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ALAN BAILEY (STUDIOS) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 MARCH 1997

Company Registration No: 1006870



Saffery Champness

CHARTERED ACCOUNTANTS

DIRECTORS' REPORT

The directors submit their report and financial statements for the year ended 31 March 1997. The company trades as ABS Communications.

DIRECTORS' RESPONSIBILITIES

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

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

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

RESULTS AND DIVIDENDS

The trading results for the twelve months and the financial position of the company are shown in the annexed financial statements. The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The principal activity of the company is that of marketing, public relations and management consultants.

FIXED ASSETS

The movements on fixed assets are shown in note 5 to these financial statements.

FUTURE DEVELOPMENTS

Over reliance on the property sector has been tempered by greater diversification and a diversification policy will continue. There are indications of increasing interest in the marketing, public relations and other services provided by the company and this will be exploited as far as possible to the company's benefit.

Mr H W Peel left the company on 31 March 1997 to pursue his career elsewhere. His two supporting employees also left with him. The Company expects to continue to be working with him, but it will reduce activity by volume in the forthcoming year.

DIRECTORS' REPORT (continued)

DIRECTORS

The directors who have held office since 1 April 1996 to the date of this report are as follows:

T A Bailey	-	Chairman
H W Peel	-	Resigned 31 March 1997
G A Thompson	-	Died 11 September 1997
M M Muñoz	-	Appointed 24 September 1997
V Y Robertson	-	Appointed 24 September 1997
J B Northam	-	Appointed 24 September 1997

DIRECTORS' INTEREST IN SHARES

Directors' beneficial interest in the share capital of the company were as follows:-

	Ordinary shares of £1 each	
	31 March 1997	1 April 1996
T A Bailey	3,600	2,450

AUDITORS

A resolution to reappoint Saffery Champness as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 384 Companies Act 1985.

By order of the board



V Y Robertson
Secretary

28 October 1997

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 4 to 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report on page 1, 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 affairs of the company as at 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SAFFERY CHAMPNESS
Chartered Accountants
Registered Auditors
London

28 October 1997

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1997

	Note	1997	1996
TURNOVER		680,010	536,143
Cost of sales		<u>505,349</u>	<u>388,734</u>
Gross Profit		174,661	147,409
Cost of finance and administration		<u>176,100</u>	<u>147,406</u>
OPERATING (LOSS)/PROFIT		(1,439)	3
Interest payable on finance lease		(2,609)	(2,079)
Bank interest received		<u>174</u>	<u>602</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	1	(3,874)	(1,474)
Taxation credit (1996 charge)	4	<u>(1,011)</u>	<u>1,900</u>
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		(2,863)	(3,374)
Balance 1 April 1996		<u>97,122</u>	<u>100,496</u>
Balance 31 March 1997		<u><u>£94,259</u></u>	<u><u>£97,122</u></u>

All items on the profit and loss account arise from continuing operations.

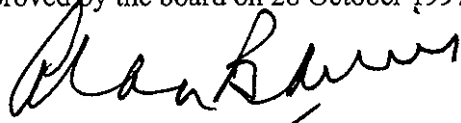
All recognised gains and losses are included in the profit and loss account above, consequently a separate statement of recognised gains and losses has not been prepared.

The notes on pages 7 to 9 form an integral part of these financial statements.

BALANCE SHEET
AT 31 MARCH 1997

	Note	1997	1996
FIXED ASSETS			
Tangible fixed assets	5	8,881	32,157
CURRENT ASSETS			
Debtors	6	110,465	88,506
Cash at bank		<u>19,809</u>	<u>59,617</u>
		130,274	148,123
CREDITORS: Amounts falling due within one year	7	<u>40,896</u>	<u>66,875</u>
NET CURRENT ASSETS		<u>89,378</u>	<u>81,248</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		98,259	113,405
CREDITORS: Amounts falling due after more than one year	7	-	<u>12,283</u>
		<u>£98,259</u>	<u>£101,122</u>
CAPITAL AND RESERVES			
Called up share capital	8	4,000	4,000
Profit and loss account		<u>94,259</u>	<u>97,122</u>
		<u>£98,259</u>	<u>£101,122</u>

Approved by the board on 28 October 1997



T A Bailey - Director

The notes on page 7 to 9 form an integral part of these financial statements.

ACCOUNTING POLICIES
FOR THE YEAR ENDED 31 MARCH 1997

A BASIS OF ACCOUNTING

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

B TURNOVER

Turnover represents the invoiced amount of services provided, inclusive of disbursements, stated net of value added tax.

C FIXED ASSETS

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its useful life, as follows:-

Leasehold	-	over the lease term
Motor vehicles	-	20% straight line
Furniture and equipment	-	20% straight line

D DEFERRED TAX

Provision is made, using the liability method, for taxation in respect of items where there is a timing difference between their treatment for accounts and taxation purposes if, in the opinion of the directors, it is probable that a material tax liability will crystallise in the foreseeable future.

E CASH FLOW STATEMENT

The company has taken advantage of the exemption permitted by FRS1, whereby a cash flow statement need not be provided by a small company as defined by the Companies Act 1985.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

1 (LOSS) ON ORDINARY ACTIVITIES
BEFORE TAXATION

1997 1996

(Loss) on ordinary activities before taxation
is stated after charging/(crediting):

Auditors' remuneration	£1,400	£1,250
Depreciation	£9,411	£11,540
Profit on disposal of fixed assets	<u>£(635)</u>	<u>£(918)</u>

2 EMPLOYEES

The average weekly number of persons
(including directors) employed by the company
during the year was 10..

Staff costs (for the above persons)

Wages and salaries	312,203	265,146
Other pension and staff costs	15,955	19,287
Social Security	<u>32,691</u>	<u>27,737</u>
	<u>£360,849</u>	<u>£312,170</u>

3 DIRECTORS' REMUNERATION

Fees	116,768	136,562
Other emoluments (including pension contributions and benefits in kind)	<u>18,758</u>	<u>22,407</u>
	<u>£135,526</u>	<u>£158,969</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 (continued)

4 TAXATION

	1997	1996
Corporation tax on (loss)/profit for the year @ 25%	(1,015)	£1,900
Adjustment in respect of previous years	<u>4</u>	<u>-</u>
	<u>£(1,011)</u>	<u>£1,900</u>

5 TANGIBLE FIXED ASSETS

	Property	Motor vehicles	Furniture and equipment	Total
Cost				
At 1 April 1996	751	37,205	104,792	142,748
Disposals	<u>-</u>	<u>(37,205)</u>	<u>(1,485)</u>	<u>(38,690)</u>
At 31 March 1997	<u>£751</u>	<u>£-</u>	<u>£103,307</u>	<u>£104,058</u>
Depreciation				
At 1 April 1996	580	18,680	91,331	110,591
Charge for the year	65	5,700	3,646	9,411
Eliminated in respect of disposals	<u>-</u>	<u>(24,380)</u>	<u>(445)</u>	<u>(24,825)</u>
At 31 March 1997	<u>645</u>	<u>-</u>	<u>94,532</u>	<u>95,177</u>
Net Book Value				
At 31 March 1997	<u>£106</u>	<u>£-</u>	<u>£8,775</u>	<u>£8,881</u>
At 31 March 1996	<u>£171</u>	<u>£18,525</u>	<u>£13,461</u>	<u>£32,157</u>

The net book value of tangible fixed assets includes an amount of £Nil (1996: £18,325) in respect of assets held under finance leases.

These assets disposed of during the year were sold to H W Peel and G D Thompson in transactions conducted at arms length.

6 DEBTORS	1997	1996
Due within one year:		
Trade debtors	104,763	83,367
Other debtors and prepayments	<u>5,702</u>	<u>5,139</u>
	<u>£110,465</u>	<u>£88,506</u>

Included in trade debtors is an amount of £15,962 due by Merchant International Trading and Consulting Group Limited, a company in which T A Bailey has an interest.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997 (continued)

7	CREDITORS	1997	1996
	Due within one year:		
	Trade creditors	14,507	10,581
	Obligations under finance leases	-	3,533
	Other creditors and accruals	2,795	2,472
	Corporation tax due	-	1,900
	Other taxation and social security	23,594	48,389
		<u>£40,896</u>	<u>£66,875</u>
	Due after more than one year:		
	Obligations under finance leases	<u>£-</u>	<u>£12,283</u>

8 CALLED UP SHARE CAPITAL

Authorised		
4,000 Ordinary shares of £1 each	<u>£4,000</u>	<u>£4,000</u>
Allotted, called up and fully paid		
4,000 Ordinary shares of £1 each	<u>£4,000</u>	<u>£4,000</u>

9 COMMITMENTS UNDER OPERATING LEASES

At 31 March 1997 the company had annual commitments under non-cancellable operating leases as follows:

LEASEHOLD PROPERTIES

	1997	1996
Contracted for but not provided for in the accounts.		
Expiring between 2 and 5 years (inclusive)	<u>£13,250</u>	<u>£13,450</u>

10 RELATED PARTY TRANSACTIONS

During the year the company received £3,033.38 (gross) from City and West End Clubs Limited a company in which T A Bailey has an interest.

It also received £5,248 from Alastor Limited, a company in which T A Bailey has an interest and £6,000 from Technocrats Limited, a company in which T A Bailey and G A Thompson (Deceased) have an interest. T A Bailey and G A Thompson were serving directors of both companies during the year.

The company also received £6,642 from Merchant International Trading and Consulting Group Ltd, a company in which T A Bailey has an interest and is the Chairman.

Included in cost of sales is an amount of £100 paid to Alastor Limited.