ACCOUNTS

YEAR ENDED 31 MARCH 1995

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M. HOHNER LIMITED AND SUBSIDIARIES**GROUP INFORMATION****YEAR ENDED 31 MARCH 1995****DIRECTOR**

P.H. Sutcliffe (resigned 7 April 1995)
F. Fabi (appointed 7 April 1995)

SECRETARY

G.D. Clarke

REGISTERED OFFICE

Bedwas House Industrial Estate
Bedwas
Newport
Gwent
NP1 8XQ

AUDITORS

Menzies
Chartered Accountants
Barley House
57 Church Street
Staines
Middlesex
TW18 4XS

BANKERS

National Westminster Bank PLC
5 East Street
Chichester
West Sussex
PO19 1HH

SOLICITORS

Petersons
Bank Chambers
110-112 Chepstow Road
Newport
Gwent
NP1 8EE

M. HOHNER LIMITED AND SUBSIDIARIES

REPORT OF THE DIRECTOR

YEAR ENDED 31 MARCH 1995

The new director, Fausto Fabi, who was appointed on 7 April 1995, presents his report, together with the audited accounts of the group for the year to 31 March 1995. The previous director, Philip Sutcliffe, resigned as a director of M. Hohner Limited on 7 April 1995, but remains as a director of the subsidiary companies covering all the retail activities of the group.

PRINCIPAL ACTIVITIES

The principal activity of the group, during the year under review, was that of the import and wholesale selling of musical instruments and accessories. The group also operates a number of retail outlets.

There were no significant changes in these activities during the year.

TRADING RESULTS AND DIVIDENDS

The group has been unable to sustain its recent growth in turnover, with only a slight increase on the previous year. Conditions remained difficult in the UK music industry, with many customers having cashflow problems resulting in high bad debt costs. The continued decline in the strength of sterling also had an adverse effect, due to the group having to import most of its products.

Management and shareholder confidence remains high for the future of the group, and this has been amply demonstrated by the shareholders injecting £2.3 million by waiver of a loan.

A major restructuring of the group recently took place, with all of the retail activities being moved to two subsidiary companies: The Music Store Group Limited, and The Music Store UK Limited. Philip Sutcliffe is a director of these companies, and they are being operated completely independently from the wholesale activities, which remain in M. Hohner Limited. The resulting increase in management focus on retail, has already improved results in this division.

With the new organisation, a lower cost structure and a solid balance sheet, improvements are expected. These factors, combined with a complete product range covering all types of musical instruments, ensure that the group is now poised to benefit strongly as the music industry in the UK eventually pulls out of recession.

FIXED ASSETS

During the year the group acquired a freehold shop in Glasgow in the sum of £300,540. This was then valued by an independent firm of chartered surveyors in the sum of £395,000.

Other changes in fixed assets are shown in the notes to the accounts.

M. HOHNER LIMITED AND SUBSIDIARIES

REPORT OF THE DIRECTOR (Continued)

YEAR ENDED 31 MARCH 1995

DIRECTOR AND HIS INTEREST

The director who held office during the year was P.H. Sutcliffe.

He held two ordinary shares of £1 each, as nominee, during the year under review (1994 - 2).

DIRECTOR'S RESPONSIBILITIES

Company law requires the director to prepare financial statements for each financial year, which give a true and fair view of the state of affairs of the group, and of the profit or loss of the group for that period. In preparing those financial statements, the director is required to:

- select suitable accounting policies, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

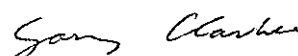
GOING CONCERN

The company complete a detailed twenty-two week rolling cashflow projection. This has been considered by the director together with the likely outcome of the current negotiations with the company's bankers concerning continued financing as disclosed in note 15, and with the likely future trading activity and funding to be provided by the parent company, Matth. Hohner AG. The director considers it is appropriate to adopt the going concern basis in the preparation of these financial statements.

AUDITORS

Menzies have expressed their willingness to continue in office as auditors, and in accordance with Section 385(2) of the Companies Act 1985, a resolution proposing their re-appointment will be submitted to the Annual General Meeting.

By Order of the Board.


G.D. Clarke
 Secretary

24 July 1995

**REPORT OF THE AUDITORS TO THE MEMBERS OF
M. HOHNER LIMITED AND SUBSIDIARIES
YEAR ENDED 31 MARCH 1995**

We have audited the financial statements on pages 6 to 28, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and on the basis of the accounting policies set out on pages 12 to 14.

Respective responsibilities of the director and auditors

As described on page 3, the company's director is responsible for the preparation of the 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 director 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. However, the evidence made available to us specifically with regard to the collectability of trade debtor balances was not sufficient to enable us to confirm the adequacy of the provisions at 31 March 1995 which stood at £209,045.

In forming our opinion we also evaluated the overall adequacy of the presentation of the information in the financial statements.

**REPORT OF THE AUDITORS TO THE MEMBERS OF
M. HOHNER LIMITED AND SUBSIDIARIES (Continued)
YEAR ENDED 31 MARCH 1995**

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary, had we been able to obtain sufficient evidence on the collectability of year end debtors, in our opinion, the financial statements give a true and fair view of the state of the group's affairs at 31 March 1995 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to trade debtor provisions, we have not obtained all information and explanations that we considered necessary for the purpose of our audit.

24 July 1995

Barley House
57 Church Street
Staines
Middlesex
TW18 4XS

Menzies

MENZIES
Chartered Accountants
and Registered Auditor

M. HOHNER LIMITED AND SUBSIDIARIES**GROUP PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 1995**

	Notes	1995 £	1994 £
TURNOVER		9,276,363	9,275,439
Cost of sales		7,597,476	6,263,840
		<hr/>	<hr/>
GROSS PROFIT		1,678,887	3,011,599
Selling expenses	1,988,144		1,585,571
Distribution costs	256,066		260,303
Administrative expenses	829,206		759,995
Management charges	132,685		85,462
		<hr/>	<hr/>
		3,206,101	2,691,331
		<hr/>	<hr/>
NET OPERATING (LOSS)/PROFIT FROM CONTINUING OPERATIONS		(1,527,214)	320,268
Exceptional other income	6	2,321,445	-
Interest payable	7	(424,536)	(318,167)
		<hr/>	<hr/>
		1,896,909	(318,167)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		369,695	2,101
Taxation	8	-	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		369,695	2,101
Dividend		-	-
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR		369,695	2,101
		<hr/>	<hr/>

All amounts above are derived from continuing operations.

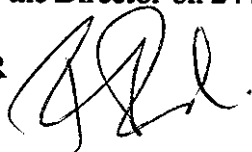
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit attributable to members	369,695	2,101
Revaluation during the year	94,460	-
	<hr/>	<hr/>
TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR	464,155	2,101
	<hr/>	<hr/>

M. HOHNER LIMITED AND SUBSIDIARIES**GROUP BALANCE SHEET****YEAR ENDED 31 MARCH 1995**

	Notes	£	1995 £	£	1994 £
FIXED ASSETS					
Intangible assets	9		138,981		150,585
Tangible assets	10		2,341,631		1,847,002
			<hr/>		<hr/>
			2,480,612		1,997,587
CURRENT ASSETS					
Stocks	13	2,819,393		3,348,625	
Debtors	14	2,046,849		2,299,445	
Cash at bank and in hand		1,892		21,506	
			<hr/>	<hr/>	
			4,868,134	5,669,576	
CREDITORS - amounts falling due within one year	15	(3,891,696)		(2,584,316)	
			<hr/>	<hr/>	
NET CURRENT ASSETS			976,438	3,085,260	
			<hr/>	<hr/>	
TOTAL ASSETS LESS CURRENT LIABILITIES			3,457,050	5,082,847	
CREDITORS - amounts falling due after more than one year	16		(303,544)	(2,393,496)	
			<hr/>	<hr/>	
			3,153,506	2,689,351	
			<hr/>	<hr/>	
Financed by:					
CAPITAL AND RESERVES					
Called up share capital	18		2,849,880	2,849,880	
Share premium	19		56,950	56,950	
Revaluation reserve	19		747,738	653,278	
Capital reserve	19		127,685	127,685	
Profit and loss account	19		(628,747)	(998,442)	
			<hr/>	<hr/>	
EQUITY SHAREHOLDERS' FUNDS			3,153,506	2,689,351	
			<hr/>	<hr/>	

Approved by the Director on 24 July 1995.

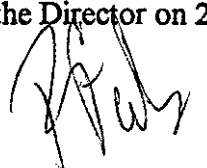
DIRECTOR


F. Fabi

M. HOHNER LIMITED**BALANCE SHEET****YEAR ENDED 31 MARCH 1995**

	Notes	1995 £	1994 £
FIXED ASSETS			
Intangible assets	9	47,500	50,000
Tangible assets	11	1,758,752	1,664,666
Investments	12	282,000	282,000
		<hr/>	<hr/>
		2,088,252	1,996,666
CURRENT ASSETS			
Stocks	13	2,514,940	2,849,200
Debtors	14	2,535,790	2,821,707
Cash at bank and in hand		1,892	9,348
		<hr/>	<hr/>
		5,052,622	5,680,255
CREDITORS - amounts falling due within one year	15	(4,160,721)	(2,529,541)
		<hr/>	<hr/>
NET CURRENT ASSETS		891,901	3,150,714
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,980,153	5,147,380
CREDITORS - amounts falling due after more than one year			
	16	(55,099)	(2,393,496)
		<hr/>	<hr/>
		2,925,054	2,753,884
		<hr/>	<hr/>
Financed by:			
CAPITAL AND RESERVES			
Called up share capital	18	2,849,880	2,849,880
Share premium	19	56,950	56,950
Revaluation reserve	19	653,278	653,278
Capital reserve	19	117,941	117,941
Profit and loss account	19	(752,995)	(924,165)
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS		2,925,054	2,753,884
		<hr/>	<hr/>

Approved by the Director on 24 July 1995.

DIRECTOR


F. Fabi

M. HOHNER LIMITED AND SUBSIDIARIES**CASHFLOW STATEMENT****YEAR ENDED 31 MARCH 1995**

	Notes	1995		1994	
		£	£	£	£
NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES	a		(624,246)		(54,275)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		(424,536)		(318,167)	
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(424,536)		(318,167)
TAXATION					
Corporation Tax received/(paid)			-		-
INVESTING ACTIVITIES					
Purchase of subsidiary companies		-		(55,881)	
Purchase of tangible fixed assets		(561,921)		(498,450)	
Receipts from fixed asset sales		22,282		42,875	
NET CASH FROM INVESTING ACTIVITIES			(539,639)		(511,456)
NET CASH (OUTFLOW) BEFORE FINANCING			(1,588,421)		(883,898)
FINANCING					
Waiver of amounts formerly due to ultimate parent undertaking		2,321,445		-	
Bank loans		248,445		-	
HP and finance leases		(20,029)		71,695	
NET CASH INFLOW FROM FINANCING	d		2,549,861		71,695
INTERGROUP INDEBTEDNESS			(1,784,148)		57,355
(DECREASE) IN CASH AND CASH EQUIVALENTS	c		(822,708)		(754,848)

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE CASHFLOW STATEMENT****YEAR ENDED 31 MARCH 1995****a. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW) FROM OPERATING ACTIVITIES**

	1995 £	1994 £
Net operating (loss)/profit from continuing operations	(1,527,214)	320,268
Amortisation charge	11,604	8,810
Depreciation charges	135,735	111,332
Loss on fixed asset disposal	3,735	4,914
Stock decrease/(increase)	529,232	(773,117)
Debtors decrease/(increase)	252,596	(348,308)
Creditors increase/(decrease)	(29,934)	621,826
	<hr/>	<hr/>
Net cash (outflow) from operating activities	(624,246)	(54,275)
	<hr/>	<hr/>

b. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1995 £	1994 £
At beginning of year	(1,033,641)	(278,803)
Net cash (outflow) during year	(822,708)	(754,838)
	<hr/>	<hr/>
At end of year	(1,856,349)	(1,033,641)
	<hr/>	<hr/>

c. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1995 £	1994 £	Movement £
Cash at bank and in hand	1,892	21,506	(19,614)
Bank overdrafts	(1,858,241)	(1,055,147)	(803,094)
	<hr/>	<hr/>	<hr/>
	(1,856,349)	(1,033,641)	(822,708)
	<hr/>	<hr/>	<hr/>

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE CASHFLOW STATEMENT (Continued)****YEAR ENDED 31 MARCH 1995****d. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	1995 £	1994 £
HP and finance leases		
At beginning of year	132,586	60,891
Inception of finance leases	54,873	87,486
Cash outflows from financing	(74,902)	(15,791)
	<hr/>	<hr/>
At end of year	112,557	132,586
	<hr/>	<hr/>
Net inflow/(outflow) in year	(20,029)	71,695
	<hr/>	<hr/>
Bank loans		
Received	248,445	-
	<hr/>	<hr/>
At end of year	248,445	-
	<hr/>	<hr/>
Net inflow in year	248,445	-
	<hr/>	<hr/>
Intergroup indebtedness		
Net inflow following the waiver of amounts formerly due to ultimate parent undertaking	2,321,445	-
	<hr/>	<hr/>

M. HOHNER LIMITED AND SUBSIDIARIES

NOTES TO THE GROUP ACCOUNTS

YEAR ENDED 31 MARCH 1995

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the group's accounts.

Accounting convention

The accounts have been prepared in accordance with applicable Accounting Standards, under the historical cost convention, as modified by the revaluation of freehold land and buildings.

Basis of consolidation

The group accounts consolidate the accounts of M. Hohner Limited and all its subsidiary undertakings at 31 March each year. No profit and loss account is presented for M. Hohner Limited, taking advantage of Section 230(4) of the Companies Act 1985.

Amortisation of intangible assets

Provision is made for amortisation on all intangible fixed assets, at rates calculated to write off the cost by equal annual instalments over their estimated useful lives at the following rates:

Goodwill	- 5% cost
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Depreciation of tangible assets

Provision is made for depreciation on all tangible assets, other than freehold land, at rates calculated to write off the cost by instalments over their estimated useful lives as follows:

Leasehold land and buildings	- Equal instalments, lease term
Fixtures, fittings, plant and equipment	- 15% reducing balance
Motor vehicles	- 25% reducing balance

Depreciation is provided on freehold buildings so as to reduce the revalued amount to its estimated residual value over the properties' economic useful life. As each property is continually maintained to a high standard, the director is of the opinion that for each property, residual value is either equal to or exceeds the revalued amount, therefore no depreciation needs to be provided in these accounts.

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****1. ACCOUNTING POLICIES (Continued)****Stocks**

Stocks are valued at the lower of purchase cost on a first in first out basis, and net realisable value.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Exchange gains and losses

Monetary assets and liabilities in foreign currencies are translated at the rate of exchange ruling at the balance sheet date.

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange differences are dealt with through the profit and loss account.

Capital instruments

FRS 4 Capital Instruments has been adopted in the preparation of these accounts. Capital Instruments are accounted for and classified as equity and non-equity, according to their form.

Turnover

This represents the invoiced amounts of goods sold and services provided, net of value added tax.

A geographical analysis of turnover is not provided.

Debtors

The company operates interest free extended credit schemes from time to time.

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****1. ACCOUNTING POLICIES (Continued)****Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet, and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease, and represents a constant proportion of the capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Advertising

The cost of advertising and trade shows are charged to the profit and loss account over a twelve month period, as this is estimated to be the period of benefit to the company.

2. PROFIT AND LOSS ACCOUNT OF PARENT COMPANY

The consolidated profit for the financial year attributable to shareholders has been dealt with in the accounts of group companies as follows:

	1995 £	1994 £
Parent company	171,170	26,047
Subsidiaries	(83,525)	(23,946)
	<hr/>	<hr/>

3. SUPPLEMENTARY PROFIT AND LOSS INFORMATION

The profit on ordinary activities before taxation has been determined after charging or crediting the following:

	1995 £	1994 £
Hire of plant and equipment	17,407	38,140
Amortisation: Intangible fixed assets	11,604	8,810
Depreciation: Tangible fixed assets	135,735	111,332
Loss on disposal of fixed assets	3,735	4,914
Auditors' remuneration	11,500	9,250
Directors' emoluments	60,013	59,777
Interest payable	424,536	318,167
	<hr/>	<hr/>

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****4. STAFF NUMBERS AND COSTS**

The aggregate payroll costs, including the director, were as follows:

	1995 £	1994 £
Wages and salaries	1,150,802	1,034,039
Social security costs	101,576	99,650
Other pension costs	34,607	34,349
	<hr/>	<hr/>
	1,286,985	1,168,038
	<hr/>	<hr/>

The average weekly number of employees, including the director, during the year was as follows:

	1995 No.	1994 No.
Sales	60	46
Administrative	13	11
Warehouse	7	8
	<hr/>	<hr/>
	80	65
	<hr/>	<hr/>

5. DIRECTOR'S EMOLUMENTS

Director's emoluments consist of the following:

	1995 £	1994 £
Management remuneration	50,265	50,182
Pension contributions	4,500	4,500
Benefits in kind	5,248	5,095
	<hr/>	<hr/>
	60,013	59,777
	<hr/>	<hr/>

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****6. EXCEPTIONAL OTHER INCOME**

During the period under review the holding company, Matth. Hohner AG, waived its entitlement to repayment of any loans outstanding to the group. This has resulted in a credit to the profit and loss account of £2,321,445.

7. INTEREST PAYABLE

	1995 £	1994 £
Bank loans and overdrafts	124,972	68,698
Other loans repayable within 5 years	287,691	232,144
Finance charges	11,873	17,325
	<hr/>	<hr/>
	424,536	318,167
	<hr/>	<hr/>

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****8. TAXATION**

No provision for corporation tax has been made for the year under review due to the availability of tax losses.

Deferred taxation in respect of the revaluation of freehold land and buildings both provided and unprovided at 31 March 1995 is as follows:

	1995		1994	
	Provided £	Unprovided £	Provided £	Unprovided £
GROUP				
Chargeable gains	-	200,000	-	180,000
	<hr/>	<hr/>	<hr/>	<hr/>
COMPANY				
Chargeable gains	-	175,000	-	180,000
	<hr/>	<hr/>	<hr/>	<hr/>

No provision is made in these accounts, as the properties are not expected to be sold in the foreseeable future, and therefore no tax liability will crystallise.

The company and the group have substantial trading losses, such that any provision that could be deemed necessary in respect of accelerated capital allowances would not crystallise.

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****9. INTANGIBLE FIXED ASSETS - GOODWILL**

	Group £	Company £
Cost		
At 1 April 1994	232,075	50,000
	<hr/>	<hr/>
Amortisation		
At 1 April 1994	81,4900	-
Charge for year	11,604	2,500
	<hr/>	<hr/>
At 31 March 1995	93,094	2,500
	<hr/>	<hr/>
Net book value at 31 March 1995	138,981	47,500
	<hr/>	<hr/>
Net book value at 31 March 1994	150,585	50,000
	<hr/>	<hr/>

Purchased goodwill and goodwill arising on consolidation is amortised over 20 years.

Goodwill has arisen on the acquisition by M. Hohner Limited of British Music Strings Limited in 1984, and The Music Store Group Limited and Bees Music Limited in 1994.

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****10. TANGIBLE FIXED ASSETS - GROUP**

	Land and buildings £	Fixtures, plant and equipment £	Vehicles £	Total £
Cost or valuation				
At 1 April 1994	1,270,736	774,299	292,989	2,338,024
Additions	369,132	118,698	74,091	561,921
Disposals	-	-	(56,579)	(56,579)
Revaluation	94,460	-	-	94,460
	<hr/>	<hr/>	<hr/>	<hr/>
Cost at 31 March 1995	1,734,328	892,997	310,501	2,937,826
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 1994	41,355	350,236	99,431	491,022
Disposals	-	-	(30,562)	(30,562)
Charge for year	12,625	72,298	50,812	135,735
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation at 31 March 1995	53,980	422,534	119,681	596,195
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 March 1995	1,680,348	470,463	190,820	2,341,631
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 March 1994	1,229,381	424,063	193,558	1,847,002
	<hr/>	<hr/>	<hr/>	<hr/>

Vehicles held under hire purchase contracts:

	Depreciation in year £	Net book value £
31 March 1995	43,173	168,401
	<hr/>	<hr/>
31 March 1994	38,110	164,483
	<hr/>	<hr/>

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****10. TANGIBLE FIXED ASSETS - GROUP (Continued)**

Net book value of land and buildings comprise:

	Land and buildings £
Freehold	1,459,300
Short leasehold	221,048
	<hr/>
	1,680,348
	<hr/>

Historic cost of freehold land and buildings not depreciated:

31 March 1994	387,566
Additions	323,996
	<hr/>
31 March 1995	711,562
	<hr/>

Land and buildings were revalued in June 1989 at £1,105,000, and as at 11 May 1995 the additions during the year were valued at £395,000 on the basis of open market value with existing use by an independent firm of chartered surveyors. The original cost of this property was £300,540.

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****11. TANGIBLE FIXED ASSETS - COMPANY**

	Land and buildings £	Fixtures, plant and equipment £	Vehicles £	Total £
Cost or valuation				
At 1 April 1994	1,136,628	725,971	292,988	2,155,587
Additions	62,279	102,119	74,092	238,490
Disposals	-	-	(56,579)	(56,579)
	<hr/>	<hr/>	<hr/>	<hr/>
Cost at 31 March 1995	1,198,907	828,090	310,501	2,337,498
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 April 1994	41,032	345,233	104,656	490,921
Disposals	-	-	(30,562)	(30,562)
Charge for year	6,328	61,247	50,812	118,387
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation at 31 March 1995	47,360	406,480	124,906	578,746
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 March 1995	1,151,547	421,610	185,595	1,758,752
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value at 31 March 1994	1,095,596	380,738	188,333	1,664,666
	<hr/>	<hr/>	<hr/>	<hr/>

Vehicles held under hire purchase contracts:

	Depreciation in year £	Net book value £
31 March 1995	43,173	168,401
	<hr/>	<hr/>
31 March 1994	38,110	164,483
	<hr/>	<hr/>

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****11. TANGIBLE FIXED ASSETS - COMPANY (Continued)**

Net book value of land and buildings comprise:

	Land and buildings £
Freehold	1,064,300
Short leasehold	87,247
	<hr/>
	1,151,547
	<hr/>

Historic cost of freehold land and buildings not depreciated:

31 March 1994	366,680
Additions	20,886
	<hr/>
31 March 1995	387,566
	<hr/>

Land and buildings were revalued in June 1989 at £1,105,000.

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****12. INVESTMENTS - COMPANY**

The company's investments in subsidiary undertakings are as follows:

Name of company	Holding	Proportion held	Nature of business
The Music Store UK Ltd.	Ordinary shares	100%	Dormant
	Preference shares	100%	
Arthur Bell Accordians Ltd.	Ordinary shares	100%	Dormant
	Preference shares	100%	
The London Music Shop Ltd.	Ordinary shares	100%	Dormant
	Preference shares	100%	
British Music Strings Ltd.	Ordinary shares	100%	Dormant
The Music Store Group Ltd.	Ordinary shares	100%	Retailing
Bees Music Ltd.	Ordinary shares	100%	Retailing
The Music Store Group Properties Ltd.	Ordinary shares	89.7%	Property

All of the above-mentioned companies are incorporated in England and Wales.

13. STOCK

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Finished goods	2,819,393	3,348,625	2,514,940	2,849,200

There was no significant difference between replacement cost and the values disclosed above.

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****14. DEBTORS**

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Trade debtors	1,561,216	1,844,226	1,487,632	1,774,413
Amounts owed by group companies	22,462	36,019	22,676	36,019
Other debtors	186,018	88,962	186,018	79,067
Prepayments	277,153	330,238	245,688	289,439
Debtors due over one year				
- from subsidiary companies	-	-	593,776	642,769
	<hr/>	<hr/>	<hr/>	<hr/>
	2,046,849	2,299,445	2,535,790	2,821,707
	<hr/>	<hr/>	<hr/>	<hr/>

During the year the company entered into a confidential invoice discounting facility with Lombard Natwest Discounting Limited. The facility is secured by a charge over the book debts of the company.

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****15. CREDITORS: Amounts falling due within one year**

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Bank loans and overdrafts	1,858,241	1,055,147	1,801,928	1,002,742
Obligations under lease and hire purchase contracts	57,458	60,535	57,458	60,535
Trade creditors	828,275	831,712	822,284	831,712
Other taxes and social security costs	100,082	137,191	100,082	137,191
Amounts due to group companies	998,667	461,370	1,004,873	130,037
Other creditors	6,200	3,803	-	2,087
Accruals	42,773	34,558	42,763	33,904
Amounts due to subsidiary companies	-	-	331,333	331,333
	<hr/>	<hr/>	<hr/>	<hr/>
	3,891,696	2,584,316	4,160,721	2,529,541
	<hr/>	<hr/>	<hr/>	<hr/>

The company meets its day to day working capital requirements through an overdraft facility, which is repayable on demand. Due to the provision of funds from its ultimate holding company, Matth. Hohner AG, the company expects to operate within the facility currently agreed and within that expected to be agreed on 18 August 1995, when the company's bankers are due to consider its renewal. These views are based on the company's plans and on the anticipation of the successful outcome of discussions with the company's bankers.

The bank overdraft and the loan are secured by a fixed and floating charge over the group assets. Included in bank loans and overdrafts is an amount of £909,380 due to Lombard Natwest Discounting Limited.

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****16. CREDITORS: Amounts falling due after more than one year**

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Bank loans	223,645	-	-	-
Obligations under lease and hire purchase contracts	55,099	72,051	55,099	72,051
Amounts due to parent company	-	2,321,445	-	2,321,445
Other	24,800	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	303,544	2,393,496	55,099	2,393,496
	<hr/>	<hr/>	<hr/>	<hr/>

The maturity of the bank loans, obligations under finance leases and hire purchase contracts, and other loans is as follows:

Falling due within one year

Bank borrowings	1,858,241	1,055,147	1,801,928	1,002,742
Hire purchase contracts	57,458	60,535	57,458	60,535
Other	6,200	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	1,921,899	1,115,682	1,859,386	1,063,277
	<hr/>	<hr/>	<hr/>	<hr/>

Over one year: Second to fifth year inclusive

Bank loan	62,294	-	-	-
Hire purchase contracts	55,099	72,051	55,099	72,051
Amounts due to parent company	-	2,321,445	-	2,321,445
Other	24,800	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	142,193	2,393,496	55,099	2,393,496
	<hr/>	<hr/>	<hr/>	<hr/>

Over five years

Bank loan	161,351	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total bank borrowings and finance obligations over one year	303,544	2,393,496	55,099	2,393,496
	<hr/>	<hr/>	<hr/>	<hr/>

The bank loan is due for repayment over a fifteen year period and attracts an interest rate of 3% above base.

The other loan is secured by a charge over one of the group's freehold properties.

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****17. SHAREHOLDERS' FUNDS**

	Group £	Company £
At 1 April 1994	2,689,351	2,753,884
Profit for the year	369,695	171,170
Revaluation reserve transfer	94,460	-
	<hr/>	<hr/>
At 31 March 1995	3,153,506	2,925,054
	<hr/>	<hr/>

18. SHARE CAPITAL

	Authorised £	Allotted, issued and fully paid	
		1995 £	1994 £
Ordinary shares of £1 each	5,000,000	2,849,880	2,849,880
	<hr/>	<hr/>	<hr/>

19. RESERVES

	Share premium account £	Revaluation reserve £	Capital reserve £	Profit and loss account £
Group				
At 1 April 1994	56,950	653,278	127,685	(998,442)
Profit for the year	-	-	-	369,695
On revaluations during the year	-	94,460	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1995	56,950	747,738	127,685	(628,747)
	<hr/>	<hr/>	<hr/>	<hr/>
Company				
At 1 April 1994	56,950	653,278	117,941	(924,165)
Profit for the year	-	-	-	171,170
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1995	56,950	653,278	117,941	(752,995)
	<hr/>	<hr/>	<hr/>	<hr/>

M. HOHNER LIMITED AND SUBSIDIARIES**NOTES TO THE GROUP ACCOUNTS (Continued)****YEAR ENDED 31 MARCH 1995****20. CAPITAL COMMITMENTS**

There were capital commitments authorised and contracted for of £6,000 at 31 March 1995 (1994 - £5,000).

21. PENSION COMMITMENTS

The company makes payments into a defined contribution scheme of amounts shown in note 4. At 31 March 1995 contributions of £1,858 had been prepaid.

22. CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 1995 (1994 - £nil).

23. OPERATING LEASE COMMITMENTS

	Group		Company	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire				
- within one year	4,080	7,540	4,080	7,540
- within two to five years	55,000	15,024	55,000	14,600
- beyond five years	165,863	-	72,613	-
	<hr/>	<hr/>	<hr/>	<hr/>
	224,943	22,564	131,693	22,140
	<hr/>	<hr/>	<hr/>	<hr/>

24. ULTIMATE HOLDING COMPANY

The ultimate holding company is Matth. Hohner AG, a company incorporated in Germany.

During the year under review, the group purchased goods to the value of £1,409,129 from the holding company and other group companies, and sold goods to the value of £126,485 to them.