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COMPANY NUMBER 883966.....

**Abacus Film Productions
Limited**

Report and Financial Statements

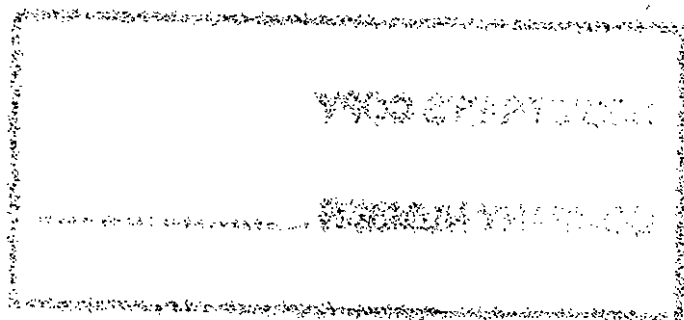
Year Ended

30 June 1996



IBDO

BDO Stoy Hayward
Chartered Accountants



ABACUS FILM PRODUCTIONS LIMITED

Annual report and financial statements for the year ended 30 June 1996

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Directors

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Directors

R T Trainer
A A P Gache
B Gardener

Secretary and registered office

A A P Gache
Fitzalan House
70 High Street
Ewell
Epsom
Surrey
KT17 1RQ

Company number

883966

Auditors

BDO Stoy Hayward,
Fitzalan House
70 High Street
Ewell
Epsom
Surrey
KT17 1RQ

ABACUS FILM PRODUCTIONS LIMITED

Report of the directors for the year ended 30 June 1996

The directors present their report together with the audited financial statements for the year ended 30 June 1996.

Results and dividends

The profit and loss account is set out on page 4 and shows the result for the year.

The directors do not recommend the payment of a dividend.

Principal activities, trading review and future developments

The principle activity of the company during the year was that of production of television and radio commercials.

The directors are disappointed with the results for the year but are optimistic for the forthcoming year following a move to more appropriately sized premises.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares	
	1996	1995
R T Trainer	5,000	5,000
A A P Gache	5,000	5,000
B Gardener	-	-

ABACUS FILM PRODUCTIONS LIMITED

Report of the directors for the year ended 30 June 1996 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company 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;
- 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. They are 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.

Auditors

Shields Longden & Company resigned as auditors on 2 May 1997 and BDO Stoy Hayward were appointed as auditors on the same day.

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the Board



A.A.P. Gache

Secretary

29 July 1997

ABACUS FILM PRODUCTIONS LIMITED

Report of the auditors

To the shareholders of Abacus Film Productions Limited

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are 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.

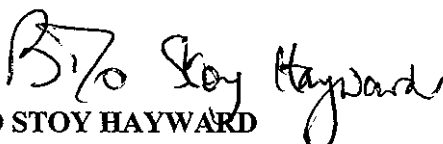
Basis of opinion

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 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 30 June 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


BDO STOY HAYWARD
*Chartered Accountants
and Registered Auditors*
Ewell, Epsom, Surrey

29 July 1997

ABACUS FILM PRODUCTIONS LIMITED

Profit and loss account for the year ended 30 June 1996

	Note	1996 £	1995 £
Turnover	2	545,198	610,092
Cost of sales		391,835	477,640
Gross profit		153,363	132,452
Establishment costs		62,133	81,703
Administrative expenses		111,158	89,637
Operating profit/(loss)	5	(19,928)	(38,888)
Interest receivable		-	3
Interest payable and similar charges	6	(5,593)	(5,739)
Profit on disposal of fixed assets		3,786	1,980
Diminution in value of leasehold property	8	(3,432)	-
Write down of investment	9	(35,262)	-
Loss on ordinary activities before taxation		(60,429)	(42,644)
Taxation on profit from ordinary activities	7	-	1,479
Loss on ordinary activities after taxation		(60,429)	(41,165)
Retained loss for the year	14	(60,429)	(41,165)

All amounts relate to continuing activities.

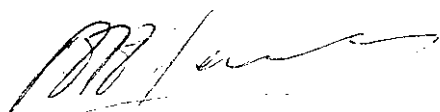
The notes on pages 6 to 12 form part of these financial statements.

ABACUS FILM PRODUCTIONS LIMITED

Balance sheet at 30 June 1996

	Note	£	1996 £	£	1995 £
Fixed assets					
Tangible assets	8		91,776		103,521
Investments	9		17,115		55,263
			<u>108,891</u>		<u>158,784</u>
Current assets					
Stocks	10	14,643		15,240	
Debtors	11	107,170		77,481	
Cash at bank and in hand		150		3,395	
			<u>121,963</u>	<u>96,116</u>	
Creditors: amounts falling due within one year	12	221,266		184,883	
			<u>(99,303)</u>	<u>(88,767)</u>	
Net current liabilities					
			<u>9,588</u>	<u>70,017</u>	
Net assets					
Capital and reserves					
Called up share capital	13		10,000		10,000
Profit and loss account	14		(412)		60,017
			<u>9,588</u>	<u>70,017</u>	
Equity shareholders' funds					

The financial statements were approved by the Board on 29 July 1997



A A P Gache
Director

The notes on pages 6 to 12 form part of these financial statements.

ABACUS FILM PRODUCTIONS LIMITED

Notes forming part of the financial statements for the year ended 30 June 1996

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, and are in accordance with applicable accounting standards. No cash flow statement has been prepared since Abacus Film Productions Limited meets the requirements of a small company as defined by the Companies Act 1985. The following principal accounting policies have been applied:

Turnover

Turnover represents sales to outside customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all fixed assets, except leasehold property, evenly over their expected useful lives. It is calculated at the following rates:

Fixtures, fittings and equipment	-	15% per annum
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Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

ABACUS FILM PRODUCTIONS LIMITED

Notes forming part of the financial statements for the year ended 30 June 1996 *(Continued)*

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Employees

	1996 £	1995 £
Staff costs consist of:		
Wages and salaries	94,444	130,108
Social security costs	9,303	6,000
Other pension costs	7,346	10,955
	<hr/>	<hr/>
	111,093	147,063
	<hr/>	<hr/>

The average monthly number of employees, including directors, during the year was 5 (1995 - 6).

4 Directors

	1996 £	1995 £
Directors' emoluments consist of:		
Remuneration	45,000	51,526
Pension contributions	3,000	3,000
	<hr/>	<hr/>
	48,000	54,526
	<hr/>	<hr/>

ABACUS FILM PRODUCTIONS LIMITEDNotes forming part of the financial statements for the year ended 30 June 1996 (*Continued*)

5	Operating profit	1996 £	1995 £
	This has been arrived at after charging/(crediting):		
	Depreciation	3,313	3,898
	Hire of other assets - operating leases	2,097	1,029
	Auditors' remuneration	3,000	3,000
	Loss/(profit) on sale of fixed assets	(3,786)	(1980)
	Diminution in value of leasehold property	3,432	-
	Write down of investment	35,262	-
		<u> </u>	<u> </u>

6	Interest payable and similar charges	1996 £	1995 £
	Bank interest and charges	5,593	5,739
		<u> </u>	<u> </u>

ABACUS FILM PRODUCTIONS LIMITED

Notes forming part of the financial statements for the year ended 30 June 1996 (*Continued*)

7	Taxation on profit from ordinary activities	1996 £	1995 £
	UK corporation tax	-	(1,479)
		<hr/>	<hr/>
		-	(1,479)
		<hr/>	<hr/>

The company has taxable losses carried forward of approximately £55,000.

8 Tangible assets

	Leasehold property £	Fixtures, fittings and equipment £	Total £
<i>Cost or valuation</i>			
At 1 July 1995	81,432	109,611	191,043
Additions	-	-	-
Diminution in value	(3,432)	-	(3,432)
Disposals	-	(90,000)	(90,000)
	<hr/>	<hr/>	<hr/>
At 30 June 1996	78,000	19,611	97,611
	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>			
At 1 July 1995	-	87,522	87,522
Provided for the year	-	3,313	3,313
Disposals	-	(85,000)	(85,000)
	<hr/>	<hr/>	<hr/>
At 30 June 1996	-	5,835	5,835
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 1996	78,000	13,776	91,776
	<hr/>	<hr/>	<hr/>
At 30 June 1995	81,432	22,089	103,521
	<hr/>	<hr/>	<hr/>

The leasehold property has been written down to £78,000 being the sale proceeds received after the year end.

ABACUS FILM PRODUCTIONS LIMITED

Notes forming part of the financial statements for the year ended 30 June 1996 (Continued)

9 Investments

	1996 £	1995 £
Six (1995: seven) weekly timeshare units at market value	17,114	20,000
1440 shares (representing a 32% holding) in a Luxembourg company		
European TV (etv) sa.	35,263	35,263
Write down in value	(35,262)	-
	<u>17,115</u>	<u>55,263</u>

10 Stocks and work in progress

	1996 £	1995 £
Stock and work in progress	14,643	15,240
	<u>14,643</u>	<u>15,240</u>

11 Debtors

	1996 £	1995 £
Trade debtors	102,170	53,161
Other debtors	-	5,923
Prepayments and accrued income	5,000	14,846
Value added tax	-	3,551
	<u>107,170</u>	<u>77,481</u>

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	1996 £	1995 £
Trade creditors	97,559	80,845
Taxation and social security	3,059	10,003
VAT	21,932	-
Accruals	10,519	17,405
Bank overdraft	64,192	57,559
Director's loan account	24,005	19,071
	<u>221,266</u>	<u>184,883</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

ABACUS FILM PRODUCTIONS LIMITED

Notes forming part of the financial statements for the year ended 30 June 1996 *(Continued)*

13 Share capital

	Authorised		Allotted, called up and fully paid	
	1996	1995	1996	1995
	£	£	£	£
Ordinary shares of £1 each	10,000	10,000	10,000	10,000

14 Reserves

	Profit and loss account £
At 1 July 1995	60,017
(Loss) for year	(60,429)
At 30 June 1996	(412)

15 Commitments under operating leases

As at 30 June 1996, the company had annual commitments under non-cancellable operating leases as follows:

	1996 £ Land and Buildings
Operating leases which expire within 2 to 5 years	16,000