

REPORT OF THE DIRECTOR

The director presents his report and the financial statements for the period ended 31st January 1995.

Principal activity

The company has not traded during the period.

Statement of directors' 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 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 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 them 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.

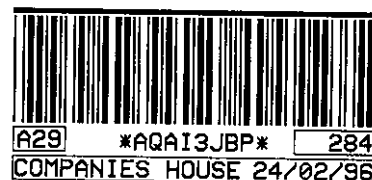
Director

The director who served during the period was B.W.Phipps. He had no beneficial interest in the company's issued share capital at 30th April 1994 or 31st January 1995.

Messrs D.E.Cicurel and G.I.Lewis resigned from the board on 3rd April 1995.

Parent Company

At 31st January 1995 the company was a subsidiary undertaking of I M C Video Limited. The director's interest in the shares of that company are disclosed in its financial statements.

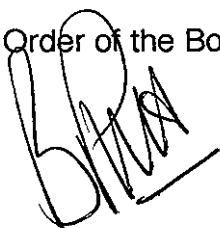


CREATION ENTERTAINMENTS LIMITED
REPORT OF THE DIRECTOR (continued)

Auditors

Messrs. Grant Thornton have resigned as auditors. The director has appointed T.D.Brooks & Co. to fill the vacancy and they will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

By Order of the Board

A handwritten signature in black ink, appearing to be 'B.W. Phipps', written over a horizontal line.

B.W.Phipps
Director

Registered Office
39 Margaret Close
Abbots Langley
Herts. WD5 0NW

19th February 1996

Auditors' Report to the Shareholders of Creation Entertainments Limited

We have audited the financial statements on pages 4 to 7 which have been prepared under the historical cost convention and the accounting policies set out on page 6 .

Respective responsibilities of directors and auditors

As described on page 1 the company's director is responsible for the preparation of 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 and are 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 31st January 1995 and of its results for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.



T.D.Brooks & Co.
Chartered Accountants
and Registered Auditors

39 Margaret Close
Abbots Langley
Herts. WD5 0NW

19th February 1996

CREATION ENTERTAINMENTS LIMITED
PROFIT AND LOSS ACCOUNT
for the period ended 31st January 1995

	Note	9 months to 31.1.95	13 months to 31.3.94
Turnover	1	-	247,757
Cost of sales		-	(157,249)
		<hr/>	<hr/>
Gross profit		-	90,508
Distribution expenses		-	(91,810)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	-	(1,302)
Taxation	3	-	252
		<hr/>	<hr/>
Loss for the period transferred to reserves	8	-	£(1,050)
		<hr/>	<hr/>

There were no recognised gains or losses other than the result for the financial period.

The notes on pages 6 to 7 form part of these accounts.

CREATION ENTERTAINMENTS LIMITED
BALANCE SHEET
as at 31st January 1995

	Notes	31.1.95	30.4.94
Current assets			
Stock	4	-	2,469
Debtors	5	75,617	189,933
Cash		-	29,934
		<u>75,617</u>	<u>222,336</u>
Creditors: amounts falling due within one year	6	<u>(75,010)</u>	<u>(221,729)</u>
Net current assets		607	607
Total assets		<u>£ 607</u> =====	<u>£ 607</u> =====
Capital and reserves			
Share capital	7	1,000	1,000
Profit and loss account		(393)	(393)
Shareholders' funds	8	<u>£607</u> =====	<u>£607</u> =====

The financial statements were approved by the director on 19th February 1996 and signed on its behalf.



B.W.Phipps

The notes on pages 6 to 7 form part of these financial statements

CREATION ENTERTAINMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
for the period ended 31st January 1995

1. Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

1.2 Turnover

Turnover is the total amount receivable by the company (excluding value added tax) in the ordinary course of business for goods and services supplied.

1.3 Stock

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

1.4 Development expenditure

Development expenditure, relating to specific projects intended for commercial exploitation is carried forward and amortised over the period expected to benefit from the expenditure, commencing from the date at which such commercial exploitation begins.

Other development costs are written off as incurred.

2. Turnover and operating loss

Turnover and operating loss was attributable to the company's principal activity, being the exclusive distribution of products associated with video and television media, including the marketing of pre-recorded tapes.

This activity ceased on 30th April 1994.

Operating loss is stated after charging/crediting:

	31.1.95	30.4.94
Auditors' remuneration	-	1,060
Management charges	-	36,936
	=====	=====

3. Taxation

The tax credit/(charge) is based on the result for the period and comprises:

Overprovision for Corporation Tax in previous period	£ -	£252
	===	===

CREATION ENTERTAINMENTS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
for the period ended 31st January 1995

	31.1.95	30.4.94
4. Stock		
Finished goods and goods for resale	£ -	£2,469
	==	=====
5. Debtors		
Trade debtors	-	65,549
Other debtors	75,617	50,289
Prepayments and accrued income	-	74,095
	<u>£75,617</u>	<u>£189,933</u>
	=====	=====
6. Creditors: amounts falling due within one year		
Trade creditors	-	96,293
Other creditors	75,101	78,009
Accruals and deferred income	-	47,427
	<u>£75,010</u>	<u>£221,729</u>
	=====	=====
7. Share capital		
Authorised		
Ordinary shares of £1 each	£20,000	£20,000
	=====	=====
Allotted, called up and fully paid		
Ordinary shares of £1 each	£1,000	£1,000
	=====	=====
8. Movement on shareholders' funds		
Loss for period	-	(1,050)
Shareholders' funds at 1st May 1994	607	1,657
	<u>£607</u>	<u>£607</u>
	=====	=====