

Chrysalis Holdings Limited

Directors' report and financial statements

31 August 1996

Registered number 918616



Chrysalis Holdings Limited

Directors' report and financial statements

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Chrysalis Holdings Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 1996.

Principal activities, trading review and future developments

The principal activity of the company is the provision of management and administration services to members of the Chrysalis Group of companies. The directors do not anticipate any changes in these activities over the coming year.

Results and dividends

The profit for the year and transfer to reserves (*1995: profit and transfer to reserves*) are set out in the profit and loss account on page 4.

The directors recommend the payment of a dividend for the year of £500,000 (*1995: £12,842,000*).

Fixed assets

The movement in fixed assets during the year are set out in note 8.

Directors and directors' interests

The directors who held office during the year were as follows:

CN Wright	
NRA Butterfield	
NRL Huntingford	
PN McDanell	(appointed 16 December 1996)
MJ Pilsworth	(appointed 16 December 1996)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Chrysalis Holdings Limited

Directors' report

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

At 31 August 1996 and 31 August 1995 or the date of appointment, all of the directors were also directors of the ultimate parent company, Chrysalis Group plc, and their share interests are disclosed in the directors' report of that company.

By order of the Board



CR Potterell
Secretary

Chrysalis Building
Bramley Road
London
W10 6SP

3 April 1997

Chrysalis Holdings Limited

Statement of 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of Chrysalis Holdings Limited

We have audited the financial statements on pages 5 to 13.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are 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, 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 31 August 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

3 April 1997

Chrysalis Holdings Limited

Profit and loss account for the year ended 31 August 1996

	<i>Note</i>	1996 £	1995 £
Administrative expenses		-	(678,728)
Operating loss		-	(678,728)
(Loss)/profit on sale of investments		(203)	13,322,982
Income from shares in group undertakings		433,943	382,386
Other interest receivable and similar income	4	55,750	3,004
Interest payable and similar charges	5	(9,203)	-
Profit on ordinary activities before taxation	2-5	480,287	13,029,644
Tax on profit on ordinary activities	6	-	(67,561)
Profit on ordinary activities after taxation		480,287	12,962,083
Dividends proposed	7	(500,000)	(12,841,911)
Retained profit for the financial year		(19,713)	120,172
Retained profit brought forward		355,724	235,552
Retained profit carried forward		336,011	355,724

The notes on pages 8 to 13 form part of these financial statements.

Chrysalis Holdings Limited

Statement of total recognised gains and losses *for the year ended 31 August 1996*

There were no recognised gains or losses in the current or the previous years other than the retained profit for those years.

Reconciliation of movements in shareholders' funds *for the year ended 31 August 1996*

	1996 £	1995 £
Shareholders' funds brought forward	855,724	735,552
Profit retained in the year	480,287	12,962,083
Dividends proposed	(500,000)	(12,841,911)
Shareholders' funds carried forward	836,011	855,724

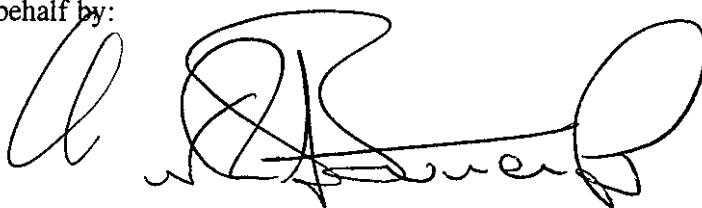
Chrysalis Holdings Limited

Balance sheet at 31 August 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Investments	8		19,095,087		10,958,327
Current assets					
Debtors	9	1,016,376		20,041,589	
Creditors: amounts falling due within one year	10	<u>(16,141,452)</u>		<u>(30,144,192)</u>	
Net current liabilities			<u>(15,125,076)</u>		<u>(10,102,603)</u>
Total assets less current liabilities			3,970,011		855,724
Creditors: amounts falling due after more than one year	11		<u>(3,134,000)</u>		<u>-</u>
Net assets			<u>836,011</u>		<u>855,724</u>
Capital and reserves					
Called up share capital	12		500,000		500,000
Profit and loss account			<u>336,011</u>		<u>355,724</u>
Shareholders' funds - equity			<u>836,011</u>		<u>855,724</u>

These financial statements were approved by the Board of directors on 3 April 1997 and were signed on its behalf by:

NRA Butterfield
Director



The notes on pages 8 to 13 form part of these financial statements.

Chrysalis Holdings Limited

Notes

(forming part of the financial statements)

1 Accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The following policies have been consistently applied:

Group accounts

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts on the grounds that it is a wholly owned subsidiary of another body corporate registered in England and Wales. These financial statements present information about the company as an individual undertaking and not about its group.

Dividend income

Dividend income from investments in group undertakings is included on a receivable basis.

Investments

Investments in subsidiary and associated undertakings are periodically revalued in the company's balance sheet to reflect the value of these companies at the balance sheet date. Any permanent diminutions in the value of investments are fully provided for and written off through the profit and loss account for the year.

2 Profit on ordinary activities before taxation

*Profit on ordinary activities before
taxation is stated after charging:*

	1996	1995
	£	£
Auditors' remuneration		
Audit	2,000	2,600
Other services	-	139,760
	<hr/>	<hr/>

3 Directors' and employees' remuneration

The directors received no remuneration from the company for services during the year. The company did not have any other employees and as a result incurred no staff costs.

Messrs CN Wright, NBA Butterfield and NRL Huntingford received remuneration from Chrysalis Group plc which is disclosed in the financial statements of that company.

Chrysalis Holdings Limited

Notes *(continued)*

4 Other interest receivable and similar income

	1996	1995
	£	£
Interest receivable on deferred consideration on sale of investment	<u>55,750</u>	<u>3,004</u>

5 Interest payable and similar charges

	1996	1995
	£	£
Interest payable on acquisition of investments	<u>9,203</u>	<u>-</u>

6 Taxation

	1996	1995
	£	£
Tax attributable to franked investment income	-	(17,917)
Advance Corporation Tax written off	-	85,478
	<u>-</u>	<u>67,561</u>

No corporation tax charge arises in the current year.

7 Dividends

	1996	1995
	£	£
Ordinary shares Proposed	<u>500,000</u>	<u>12,841,911</u>

Chrysalis Holdings Limited

Notes (continued)

8 Fixed asset investments

	Shares in group undertakings £	Participating interests £	Total £
Cost			
At beginning of year	14,646,514	5,657,164	20,303,678
Additions	5,022,117	18,097	5,040,214
Companies struck off	(214,306)	(111,747)	(326,053)
Redemption of preference shares	-	(37,250)	(37,250)
Transfers between items	585,349	(585,349)	-
Accrued costs	3,134,000	-	3,134,000
	<hr/>	<hr/>	<hr/>
At end of year	23,173,674	4,940,915	28,114,589
	<hr/>	<hr/>	<hr/>
Provisions			
At beginning of year	9,105,827	239,524	9,345,351
Companies struck off	(214,102)	(111,747)	(325,849)
	<hr/>	<hr/>	<hr/>
At end of year	8,891,725	127,777	9,019,502
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 August 1996	14,281,949	4,813,138	19,095,087
	<hr/>	<hr/>	<hr/>
At 31 August 1995	5,540,687	5,417,640	10,958,327
	<hr/>	<hr/>	<hr/>

Chrysalis Holdings Limited

Notes (continued)

8 Fixed asset investments (continued)

The investments are all unlisted.

The principal companies in which the company's interest is more than 10% are as follows:

	Principal activity	Class of share	Percentage of shares held
<i>Subsidiary undertakings</i>			
ACD Trading Ltd	Music wholesalers	Ordinary	100%
Air Edel Associates Limited	Music production	Ordinary	50%
Armourvale Limited	Music publishing	Ordinary	75%
Cactus TV Limited	TV production	Ordinary	50%
Chrysalis Film Productions Limited	Film production	Ordinary	100%
Chrysalis Music Limited	Music publishing	Ordinary	100%
Chrysalis Productions Limited	TV production	Ordinary	100%
Chrysalis Properties Limited	Property management	Ordinary	100%
Chrysalis Retail Entertainment Limited	Retail broadcasting	Ordinary	100%
Chrysalis TV Mobiles Limited	Outside broadcasting	Ordinary	100%
Chrysalis Visual Programming Limited	Not trading	Ordinary	100%
Heart of England Radio Limited	Radio operations	Ordinary	100%
Heart of London Radio Limited	Radio operations	Ordinary	100%
Speaking Books Limited	Audio tapes	Ordinary	75%*
The Hit Label Limited	Music production	Ordinary	51%
Watchmaker Productions Limited	TV production	Ordinary	50%
<i>Participating interests</i>			
Assembly Film and Television Limited	TV production	Ordinary	50%
Bentley Productions Limited	TV production	Ordinary	50%
IDTV Holdings BV (Holland)	Holding company	Ordinary	49%
Lucky Dog Limited	Comedy productions	Ordinary	50%

* Denotes shares held by other subsidiaries

The subsidiary and associated companies were all incorporated in the United Kingdom and registered in England and Wales unless otherwise stated.

During the year, it became probable that the options for Cactus TV Limited and Watchmaker Productions Limited would be exercised at the earliest date. As a result of this the two companies have now been classified as subsidiaries and have been consolidated as such in Chrysalis Group PLC. Details of the agreement and accounting treatment are set out in the accounts of Chrysalis Group plc.

In the opinion of the directors the investments in the company's subsidiary and associated undertakings are worth at least the amounts at which they are stated in the balance sheet.

Chrysalis Holdings Limited

Notes (continued)

9 Debtors

	1996 £	1995 £
Amounts owed by group undertakings	396,171	301,750
Other debtors	620,205	19,739,839
	<u>1,016,376</u>	<u>20,041,589</u>

Debtors include an amount of £278,883 (1995:£550,000) due after more than one year.

10 Creditors: amounts falling due within one year

	1996 £	1995 £
Amounts owed to group undertakings	15,633,791	29,705,182
Other creditors including taxation and social security	-	436,410
Proposed dividends	500,000	-
Accruals and deferred income	7,661	2,600
	<u>16,141,452</u>	<u>30,144,192</u>

11 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Other creditors including taxation and social security:		
Other creditors	<u>3,134,000</u>	<u>-</u>

12 Called up share capital

	1996 £	1995 £
<i>Authorised, allotted, called up and fully paid</i>		
250,000 Ordinary shares of £1 each	250,000	250,000
250,000 Non-voting 'A' shares of £1 each	250,000	250,000
	<u>500,000</u>	<u>500,000</u>

Chrysalis Holdings Limited

Notes *(continued)*

13 **Capital commitments**

The company has in place, by virtue of certain agreements with third parties, options to acquire the remainder of the share capital in certain of its 50% associated undertakings set out in note 8. The agreements also require the company to provide working capital funding up to certain limits. Details of the agreements are set out in the accounts of Chrysalis Group plc.

14 **Cash flow statement**

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Chrysalis Group plc, and its cash flows are included within the consolidated cashflow statement of that company

15 **Ultimate parent company**

The ultimate parent company is Chrysalis Group plc which is registered in England and Wales, for which consolidated accounts are prepared. The consolidated accounts of this company may be obtained from The Secretary, Chrysalis Group plc, The Chrysalis Building, Bramley Road, London W10 6SP.