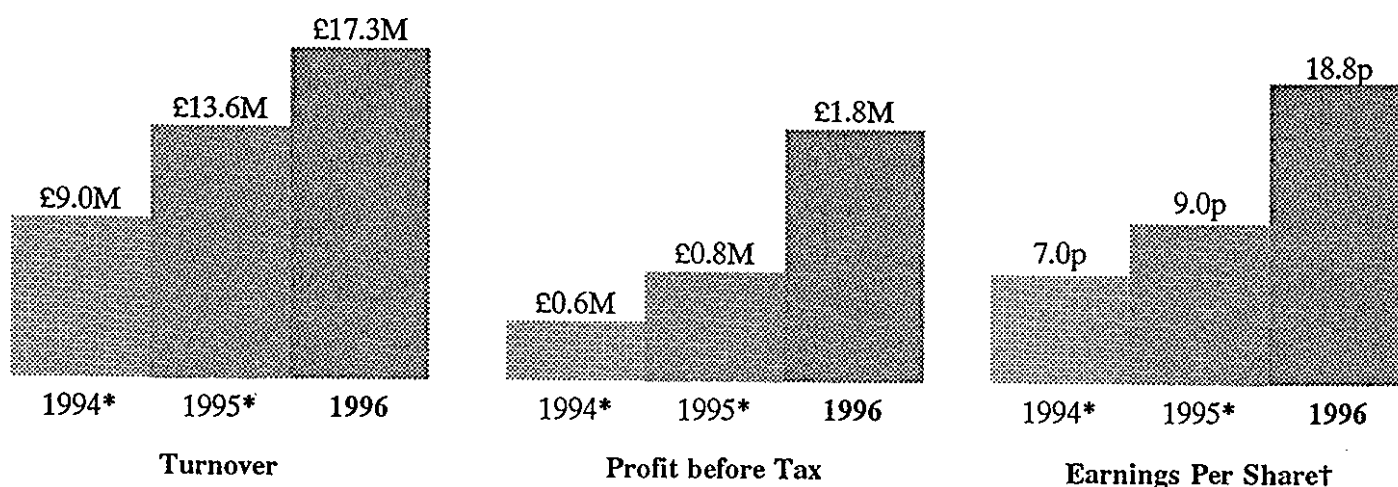


financial highlights

	1996 £'000	1995* £'000	Increase %
Turnover	<u>17,323</u>	<u>13,617</u>	<u>27.2</u>
Gross Profit	<u>6,524</u>	<u>3,400</u>	<u>91.9</u>
Operating Profit	<u>2,126</u>	<u>864</u>	<u>146.1</u>
Profit on Ordinary Activities before Taxation	<u>1,790</u>	<u>795</u>	<u>125.2</u>
Profit for the financial year	<u>1,749</u>	<u>794</u>	<u>120.3</u>
	Pence	Pence†	
Earnings per Share	<u>18.8</u>	<u>9.0</u>	<u>108.9</u>
Dividend per Share	<u>4.0</u>	<u>1.0</u>	<u>300.0</u>

- Profit more than doubled and Dividend increased.
- £ 5.0 million of cash flow generated from operating activities.
- Richard Murray the Chairman of Avesco said "The benefits of concentrating on services are reflected in the results and confirm that our decision last year to demerge VideoLogic was in the best interests of shareholders".



* Comparatives for continuing operations only

† Adjusted to reflect 1 for 10 share consolidation



1996 has been our first full year as a focused specialist television services company. The benefits of concentrating on services are reflected in the results and confirm that the decision last year to demerge VideoLogic was in the best interests of shareholders. We are pleased to report that turnover for the year to 31st March 1996 has increased by 27% to £17.3 million (1995: £13.6 million), profit before tax has increased by 125% to £1.8 million (1995: £0.8 million) and £5.0 million of cash flow was generated from operating activities (1995: £2.2 million). Earnings per share have improved by 109% to 18.8p (1995: 9.0p) and the Board is recommending a final dividend of 2.5p per ordinary share, making a total for the year of 4p.

We have many investment opportunities open to us within our existing business.

We have increased capital expenditure in order to reduce the cost incurred on hired in equipment, resulting in improved profit margins. We are investing further in our logistics systems to improve the quality of our management information concerning equipment utilisation and the forecasting of equipment needs. Our objectives are to build an infrastructure which allows significant expansion whilst maximising our return on capital employed. The benefits of this exercise are coming through, particularly in Creative Technology which has again improved its margins and profits and, importantly, has been further improving the quality of service offered to its customers.

Screenco has always been one of the major players in the giant screen rental business and we believe its potential for long-term growth worldwide is very exciting. To meet the existing increase in demand for our services we placed, in March this year, the largest order Sony has ever received for JumboTron screens. This latest investment takes our total complement of screens to eighteen which is more than double that of our nearest competitor. Our commitment to this market has been welcomed by our customers and has opened up new opportunities overseas.

The broadcast television industry is growing strongly with the success of satellite television, the imminent arrival of digital broadcasting and Channel 5 starting in early 1997. During the year Fountain Television invested in nearly all areas of operations at its New Malden facility and this should result in 1997 being a record year for that location. Fountain's Wembley Studios continue to attract major broadcast television shows from Channel 4 and the ITV companies. However, we have been affected by the BBC reducing the number of shows which it is allowing to be made outside its internal studio resources.

We have seen a developing trend towards more export business with a 42% increase over 1995 to £2.7 million as more international business opportunities arise, particularly in Screenco and Creative Technology.

Future Prospects

We are fortunate that our business operates within markets which are growing strongly. We shall continue to focus on increasing sales and improving margins whilst ensuring that the high quality service we offer is maintained.

There are many acquisition opportunities open to us and we shall selectively pursue these where we see strategic benefits and the ability to improve profits and value.

We expect another successful year and we are looking forward to the future with confidence.

Employees

As a service Group, we encourage direct and open communication at all levels with regular contact between management and staff in all our companies. During the year we have continued to invest in the training and development of staff at various levels in the Group.

I should like to thank all our employees for their hard work and efforts during the year.

RICHARD MURRAY

AVESCO plc

The Specialist Television Services Group

Group Managing Director's Review

[CT LOGO]

Creative Technology ("CT") offers an integrated range of video based technical and graphics services to the corporate communications, broadcast and entertainment markets.

CT performed very strongly in the year benefitting from further investment in both equipment and people in key service areas.

Capital investment included new data and video projectors, industrial and broadcast cameras, high definition and speaker support graphics equipment and the latest Toshiba projection videowall cubes. A significant investment was also made in a serial digital Outside Broadcast vehicle, 35 feet in length, built to CT's specification and capable of operating twelve cameras in either 16:9 or 4:3 format. The unit, which will support CT's growth in each of its markets, has been received extremely favourably by new and existing clients, including Planet 24 ("Hotel Babylon" for C4), BSkyB (Sport) and Visage Business Television.

With the emphasis on achieving continual improvements in the quality of service CT offers to customers, management was strengthened in a number of key areas, particularly operations and logistics.

Projects completed in the year included the Hanson plc AGM, the Rover 200 car launch for Clearwater Communications using high definition technology and the Intel Exhibition Stand at Geneva Telecom '95 using innovative soft edge blend projection technology.

During the year, CT provided a range of projection, video and speaker support graphics services for Imagination including at many of their international financial roadshow presentations such as Gucci, Orange, Portugal Telecom and CN Rail.

CT was successful in winning the contract to provide video and projection services to the West End musical "Tommy" which opened in February 1996. This important contract followed on from CT's work on the shows "Riverdance" and "Copacabana".

CT's presentation graphics business at Wandsworth has grown strongly over recent years. In order to build on this success, CT Soho, based in the West End of London, was recently launched offering a wide range of graphics services including 3D and 2D High Definition, 3D animation, 2D paint systems and digital compositing to supplement the services offered at Wandsworth. Work undertaken by CT Soho included graphics for Chris Tarrant's new show "Man O Man" (LWT) and for the TAG McLaren Formula One Racing Team.

CT is looking forward to another successful year with a broader range of quality services to offer its customers.

Television Studios and Other Broadcast Services

[FTV LOGO]

Fountain Television has maintained its progress during the year and, as the UK's largest independent studio facilities business, is able to offer a range of studio sizes from 2,200 sq. ft. to, at 13,000 sq. ft., the biggest single dedicated television studio in the UK.

The 13,000 sq. ft. studio at Wembley is a strong attraction for producers of large set shows such as "Talking Telephone Numbers" which returned for a second series this year. Other programmes retained by Wembley Studios included the Esther Rantzen chatshow "Esther" (BBC), "Schofield's TV Gold" (Celador Productions for Carlton) and "The Animal Show" (Jim Henson Productions for Fox Communications, USA). New programmes attracted during the year included the BAFTA winning "Rory Bremner - Who Else?" (Vera Productions for C4) and "Backdate" (Action Time for C4).

Despite these successes 1996 was a tough trading year, with programme budgets coming under considerable pressure. In addition, the BBC effectively changed its Producer Choice policy so that its studio based shows, including those made for the BBC by independent production companies, should where possible use BBC facilities. Nevertheless, Fountain Wembley's new business wins compensated for the reduction in BBC work resulting in a turnover similar to the previous year.

The New Malden facility benefitted from considerable investment in most areas of operation. The studio facilities were improved during the summer and investments in digital technology were made in both the sound dubbing and graphics areas. Non-linear editing was also introduced and, in May 1996, we replaced one of the online editing suites with digital technology. Fountain New Malden can now offer fully integrated facilities with the latest technology which will, with our creative and technical teams, offer an extremely attractive proposition to existing and new clients, who are now able to make their programmes under one roof.

"Ready, Steady, Cook" and "Food and Drink" (both Bazal Productions for the BBC) were regular productions at New Malden. Fountain was also awarded a contract to provide studio and post production services to Kinexus, a company which produces weekly programmes for satellite transmission to the computer industry.

Fountain Television offers a highly competitive studio and post production facilities service which is well placed to meet the future needs of the developing broadcast production market.

[New Screenco LOGO]

Screenco had a successful year consolidating its position as the leading international giant mobile video display rental company.

Following its successful introduction of the new modular style JumboTron systems over the last two years, Screenco placed the largest ever single order for Sony JumboTron technology to bring the number of screens owned or managed by Screenco to eighteen. Deliveries of the new equipment between April and June 1996 include the latest High Resolution JTS 17 screens. This considerable increase in Screenco's stock of screens will allow them to meet the growing international demand for their services and also provide the opportunity to develop the indoor events market.

The new JumboTron equipment will be housed in modules developed and assembled by Screenco to its own design, incorporating several new features which will further improve operational efficiency and safety. As a result, Screenco has been able to retain design rights in the modules while reducing their cost.

Screenco pays great attention to the quality of its service and has invested in this area during the past year. The management team has been strengthened with the appointment of new sales and operations management as well as an equipment project manager to support our product design and development. The marketing activities have been carefully reviewed and are now more cost effective.

Screenco services three principal market sectors: music, sports and special events. Last summer a very successful music tour was completed for Rod Stewart which culminated in eight shows in ten days from Dublin to Istanbul, demonstrating the flexibility of Screenco's modular systems. Screenco also undertook a six week tour for Marius Westernhagen, the German pop star, and a one month US tour for Van Halen. In addition, screens were supplied for the Oasis concerts at Earls Court as well as for many other rock shows including Bryan Adams and Joe Cocker.

Screenco's first appearance at Lord's was for last year's Test Match against the West Indies and has resulted in a contract with the TCCB to provide screens at all the 1996 Test Matches. A huge 75m² screen was installed at the Gothenburg Stadium for the duration of the Athletics World Championships and two screens were used in Sierra Nevada for the Alpine Ski World Championships.

The availability of new modular screens enabled Screenco to supply a large screen for the first time to the London Boat Show. Further exhibition enquiries have already been received for the coming year and this market sector is expected to grow considerably in the future.

Screenco will be supplying screens this year for tours by Tina Turner, Bon Jovi, Oasis and the Three Tenors. Multiple screens are being provided for the Prince's Trust Concert in Hyde Park featuring The Who, Eric Clapton and Bob Dylan. Screenco will also provide screens at the majority of the Formula One Grand Prix across Europe and for the first time at the Wimbledon Tennis Championships.

Screenco's operations in Australia made good progress in the year. Screenco has identified a number of opportunities to provide future growth including specific strategic alliances which it is actively pursuing. In order to capitalise on these opportunities, Screenco is expecting to place orders for more screens during the coming year.

[Dimension Audio LOGO]

Dimension provides specialist audio services to the Live Events market. 1996 was a year of strong turnover growth although margins came under some pressure due to competitor pricing activities.

Dimension's repeat business included the "Brit Awards" show and "Christmas in Vienna". New business included the Jack Dee series, the BT Chairman's conference and the "What the Butler Saw..." tour for the National Theatre.

Dimension reorganised its business during the year to concentrate on its higher margin core business, a strategy which is expected to produce an improved performance in the current year.

[Presteigne LOGO]

Presteigne's broadcast equipment hire business has grown in the past year following investments in the latest digital equipment.

Presteigne has added to its sales and service team and further equipment investments are planned for the coming months.

TRADE INVESTMENTS*AVS Graphics*

Our investment in AVS Graphics is starting to bear fruit and, in view of our increased involvement in its management, our share of this company's profits are now included in the group results as an associated undertaking.

Innovision plc

Innovision plc is 17.89% owned by Avesco and, therefore, its results are not consolidated. The company is trading profitably but, in view of its growth rate, no cash is available for dividends. However, we expect, at some future date, to realise this investment at a profit, producing additional cash for investment in Avesco's business.

Earnings

Earnings have increased by 108.9% to 18.8p per share and this has allowed the Board to substantially increase the net dividend to 4p which is 4.7 times covered. The upward trend in profits is showing a steady improvement, as illustrated by the following key statistics relating to continuing operations:

	1996	1995	1994
Turnover	£17,323,000	£13,617,000	£8,958,000
Gross Profit	£6,524,000	£3,400,000	£1,879,000
Gross Profit as a percentage of Turnover	37.7%	25.0%	21.0%
Operating Profit	£2,126,000	£864,000	£395,000
Operating Profit as a percentage of Turnover	12.3%	6.3%	4.4%

Export sales of £2,743,000, which showed a 41.5% increase over 1995, represented 15.8% of turnover, reflecting not only the increasing importance of our operations in Australia and the USA but also significant extra sales inside Europe.

The increase of £3,706,000 in turnover produced a £3,124,000 rise in gross profit (84.3% of the increase), principally due to the improved utilisation of the Company's assets and the increased ownership of assets resulting in a reduction in the external cost of sales.

Interest payable of £448,000 includes a £142,000 increase in finance lease interest over 1995 due to significantly more purchases of fixed assets being financed by lease or hire purchase during the year.

Cash Flow

The strong cash flow from operations of £5.0 million has enabled us to continue financing the expansion of our business where investment in equipment can not only increase volume but also improve margins by reducing the hire in of equipment.

The increase of £2,078,000 in borrowings, including finance leases, resulted in year end net borrowings of £6,920,000 (note 4) giving a gearing of 48.6% compared to 37.5% at 31st March 1995.

Fixed Assets

Arrangements with a number of suppliers for extended credit on favourable terms have been negotiated to allow us to accelerate the rate of investment in new equipment.

To improve the presentation of our depreciation policy (note 1(d) to the accounts), we are now showing the number of years of remaining useful life for each class of asset. We have also reclassified the assets to show separately the lives of giant mobile screens and of non electronic equipment, such as audience seating and furniture, which have longer lives than much of our other specialist equipment.

Taxation

The UK tax charge is likely to remain low for a number of years. With the exception of the capital allowances on the acquisition of the Wembley studio, tax computations up to 31st March 1994 have been agreed and we have significant tax losses in some companies. In addition, capital allowances have been waived in past years in some companies with the result that higher allowances will be available to set off against income in future years in those companies. Where overseas or associated undertakings incur tax in the current year, this will result in a charge against group profits as will any ACT paid on dividends which might not be considered recoverable out of future UK tax liabilities.

Bank Facilities

The group has a policy of maintaining two principal bankers and following lengthy discussions the Board decided to appoint Midland Bank plc to join National Westminster Bank plc as our principal bankers. Both our bankers provide similar short term facilities and National Westminster Bank plc has continued to provide a longer term facility which during the year was extended to three years and became unsecured as are all our other facilities. We believe the existing bank and leasing facilities are adequate for our anticipated funding requirements and are at very competitive interest rates.

Richard Alan Murray**Executive Chairman*

aged 46, founded the company in 1984. He is non-executive chairman of Charlton Athletic plc, a non-executive director of Welsh Industrial Investment Trust plc and VCI plc.

David John Nicholson*Group Managing Director*

aged 45, joined the group and the board in 1995, having previously held senior management positions at Rentokil Group plc and Aspen Communications plc.

Cameron Anderson Maxwell FCA*Finance Director*

aged 53, joined the company and the board in 1985 having previously held senior financial management positions in the electronics industry including STC PLC and The Plessey Company plc.

Graham Peter Andrews*Managing Director**Creative Technology*

aged 37, joined the group in 1986, was appointed to the board in 1994 and has 20 years experience in the live events industry.

David Andrew Crump*Managing Director**Screenco*

aged 34, joined the group in 1985, was appointed to the board in 1995 and has 16 years experience in the large screen display industry.

Julian Stuart Kossick*Managing Director**Fountain Television*

aged 45, joined the group in 1985, was appointed to the board in 1995 and has 25 years experience in the television and audio industry.

Nicholas Simon Conn LLB*Company Secretary*

aged 39, joined the Company in 1988, was appointed to the board in 1993 and was previously a partner in the Company's then solicitors.

Alfred Patrick Stirling FCA**non-executive Director*

aged 60, is a Chartered Accountant and is Chairman and Managing Director of Gresham House plc and Welsh Industrial Investment Trust plc. He is a non-executive Chairman of Greenwich Communications plc.

Alan John Morton**non-executive Director*

aged 36, has 18 years experience in fund management and is Chief Investment Manager of Brachers, Solicitors.

* Member of Remuneration Committee.

The directors have pleasure in presenting their Report and Accounts for the year ended 31st March 1996.

Principal Activities and Review of the Business and Results

The Group's principal activity during the year was the provision of specialist television services. The Chairman's statement on page 2 and the Group Managing Director's review of the business set out on pages 3 to 16 give further information.

Dividends

The directors recommend payment of a final dividend for the year ended 31st March 1996 of 2.5p per ordinary share of 10p to be paid on 8th October 1996 to shareholders on the Register on 4th September 1996, making a total for the year of 4.0p (1995: 1.0p).

Share Capital

On 24th August 1995 the authorised share capital was consolidated from 125,000,000 ordinary shares of 1p each (both issued and unissued) to 12,500,000 ordinary shares of 10p each.

On 4th April 1996 18,476 ordinary shares of 10p were issued as consideration for the purchase of Day Star Services Limited.

Directors and their Interests

Brief details of the directors are given opposite. The names of the present directors are stated opposite except that Mr. Murray's full surname is Murray-Obodynski. However, he is referred to in this document by the name under which he is generally known in the industry.

Mr. Nicholson and Mr. Crump were appointed to the Board on 17th May 1995 and 21st June 1995 respectively and were both re-elected at the last Annual General Meeting of the Company. The other directors served continuously during the year. Mr. Maxwell, Mr. Conn and Mr. Morton retire by rotation and offer themselves for re-election. Mr. Maxwell has a service contract capable of termination on two years notice and Mr. Conn has a service contract capable of termination on 12 months' notice. Mr. Morton is a non-executive director and does not have a service agreement with the Company.

Secretary and Registered Office
Nicholas Simon Conn, LLB
Venture House,
Davis Road,
Chessington,
Surrey
KT9 1TT

Tel: 0181 974 1234
Fax: 0181 974 1622

Auditors
KPMG

Solicitors
Berwin Leighton

Stockbrokers
Collins Stewart & Co.
Peel Hunt & Company Limited

Share Quotation
The Company's shares are listed on the Official List of the London Stock Exchange.

Registrars and Transfer Office
Independent Registrars Group Limited,
Bourne House, 34 Beckenham Road,
Beckenham, Kent BR3 4TU

Principal Bankers
Midland Bank plc
National Westminster Bank plc

Substantial Interests

Apart from the directors, the Company has been notified of the following holdings of 3 per cent or more:

Name	Ordinary Shares	Percentage of allotted ordinary share capital
Hermes Administration Services Limited	300,865	3.22

Corporate Governance

The majority of the recommendations made by the Cadbury Committee on Corporate Governance in its Code of Best Practice are already followed by Avesco plc. However, the Company does not currently plan to adopt certain aspects of the Code, the reasons for which are listed below.

- 1.5 Although the company is not committed to pay for legal advice for the non-executive directors, the board will, where appropriate, authorise the reimbursement by the Company of the reasonable legal expenses incurred by non-executive directors.
- 2.3 Non-executive directors do not have fixed term contracts but are offered for re-election by shareholders every three years.
- 4.3 Since the whole board takes responsibility for the appointment of and receiving reports from auditors, a separate audit committee is not considered to be economically justified.

Internal Control

The directors are responsible for internal financial controls within the group including reviewing their effectiveness. The group's internal control system has been reviewed by the directors. No weaknesses were identified which would require disclosure as recommended by the guidance issued by the Cadbury Internal Control Working Group.

The Avesco internal financial control system is designed to minimise the potential risks of error or fraud so that the accounts can be relied upon and business assets are safeguarded.

The controls in place include a group policies and procedures manual, operated in all wholly owned subsidiaries which defines levels of authority and regular control and management reporting procedures. The group has a comprehensive system of financial reporting and forecasting covering profits, assets, liabilities and cash flow. The systems include daily monitoring of cash, monthly reporting of financial results, reviews of forecasts and comparisons with budgets. Budgets and business plans are prepared annually for all group businesses and reviewed with management and the Avesco board. Control reports are regularly monitored by the Finance Director, the internal control systems are reviewed by Internal Audit and regular management meetings are held to monitor performance against budgets and plans.

Payment Policy to Suppliers

The group has standard terms and conditions of purchase based on which it agrees terms and conditions for its business transactions with suppliers. It is our policy that, subject to the terms and conditions being met by the supplier, payment is made on those terms.

Going Concern

The directors believe, after making appropriate enquiries, that the group has adequate resources to continue in operation for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts.

Remuneration Committee Report

The remuneration committee comprises Mr Stirling and Mr Morton, who are both non-executive directors, and Mr Murray. The Chairman of the remuneration committee is Mr Stirling. The remuneration committee has, in framing its remuneration policy, given full consideration to the best practice provisions annexed to the London Stock Exchange Listing Rules.

The aim of the remuneration committee is to provide total remuneration packages which attract, retain and motivate executive directors of the appropriate calibre. The principal elements of the remuneration package are as follows:

Basic Salary and Benefits

The salary of each executive director is reviewed annually having regard to his individual performance and to comparable salary levels in the employment market. All executive directors receive a company car and are entitled to cover under the group life assurance, medical expenses and permanent health insurance schemes. Mr Murray is not present during meetings of the remuneration committee while his own salary is under review.

Annual Bonus

Each of the executive directors is entitled to a bonus dependent upon the performance of the group as a whole and, where applicable, of the businesses for which he has specific responsibility. Bonuses are determined taking into account profit before tax and, where applicable, performance against budget.

Long Term Incentives

The Company operates two executive share option schemes established in 1984 and 1994, respectively. The 1984 scheme is now closed to new grants of options. Options granted under the 1994 scheme are exercisable only if, over a three year period, the increase in the Company's share price exceeds the increase in the Retail Prices Index over the same three year period.

Pensions

Contributions are paid in respect of each executive director either to a defined contribution scheme of his choice or to the director personally by way of allowance in lieu of pension. Contributions are calculated by reference to basic salary only. Annual bonuses and other benefits are not pensionable.

Contracts

The service contracts of Mr Murray and Mr Maxwell are each subject to termination on 24 months' notice. No other executive director has a service contract with the Company or any of its subsidiaries which is subject to termination on more than 12 months' notice.

Non-Executive Directors

The remuneration of the non-executive directors is subject to a maximum aggregate limit agreed by shareholders and set out in the Articles of Association. Within this limit, the remuneration of the non-executive directors is determined by the Board as a whole although no non-executive director is present when his own salary is under discussion. The non-executive directors do not have written service contracts with the Company. They do not participate in the share option scheme and do not receive any pension contributions or other benefits.

Directors' Emoluments

The emoluments of the directors of the company were:

	Year ended 31st March 1996				1995
	Salary £'000	Bonus £'000	Benefits £'000	Total £'000	Total £'000
<i>Executive Directors</i>					
R. A. Murray	102	17	9	128	115
D. J. Nicholson (Since 17th May 1995)	98	9	8	115	-
C. A. Maxwell	79	17	12	108	95
N. S. Conn	61	9	7	77	65
G. P. Andrews	82	16	9	107	54
D. A. Crump (Since 21st June 1995)	51	8	4	63	-
J. S. Kossick	<u>81</u>	<u>18*</u>	<u>5</u>	<u>104</u>	<u>53</u>
	554	94	54	702	382
Payments to Pension Scheme	-	-	60	60	43
	554	94	114	762	425
<i>Non Executive Directors</i>					
A. J. Morton	10	-	-	10	10
A. P. Stirling	<u>10</u>	<u>-</u>	<u>-</u>	<u>10</u>	<u>10</u>
	<u>574</u>	<u>94</u>	<u>114</u>	<u>782</u>	<u>445</u>

Mr. Andrew's and Mr. Kossick's cost for 1995 only relates to the period since their appointment to the board.

* Includes £10,000 discretionary bonus related to the successful launch of the Wembley Studios.

In additions to the emoluments set out above, the remuneration committee has approved a bonus scheme for the benefit of Mr. Nicholson based on the performance of the Company's share price between 20th June 1995 and 20th June 2005. The earliest date on which any bonus may become payable under this scheme is 20th June 1998.

Directors Interests

The number of shares in which the directors had a beneficial interest as defined by the Companies Act 1985 was as follows:

	at 31st March 1996 and at 4th June 1996		at 31st March 1995 or date of appointment*	
	Ordinary Shares of 10p	Options to subscribe for Ordinary Shares of 10p	Ordinary Shares of 10p	Options to subscribe Ordinary Shares of 10p
R. A. Murray	1,584,047	-	1,559,047	-
D. J. Nicholson	10,330	12,500	-	-
C. A. Maxwell	62,631	142,710	60,000	142,710
G. P. Andrews	6,735	10,000	6,735	10,000
D. A. Crump	7,812	10,000	7,812	10,000
J. S. Kossick	4,849	10,000	4,849	10,000
N. S. Conn	8,295	26,553	8,295	26,553
A. J. Morton	22,500	-	1,600	-
A. P. Stirling	17,000	-	17,000	-

* As adjusted for consolidation.

report of the directors

During the year ended 31st March 1996 the following options had been granted to directors and were outstanding under the Share Option Scheme.

Number of Ordinary Shares of 10p Under Option

	At 1st* April 1995 or date of appointment	Granted* during year	At 31st March 1996	Exercise Price (p)	Exercise Dates From To	
D. J. Nicholson		12,500	12,500	152.5	14.07.98	13.07.05
C. A. Maxwell	2,782	-	2,782	1042.1	17.01.92	16.01.99
	8,070	-	8,070	1302.5	03.07.92	02.07.99
	1,858	-	1,858	881.6	30.06.94	01.01.00
	130,000	-	130,000	115.0	13.07.97	12.07.04
G. P. Andrews	10,000	-	10,000	115.0	13.07.97	12.07.04
D. A. Crump	10,000	-	10,000	120.0	02.02.98	01.02.05
J. S. Kossick	10,000	-	10,000	115.0	13.07.97	12.07.04
N. S. Conn	2,782	-	2,782	1042.1	17.01.92	16.01.99
	1,077	-	1,077	881.6	02.01.93	01.01.00
	2,694	-	2,694	909.4	16.01.93	15.01.00
	20,000	-	20,000	115.0	13.07.97	12.07.04

* As adjusted for consolidation.

None of the directors had any non-beneficial interests in the Company's shares or exercised share options during the year. The Company's closing share price on 31st March 1996 was 216.5p and the high and low prices during the year were 224p and 113p respectively.

Crest

Notice is given to shareholders that, in accordance with the Uncertificated Securities Regulations 1995 ("the Regulations"), on 30th May 1996 the Company by resolution of its directors resolved that title to the ordinary shares of 10p each in the capital of the Company, in issue or to be issued, may be transferred by means of a relevant system. The resolution will become effective immediately prior to CrestCo Limited granting permission for the Company's shares to be transferred by means of the Crest system.

The Company is obliged by the Regulations to give the above notice to its members. The purpose of the resolution is to enable the Company's shares in due course to join Crest, the new computerised system which will allow shares to be held and traded in electronic form. It is anticipated that the Company's shares will join Crest in November 1996. However, Crest is a voluntary system and shareholders may decide to retain their share certificates rather than holding shares in electronic form. A leaflet on Crest will be included with the initial posting of this Report or may be obtained by writing to the Company Secretary's office at the Registered Office of the Company.

Auditors

Our auditors, KPMG, have indicated that a limited liability company, KPMG Audit Plc, is to undertake part of their audit business. Accordingly, a resolution is to be proposed at the annual general meeting for the appointment of KPMG Audit Plc as auditors of the Company.

Employee Involvement

The Group encourages employee shareholding through the share option schemes. Most staff have share options, receive the Annual Report and Accounts and are kept closely in touch with the sales and financial position of the Group. The Group adopts a policy of non-discrimination in the employment of disabled persons. Should an employee become disabled, every effort is made to ensure continuity of employment.

Close Company Status


The directors have been advised that the close company provisions of Section 414 of the Income and Corporation Taxes Act 1988 do not apply to the Company.

Authority to allot shares

The authority given to the directors to allot further shares in the capital of the Company requires the prior authorisation of the shareholders in General Meeting under Section 80 Companies Act 1985. A resolution will be put to members as special business seeking authority to allot the current unissued ordinary share capital being 3,168,703 shares of 10p each, which is approximately 34 per cent of the current issued share capital. The resolution will also seek to obtain authorisation under Section 95 Companies Act 1985 for the directors to allot, for cash, up to 466,560 shares of 10p each being approximately 5 per cent of the current issued share capital without being required first to offer such securities to existing shareholders. The Company will thereby be given greater flexibility when considering future opportunities but the interests of existing shareholders will be protected as, except in the case of a rights issue or the allotment of shares under the Company's employee share option scheme, the proportionate interests of shareholders cannot, without their consent, be reduced by more than 5 per cent by the issue for cash of new shares. The directors have no present intention to allot any part of the unissued share capital of the Company or, without the prior approval of the Company in General Meeting, to make any issue which would effectively alter the control of the Company or the nature of its business. Both authorities will expire immediately following the annual general meeting next following the resolution or, if earlier, 15 months following the resolution being passed.

Authority to purchase shares

The Articles of Association of the Company contain provision, with the authority of the shareholders, for the Company to make market purchases of its own shares. As last year it is proposed that such authority be sought by way of Special Resolution at the forthcoming Annual General Meeting to purchase up to approximately 15 per cent of the issued share capital subject to the limitations set out in the Special Resolution. It is the intention of the directors only to exercise the authority if satisfied that to do so would be in the best interests of the Company. The directors have no present intention to make any such purchase.


BY ORDER OF THE BOARD
Nicholas Conn
Secretary

4th June 1996

Statement of Directors' Responsibilities

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

*report of the auditors
to the members of Avesco plc*

We have audited the accounts on pages 26 to 38. We have also examined the amounts disclosed relating to emoluments, share options and long term incentive scheme interests of the directors which form part of the remuneration committee report on pages 20 to 23.

Respective responsibilities of directors and auditors

As described on page 24 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts and of whether the accounting policies are appropriate to the group'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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the Company and Group at 31st March 1996 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

14 June 1996

Crawley

AVESCO plc and its subsidiaries

consolidated profit and loss account for the year ended 31st March 1996

		1996	1995		
	Note	Total	Contin- uing operations	Discont- inued operations	Total
		£'000	£'000	£'000	£'000
Turnover	2	17,323	13,617	5,698	19,315
Cost of Sales		<u>10,799</u>	<u>10,217</u>	<u>3,607</u>	<u>13,824</u>
Gross Profit		<u>6,524</u>	<u>3,400</u>	<u>2,091</u>	<u>5,491</u>
Distribution Costs		57	27	47	74
Administrative Expenses		<u>4,341</u>	<u>2,509</u>	<u>3,937</u>	<u>6,446</u>
		<u>4,398</u>	<u>2,536</u>	<u>3,984</u>	<u>6,520</u>
Operating Profit/(Loss)		2,126	864	(1,893)	(1,029)
Losses on sale or demerger of operations	3	-	-	(7,681)	(7,681)
Net Interest and other Income	4	<u>(336)</u>	<u>(69)</u>	<u>(191)</u>	<u>(260)</u>
Profit/(Loss) on Ordinary Activities before taxation	5	1,790	795	(9,765)	(8,970)
Taxation	7	<u>35</u>	<u>1</u>	<u>106</u>	<u>107</u>
Profit/(Loss) on Ordinary Activities after taxation		1,755	794	(9,871)	(9,077)
Minority Interests		<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(Loss) for the financial year		1,749	794	(9,871)	(9,077)
Movement in net assets of VideoLogic from date of acquisition to demerger		-	-	12,916	12,916
Demerger Dividend		-	-	(11,447)	(11,447)
Ordinary Dividends	8	<u>(372)</u>	<u>(93)</u>	<u>-</u>	<u>(93)</u>
Retained Profit/(Loss) for the Financial Year	21	<u>1,377</u>	<u>701</u>	<u>(8,402)</u>	<u>(7,701)</u>
Earnings per Share	9	<u>18.8p</u>	<u>9.0p</u>	<u>(111.7)p</u>	<u>(102.7)p</u>

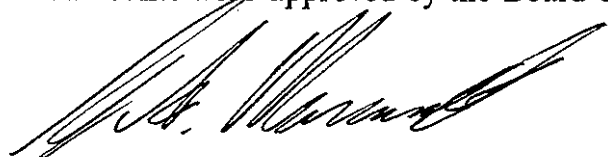
There were no significant gains or losses other than those included in the Profit and Loss account above.

balance sheet

as at 31st March 1996

		Group		Company	
	Note	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Fixed Assets:					
Intangible Assets	10	16	18	12	13
Tangible Assets	11	21,737	15,396	98	93
Investments	12	<u>733</u>	<u>580</u>	<u>52</u>	<u>63</u>
		<u>22,486</u>	<u>15,994</u>	<u>162</u>	<u>169</u>
Current Assets:					
Stocks	14	156	73	-	-
Debtors	15	4,592	5,012	31,200	31,032
Cash at Bank		<u>471</u>	<u>13</u>	<u>4</u>	<u>4</u>
		5,219	5,098	31,204	31,036
Creditors: Amounts falling due within one year	16	<u>9,285</u>	<u>6,283</u>	<u>5,322</u>	<u>4,702</u>
Net Current Assets/(Liabilities)		<u>(4,066)</u>	<u>(1,185)</u>	<u>25,882</u>	<u>26,334</u>
Total Assets less Current Liabilities		18,420	14,809	26,044	26,503
Creditors: Amounts falling due after more than one year	17	4,115	1,783	1,849	1,337
Provisions for liabilities and charges	19	<u>112</u>	<u>106</u>	-	-
		<u>14,193</u>	<u>12,920</u>	<u>24,195</u>	<u>25,166</u>
Capital and Reserves:					
Called Up Share Capital	20	931	931	931	931
Share Premium Account	21	8,701	8,700	8,701	8,700
Special Reserve	21	12,000	12,000	12,000	12,000
Profit and Loss Account	21	<u>(7,398)</u>	<u>(8,711)</u>	<u>2,563</u>	<u>3,535</u>
		14,234	12,920	24,195	25,166
Minority Interests		<u>(41)</u>	-	-	-
		<u>14,193</u>	<u>12,920</u>	<u>24,195</u>	<u>25,166</u>

The Accounts were approved by the Board on 4th June 1996 and were signed on its behalf by:



C.A. Maxwell

Director

AVESCO plc and its subsidiaries

consolidated cash flow statement

for the year ended 31st March 1996

	1996		1995	
	£'000	£'000	£'000	£'000
Net Cash Inflow from Operating Activities (Note 22)		5,020		2,190
Returns on Investments and Servicing of Finance				
Interest Received	66		23	
Interest Paid	(254)		(231)	
Interest Element of Finance Lease Rental Payments	(194)		(52)	
Dividends Paid	<u>(93)</u>		<u>-</u>	
Net Cash Outflow from Returns on Investments and Servicing of Finance		(475)		(260)
Taxation				
UK Corporation Tax Paid	(1)		-	
Overseas Tax Paid	<u>(14)</u>		<u>(1)</u>	
Net Tax (Paid)		(15)		(1)
Investing Activities				
Purchase of Tangible Fixed Assets	(4,107)		(2,820)	
Purchase of Investments	(150)		(1,138)	
Purchase of Subsidiary Undertakings (Net of Cash and Cash Equivalents Acquired)	-		(31)	
Sale of Fixed Assets	1,110		628	
Disposals	<u>-</u>		<u>2,929</u>	
Net Cash (Outflow) from Investing Activities		<u>(3,147)</u>		<u>(432)</u>
Net Cash Inflow before Financing		1,383		1,497
Financing				
Shares Issued for Cash	1		303	
Loan Repayments	(612)		(668)	
Capital Element of Finance Lease Rental Payments	<u>(735)</u>		<u>(427)</u>	
Net Cash (Outflow) from Financing		<u>(1,346)</u>		<u>(792)</u>
Increase in Cash and Cash Equivalents (Note 22)		<u>37</u>		<u>705</u>

for the year ended 31st March 1996

1. Accounting Policies

(a) Basis of Preparation

The Group accounts comprise the accounts of the holding company and its subsidiaries which have been prepared in accordance with applicable accounting standards, under the historical cost convention. In accordance with S230(4) Companies Act 1985, the Company is exempt from presenting its own Profit and Loss Account.

In the consolidated accounts, shares in associated undertakings are accounted for using the equity method. The consolidated profit and loss account includes the Group's share in the pre-tax profits and attributable taxation of the associated undertaking. In the consolidated balance sheet the investment in associated undertakings represents the Group's share of the net assets of the associated undertaking.

(b) Goodwill

Goodwill whether purchased or arising on consolidation is written off against reserves in the year of acquisition.

(c) Turnover

Turnover represents the net value of goods sold and services provided by the Group excluding Value Added Tax.

(d) Depreciation

No depreciation is provided on freehold land. Other tangible fixed assets are depreciated to write down their cost to their estimated residual values over the period of their estimated remaining useful economic lives. Periodic reviews are made of estimated remaining useful economic lives and residual values. The remaining useful economic lives currently being applied are:

Giant TV Screens	3 to 9 years
Vehicles and Trailers	5 to 15 years
Furniture and Non Electronic Plant	10 to 15 years
Other Plant and Equipment	1 to 10 years
Freehold Buildings	39 to 50 years
Leasehold Improvements	Depreciated equally over the remaining period of the lease

(e) Research and Development Costs

Costs of basic and applied research and product development expenditure are written off in the period in which they are incurred.

(f) Stocks

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

(g) Deferred Taxation

Provision is made for deferred taxation using the liability method on all timing differences except for those which are not expected to reverse in the foreseeable future.

(h) Foreign Currencies

Results for the year are translated using weighted average exchange rates. Foreign currency current assets and liabilities are translated into Sterling at closing rate. Fixed Assets are converted at the weighted average rate at date of acquisition. Differences arising on the restatement of opening net investments and their results for the year are dealt with as a movement on reserves. Transactions undertaken in foreign currencies are translated at the rate of exchange ruling at the date of the transaction.

(i) Leased Assets

The net investment in assets leased out under finance leases is included in debtors and income arising is recognised on a rule of 78 basis. The assets held for operating leases are included in fixed assets.

Assets obtained under finance leases are included in the balance sheet at cost less depreciation and the present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding. Rentals payable under operating leases are charged to the profit and loss account as incurred.

AVESCO plc and its subsidiaries

2. Analysis of Turnover, Profits and Net Assets

	1996			1995		
	Turnover	Profit before Tax	Net Assets	Turnover	Profit/(loss) before Tax	Net Assets
	£'000	£'000	£'000	£'000	£'000	£'000
<i>By Area of Activity</i>						
Continuing Operations	17,323	2,126	21,584	13,617	864	15,998
Discontinued Operations	-	-	-	5,698	(9,574)	1,777
	<u>17,323</u>	<u>2,126</u>	<u>21,584</u>	<u>19,315</u>	<u>(8,710)</u>	<u>17,775</u>
Interest and Net Borrowings	-	336	7,391	-	260	4,855
	<u>17,323</u>	<u>1,790</u>	<u>14,193</u>	<u>19,315</u>	<u>(8,970)</u>	<u>12,920</u>

Turnover, Profit and Net Assets are all now attributable to the Group's principal activity being the provision of specialist television services.

By Geographical Location of Customers

	£'000	£'000
<i>Continuing Operations</i>		
United Kingdom	14,580	11,679
Rest of Europe	1,283	695
North America	436	334
Australia & New Zealand	788	617
Rest of World	236	292
	<u>17,323</u>	<u>13,617</u>
Discontinued Operations	-	5,698
	<u>17,323</u>	<u>19,315</u>

3. Losses on Sale or Demerger of Operations

	1996 £'000	£'000	1995 £'000
Expenses of demerger borne by Avesco:			
Bonuses to VideoLogic Directors and Professional Fees	-		4,418
Losses on Disposal of Discontinued Businesses:		(90)	
(Profit) on Sale of Shares		1,371	
Provisions against Investments			
Provisions against Losses on Disposal of Assets formerly used in Discontinued Businesses		1,540	
Provision for Loss on Sale of Freehold Property occupied by:			
Businesses Discontinued - in the year		353	
Businesses Discontinued - in previous years		89	
	<u>-</u>	<u>89</u>	<u>3,263</u>
	<u>-</u>	<u>-</u>	<u>7,681</u>

4. Net Interest and Other Income

	1996 £'000	1995 £'000
Interest Payable and Similar Charges:		
On Bank Overdraft and Loans repayable within five years	250	231
Finance Charges on Finance Leases	194	52
Other Interest Payable	4	-
	<u>448</u>	<u>283</u>
Income from Associated Company	46	-
Interest Receivable	66	23
Net Interest and Other Income	<u>336</u>	<u>260</u>

	1996 £'000	1995 £'000
5. Profit/(Loss) on Ordinary Activities before Taxation		
<i>The Profit/(Loss) is stated after (crediting)/charging:</i>		
Hire of Plant and Equipment	1,277	849
Other Operating Leases	277	272
Depreciation on Fixed Assets	2,345	2,946
Provision for Loss on Sale of Freehold Property	-	442
(Profit) on Sale of Investments	(5)	-
(Profit)/Loss on Sale of Tangible Fixed Assets	(500)	28
Exceptional Provision for Doubtful Debt	247	-
Auditors' Remuneration: Audit	56	45
Auditors' Remuneration: Other Services	85	208
Directors' Emoluments (Note 6)	782	445
Research and Development Expenditure	-	407
Government Grants Received	<u>-</u>	<u>(34)</u>

	1996 Number	1995 Number
6. Directors and Employee Information		
<i>Staff Numbers and Costs</i>		
The average number of persons employed by the Group including directors was:		
Services Division	150	143
Administration and Accounting	9	9
Discontinued Operations	<u>-</u>	<u>48</u>
	<u>159</u>	<u>200</u>
	£'000	£'000
The aggregate payroll costs of these persons were:		
Wages and Salaries	4,102	4,936
Social Security costs	413	509
Other Pension costs	<u>107</u>	<u>174</u>
	<u>4,622</u>	<u>5,619</u>

The Avesco Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost represents contributions paid to the fund; no contributions remained unpaid at 31 March 1996 (1995: £Nil).

	1996 £'000	1995 £'000
<i>Directors' Emoluments</i>		
Fees	20	20
Other Emoluments (including pension contributions)	<u>762</u>	<u>425</u>
	<u>782</u>	<u>445</u>
<i>The emoluments of the Chairman, the Highest Paid Director, excluding pension contributions amounted to:</i>	<u>128</u>	<u>115</u>

6. Director and Employee Information (Continued)

The number of directors who received emoluments, excluding pension contributions in the following ranges were:

	1996 Number	1995 Number
£ 5,001 - £ 10,000	2	2
£ 50,001 - £ 55,000	-	2
£ 60,001 - £ 65,000	1	1
£ 75,001 - £ 80,000	1	-
£ 95,001 - £100,000	-	1
£100,001 - £105,000	1	-
£105,001 - £110,000	2	-
£110,001 - £115,000	1	-
£115,001 - £120,000	-	1
£125,001 - £130,000	<u>1</u>	<u>-</u>

7. Taxation

	1996 £'000	1995 £'000
Taxation based on Profit/(Loss) for the year:		
Deferred Tax (note 19)	6	106
Overseas Tax	14	1
Tax on Profits of Associated Company	<u>15</u>	<u>-</u>
	<u>35</u>	<u>107</u>

8. Dividends

	1996 £'000	1995 £'000
Interim Dividend 1.5p per 10p share (1995: nil) paid 9th April 1996	140	-
Proposed Final Dividend of 2.5p per 10p share (1995: 1p per 10p share) payable 8th October 1996	<u>232</u>	<u>93</u>
	<u>372</u>	<u>93</u>

9. Earnings per Share

Earnings per Share are calculated on the weighted average of 9,312,821 ordinary 10p shares (1995: 88,382,775 ordinary 1p shares) in issue during the year divided into the profit/(loss) on ordinary activities. Comparative figures have been adjusted to reflect the 1 for 10 consolidation on 24th August 1995.

		Trade Marks and Patent Rights	
10.	Intangible Assets	Group £'000	Company £'000
	<i>Cost:</i>		
	At 1st April 1995 and at 31st March 1996	<u>31</u>	<u>24</u>
	<i>Amortisation:</i>		
	At 1st April 1995	13	11
	Provision	<u>2</u>	<u>1</u>
	At 31st March 1996	<u>15</u>	<u>12</u>
	<i>Net book values:</i>		
	At 31st March 1996	<u>16</u>	<u>12</u>
	At 31st March 1995	<u>18</u>	<u>13</u>

		Plant and Equipment			Group	
11.	Tangible Assets	Land and Buildings £'000	Leased £'000	Owned £'000	Under Construction £'000	Company Plant and Equipment Owned £'000
	<i>Cost</i>					
	At 1st April 1995	6,058	2,534	19,207	424	28,223
	Additions	162	3,375	3,573	2,151	9,261
	Disposals	-	(87)	(1,835)	-	(1,922)
	Transfers	<u>460</u>	<u>424</u>	<u>(460)</u>	<u>(424)</u>	<u>15</u>
	At 31st March 1996	<u>6,680</u>	<u>6,246</u>	<u>20,485</u>	<u>2,151</u>	<u>35,562</u>
	<i>Depreciation:</i>					
	At 1st April 1995	1,060	1,117	10,650	-	12,827
	Charge for the year	122	501	1,720	-	2,343
	Eliminated on disposals	-	(51)	(1,294)	-	(1,345)
	Transfers	<u>3</u>	<u>-</u>	<u>(3)</u>	<u>-</u>	<u>3</u>
	At 31st March 1996	<u>1,185</u>	<u>1,567</u>	<u>11,073</u>	<u>-</u>	<u>13,825</u>
	<i>Net book values:</i>					
	At 31st March 1996	<u>5,495</u>	<u>4,679</u>	<u>9,412</u>	<u>2,151</u>	<u>21,737</u>
	At 31st March 1995	<u>4,998</u>	<u>1,417</u>	<u>8,557</u>	<u>424</u>	<u>15,396</u>

Group
1996
£'000

Group
1995
£'000

The net book value of land and buildings at 31st March comprised:

Freehold Buildings	4,128	3,681
Land (not depreciated)	929	921
Short Leaseholds	<u>438</u>	<u>396</u>
	<u>5,495</u>	<u>4,998</u>

AVESCO plc and subsidiaries

12. Investments	Associated Companies £'000	Trade Investments Listed £'000	Unlisted £'000	Group		Trade Investments Unlisted £'000	Company	
				Total £'000			Shares in Subsidiaries £'000	Total £'000
<i>Cost:</i>								
At 1st April 1995	-	153	3,444	3,597		13	50	63
Additions	-	-	150	150		-	-	-
Share of Profits of Associate	31	-	-	31		-	-	-
Disposals	-	(153)	(32)	(185)		(13)	-	(13)
Transfers	<u>552</u>	<u>-</u>	<u>(552)</u>	<u>-</u>		<u>-</u>	<u>2</u>	<u>2</u>
At 31st March 1996	<u>583</u>	<u>-</u>	<u>3,010</u>	<u>3,593</u>		<u>-</u>	<u>52</u>	<u>52</u>
<i>Provisions:</i>								
At 1st April 1995	-	138	2,879	3,017		-	-	-
Disposals	-	(138)	(19)	(157)		-	-	-
Transfers	<u>552</u>	<u>-</u>	<u>(552)</u>	<u>-</u>		<u>-</u>	<u>-</u>	<u>-</u>
At 31st March 1996	<u>552</u>	<u>-</u>	<u>2,308</u>	<u>2,860</u>		<u>-</u>	<u>-</u>	<u>-</u>
<i>Net book values:</i>								
At 31st March 1996	<u>31</u>	<u>-</u>	<u>702</u>	<u>733</u>		<u>-</u>	<u>52</u>	<u>52</u>
At 31st March 1995	<u>-</u>	<u>15</u>	<u>565</u>	<u>580</u>		<u>13</u>	<u>50</u>	<u>63</u>

The Company has the following unlisted trade investments all of which are registered in England and owned by subsidiaries of Avesco plc:

	Class of share	Shares of class	
		In issue	% Owned
AVS Broadcast Limited	Convertible Preference	1,513,410	100
AVS Graphics Limited	Ordinary	40,000	20
	5% Convertible Redeemable Preference	127,000	100
	5.54% Non Convertible Redeemable Preference	325,000	100
Forefront Technology Limited	Convertible Redeemable Preference	317,057	100
	Non Convertible Redeemable Preference	150,000	100
Innovision plc	Ordinary	5,000,000	17.89

AVS Graphics Limited has this year been treated as an Associate in recognition of the increased involvement of Avesco in the direction of the company.

A subsidiary owns 50% of Screenco Australia Pty. Limited which is registered in Australia and is accounted for as a subsidiary.

The principal wholly owned subsidiaries, all except Creative Technology Limited being owned by subsidiaries and (except where indicated) registered in England, are:

- Avesco Finance Limited
- Avesco Technology Limited (registered in Scotland)
- Bowen Broadcast Hire Limited
- Creative Technology Limited
- Creative Technology (Soho) Limited
- CT Vision Inc (incorporated in USA)
- Dimension Audio Limited
- Fountain Television Limited
- Fountain Television (Properties) Limited
- Presteigne Limited
- Screenco Limited
- Visual Techniques Limited

13. Capital Commitments

Commitments to Capital Expenditure at 31st March 1996 contracted for but not included in Additions were £4,257,000 (1995: £532,000).

14. Stocks	Group 1996 £'000	Group 1995 £'000
Raw Materials	20	31
Finished Goods	<u>136</u>	<u>42</u>
	<u>156</u>	<u>73</u>

15. Debtors	1996		1995	
	Group £'000	Company £'000	Group £'000	Company £'000
<i>Amounts due within one year:</i>				
Trade Debtors	3,076	31	2,994	49
Finance Lease Receivables	372	-	260	-
Amounts Owed by Subsidiaries	-	22,368	-	22,500
Other Debtors	474	296	746	479
Prepayments and Accrued Income	<u>637</u>	<u>6</u>	<u>826</u>	<u>4</u>
	4,559	22,701	4,826	23,032
<i>Amounts due after more than one year:</i>				
Trade Debtors	14	-	-	-
Finance Lease Receivables	19	-	186	-
Amounts owed by Subsidiaries	<u>-</u>	<u>8,499</u>	<u>-</u>	<u>8,000</u>
	<u>4,592</u>	<u>31,200</u>	<u>5,012</u>	<u>31,032</u>

16. Creditors: Amounts falling due within one year

	1996		1995	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank Loan	556	556	668	668
Bank Overdrafts	2,407	2,330	1,986	1,341
Trade Creditors	2,912	999	1,385	53
Amounts owed to Subsidiaries	-	921	-	2,093
Taxation and Social Security	346	37	861	383
Other Creditors	1,392	1	456	-
Accruals and Deferred Income	1,300	106	834	71
Dividends Payable	<u>372</u>	<u>372</u>	<u>93</u>	<u>93</u>
	<u>9,285</u>	<u>5,322</u>	<u>6,283</u>	<u>4,702</u>

17. Creditors: Amounts falling due after more than one year

	1996		1995	
	Group £'000	Company £'000	Group £'000	Company £'000
Bank Loan				
- Repayable between one and two years	837	837	1,337	1,337
Trade Creditors	1,012	1,012	-	-
Leases and Hire Purchase	<u>2,266</u>	<u>-</u>	<u>446</u>	<u>-</u>
	<u>4,115</u>	<u>1,849</u>	<u>1,783</u>	<u>1,337</u>

18. Leases and Hire Purchase

	1996 Group £'000	1995 Group £'000
(a) <i>Finance Leases:</i>		
Repayable within one year	1,325	418
Between one and two years	1,115	317
Between two and five years	<u>1,151</u>	<u>129</u>
	<u>3,591</u>	<u>864</u>

(b) Annual Commitments under Operating Leases at 31st March 1996 were:

	Group	
	Land and Buildings £000	Other Leases £'000
<i>Operating Leases which expire:</i>		
Between two and five years	60	6
Over five years	<u>169</u>	<u>-</u>

19. Provisions for Liabilities and Charges

	Group		Company
	Full Provision £'000	Deferred Taxation £'000	Full Provision £'000
At 1st April 1995		106	
Charge in the Year		<u>6</u>	
At 31st March 1996		<u>112</u>	
	Full Provision £'000	Provided in the Accounts £'000	Full Provision £'000
Accelerated Capital Allowances	543	112	(10)
Losses carried forward	<u>(4,847)</u>	<u>-</u>	<u>(2,257)</u>
	<u>(4,304)</u>	<u>112</u>	<u>(2,267)</u>

20. Share Capital	Number of shares		1996	1995
	1996	1995	£'000	£'000
<i>Authorised:</i>				
Ordinary Shares of 10p (1995: 1p) each	<u>12,500,000</u>	<u>125,000,000</u>	<u>1,250</u>	<u>1,250</u>
<i>Allotted, Called Up and Fully Paid:</i>				
Ordinary Shares of 10p (1995: 1p) each	<u>9,312,821</u>	<u>93,128,216</u>	<u>931</u>	<u>931</u>

The Company has adopted two share option schemes for directors and employees, in accordance with the powers contained in the Articles of Association of the Company, and has granted options under the terms thereof. Options (after adjusting for bonus and rights issues and consolidation) remain outstanding as at 31st March 1996 to 103 (1995: 132) employees in respect of 262,196 shares of 10p (1995: 2,429,187 shares of 1p) in the capital of the Company at prices between £1.15 and £13.27 per share. The options are exercisable before 13th July 2005.

21. Reserves and Shareholders' Funds	Share Capital £'000	Share Premium Account £'000	Special Reserve £'000	Profit and Loss Account £'000	Total Shareholders' Funds £'000
Group					
At 1st April 1995	931	8,700	12,000	(8,711)	12,920
Proceeds of Fractions on Share Consolidation	-	1	-	-	1
Retained Profit for the Financial Year	-	-	-	1,377	1,377
Translation Difference	-	-	-	(64)	(64)
At 31st March 1996	<u>931</u>	<u>8,701</u>	<u>12,000</u>	<u>(7,398)</u>	<u>14,234</u>
Company					
At 1st April 1995	931	8,700	12,000	3,535	25,166
Proceeds of Fractions on Share Consolidation	-	1	-	-	1
Retained Loss for the Financial Year	-	-	-	(972)	(972)
At 31st March 1996	<u>931</u>	<u>8,701</u>	<u>12,000</u>	<u>2,563</u>	<u>24,195</u>

Since the formation of the Group the cumulative amount of goodwill resulting from acquisitions remaining in the Group has amounted to £475,000 (1995: £475,000).

22. Cash Flow Statement	1996	1995	
	£'000	£'000	
<i>(a) Cash Flow from Operating Activities:</i>			
Operating Profit/(Loss)	2,126	(1,029)	
Depreciation and Amortisation charges	2,345	2,946	
(Profit)/Loss on sale of Fixed Assets	(505)	28	
(Increase)/Decrease in Stock	(83)	1,515	
Decrease/(Increase) in Debtors	444	(2,885)	
Increase in Creditors	<u>693</u>	<u>1,615</u>	
Net cash Inflow from operating activities	<u>5,020</u>	<u>2,190</u>	
<i>(b) Analysis of the balances of Cash and Cash Equivalents:</i>			Change in Year
	1996	1995	£'000
	£'000	£'000	£'000
Cash at Bank	471	13	458
Bank Overdrafts	<u>2,407</u>	<u>1,986</u>	<u>(421)</u>
	<u>(1,936)</u>	<u>(1,973)</u>	<u>37</u>
<i>(c) Analysis of changes in financing during the year:</i>			Loans and Finance Lease Obligations
			£'000
Balance at 1st April 1995			2,869
Net cash outflow from financing:			
Inception of new Finance Leases			3,462
Repayment of Finance Leases			(735)
Repayment of Term Loan			<u>(612)</u>
Balance at 31st March 1996			<u>4,984</u>

23. Contingent Liabilities

Group Bank guarantees for carnets, performance bonds and duty deferment relating to former subsidiaries amounted to £86,400 (1995: subsidiaries £107,240). The Company has guaranteed certain bank facilities of subsidiaries, the liability under which was £77,000 at 31st March 1996. The Company had also guaranteed the bank overdraft of a trade investment at 31st March 1996 up to a limit of £133,155 (1995: Nil).

notice of meeting

NOTICE is hereby given that the twelfth Annual General Meeting of Avesco plc will be held at Venture House, Davis Road, Chessington, Surrey KT9 1TT on Wednesday the 21st day of August 1996 at 11.00 a.m. for the following purposes:

Ordinary Business

1. To receive the Report of the directors and the Accounts for the year ended 31st March 1996, together with the Report of the Auditors.
2. To declare a final dividend on the Ordinary 10p Shares of the Company of 2.5p per share.
3. To re-elect directors.

Special Business

To consider, and if thought fit, to pass the following resolutions, of which Resolution 4 will be proposed as an Ordinary Resolution and Resolution 5 and 6 as Special Resolutions:

4. THAT KPMG Audit plc be appointed as auditors of the Company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the Company at a remuneration to be fixed by the directors.
5. THAT:
 - (A) the directors be generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act) up to an aggregate nominal amount of £316,870.30. This authority shall expire at the conclusion of the next Annual General Meeting after the passing of this resolution (or 15 months from the passing of this resolution (if sooner)) except that after the date when it expires the directors may use this authority to allot relevant securities in accordance with the terms of any offer or agreement made by the Company before that date. All outstanding general authorities under Section 80 of the Act shall be revoked; and
 - (B) in accordance with Section 95 of the Act the directors be given power pursuant to the authority conferred on the directors by paragraph (A) of this resolution to allot equity securities (within the meaning of Section 94(2) of the Act) for cash as if Section 89(1) of the Act did not apply to any such allotment provided that this power shall be limited to the allotment of equity securities:
 - (a) in connection with a rights issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective numbers of ordinary shares held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws or requirements of any regulatory body or any stock exchange in any territory; and
 - (b) (otherwise than pursuant to sub-paragraph (a) above) up to an aggregate nominal value of £46,656;

and shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution (or 15 months from the passing of this resolution (if sooner)) except that after the date when it expires the directors may use this authority to allot equity securities in accordance with the terms of any offer or agreement made by the Company before that date.

6. THAT the Company be and is generally and unconditionally authorised to make a market purchase or market purchases (within the meaning of Section 163(3) of the Act) on the London Stock Exchange Limited ("London Stock Exchange") of its own Ordinary Shares of 10p each ("Shares") in such a manner and on such terms as the directors may from time to time determine provided that:

- (i) the maximum number of Shares hereby authorised to be so acquired is 1,399,694 or, if the Ordinary Shares have a nominal value other than 10p each, such number as has an aggregate nominal value equal to £139,969.40;
- (ii) the minimum price which may be paid for each Share is 10p (exclusive of expenses) or, if each Ordinary Share has a nominal value other than 10p, that nominal value;
- (iii) the maximum price (exclusive of expenses) which may be paid for each Share is not more than 5 per cent above the average of the middle market quotations derived from the London Stock Exchange Daily Official List for the ten business days immediately preceding the date of purchase of the Shares;
- (iv) the authority hereby conferred shall expire at the conclusion of the Annual General Meeting of the Company to be held in 1997 or 18 months from the date this Resolution is passed, whichever is the earlier, unless such authority is revoked, varied or renewed prior to such time; and
- (v) the Company may, prior to the expiry of the authority hereby conferred, enter into a contract to purchase Shares which will or may be executed wholly or partly after such expiry, and may purchase Shares pursuant to such contract;

and that all Shares so purchased in pursuance of this authority shall be cancelled immediately upon completion of the purchase and the amount of the Company's issued share capital (but not authorised share capital) shall be reduced by the nominal amount of the Shares so purchased.

TO TRANSACT ANY OTHER BUSINESS
BY ORDER OF THE BOARD



Nicholas Conn
Secretary

4th June 1996

NOTES:

1. A member entitled to vote at the Meeting is entitled to appoint one or more proxies to attend and, on a poll, vote on his/her behalf. The proxy need not be a member of the Company. A form of proxy is enclosed with this Notice for use at the Meeting.
2. To be valid, the instrument appointing a proxy (together with the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of such power or authority) must be deposited at or posted to the office of the Registrars of the Company, Independent Registrars Group Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4BR to be received not less than 48 hours before the time fixed for the Meeting. Completion and return of the form of proxy will not preclude shareholders from attending or voting at the Meeting in person.
3. The following documents are available for inspection by members at the registered office of the Company on weekdays (except Saturdays) during normal business hours, and at the place of the meeting from not less than 15 minutes before the Meeting to its conclusion:-
 - (i) the Register of Directors' Interests required to be kept under Section 325 Companies Act 1985; and
 - (ii) copies of the directors' contracts of service.
4. **Important notice to bearers of share warrants:** You will not be entitled to attend or vote at the Annual General Meeting unless your Share Warrant is converted to registered form by lodging it with the Company Secretary not later than 11.00am on 16th August 1996.

AVESCO plc

FORM OF PROXY FOR USE AT THE ANNUAL GENERAL MEETING TO BE HELD AT
VENTURE HOUSE, DAVIS ROAD, CHESSINGTON, SURREY, KT9 1TT ON WEDNESDAY, 21ST AUGUST 1996
AT 11.00 AM

I/We _____
(Please use block capitals)

of _____ being (a) members(s) of the Company

HEREBY APPOINT the Chairman of the Meeting* _____
to act as my/our proxy and to vote for me/us on my/our behalf at the Annual General Meeting of the Company to held on
21st August 1996 and at any adjournment thereof.

Please indicate with an 'X' in the spaces below how you wish your votes to be cast in respect of each of the resolutions which
are set out in the Notice convening the Meeting. If no specified direction as to voting is given, the proxy will vote or abstain
as he/she thinks fit.

Resolutions	For	Against
1. To receive the Report and Accounts		
2. To declare a Final Dividend		
3. a) To re-elect Mr C.A. Maxwell as a director		
3. b) To re-elect Mr N.S. Conn as a director		
3. c) To re-elect Mr A.J. Morton as a director		
4. To appoint KPMG Audit Plc as auditors and authorise the directors to determine their remuneration		
5. To authorise the directors to allot relevant securities and to disapply the provisions of Section 89(1) of the Companies Act 1985		
6. To authorise the Company to make market purchases of its own shares		

I/We authorise my/our proxy to act at his/her discretion in relation to any other business arising at the Meeting (including any
resolution to adjourn the Meeting).

Dated this _____ day of _____ 1996

Signature _____

*If you wish to appoint some other person(s) to be your proxy, delete the words "Chairman of the Meeting" and insert the name
of the proxy.

Notes:

- To be valid this form, duly completed and signed, must be deposited, together with the power of attorney or other authority, if any,
under which it is signed or a notarially certified copy of such power of attorney or other authority, at the office of the Company's registrars,
Independent Registrars Group Limited, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4BR not less than 48 hours before the time
fixed for the meeting.
- Any alteration made in this form must be initialled.
- If the appointor is a corporation, this form must be executed under its common seal or under the hand of an officer or attorney duly authorised
on its behalf.
- In the case of joint holders a vote of the senior who tenders a vote whether in person or by proxy shall be accepted to the exclusion of the votes
of the other holder or holders of the share(s) and for this purpose seniority shall be determined by the order in which the names stand in the register
of members.
- Completion and return of this form does not preclude the shareholder from attending the meeting and voting in person.
- Important notice to bearers of share warrants:** You will not be entitled to attend or vote at the Annual General Meeting unless your Share Warrant
is converted to registered form by lodging it with the Company Secretary not later than 11.00am on 16th August 1996.

REPLY PAID FORM

BUSINESS REPLY - Licence No. MB 122

Independent Registrars Group Limited (Proxies)

P.O. Box 25

Beckenham

Kent

BR3 4BR