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GLOBAL ENTERTAINMENT MANAGEMENT (U.K.) LIMITED

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 1999

H.A. Burton
Chartered Accountants
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GLOBAL ENTERTAINMENT MANAGEMENT (U.K.) LIMITED

CONTENTS

	Page
Company information	1
Report of the director	2
Accountant's report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes forming part of the financial statements	7

GLOBAL ENTERTAINMENT MANAGEMENT (U.K.) LIMITED

COMPANY INFORMATION

REGISTERED NUMBER 1093328 (England and Wales)

REGISTERED AND TRADING OFFICE 22 Wadsworth Road
Perivale
Middlesex
UB6 7JD

DIRECTOR Pransukh Kotak

SECRETARY Pradeep Kotak

BANKERS Lloyds Bank plc
10 Hanover Square
London
W1R 0BT

GLOBAL ENTERTAINMENT MANAGEMENT (U.K.) LIMITED

REPORT OF THE DIRECTOR

The director presents his report together with the audited financial statements for the year ended 31 March 1999.

1. PRINCIPAL ACTIVITY

The principal activity of the company remains the design, development and sale of television entertainment and communication systems.

2. DIRECTOR AND HIS INTERESTS

The director of the company during the year and his interest in the ordinary share capital of the company at the balance sheet date are set out below:

	Ordinary shares of £1 each	
	31 March 1999	1 April 1998
P. Kotak	Nil	Nil

In accordance with the Articles of Association, Mr Kotak retires and, being eligible, offers himself for re-election.

3. DIRECTOR'S 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 director is 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 him 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.

4. SMALL COMPANY EXEMPTIONS

The director has taken advantage of the exemptions conferred by Part II of Schedule 8 to the Companies Act 1985.

By order of the Board of Directors

H.A. Burton
Secretary



Approved by the Board: 28 January 2000

**ACCOUNTANTS' REPORT TO THE DIRECTORS
ON THE UNAUDITED ACCOUNTS OF
GLOBAL ENTERTAINMENT MANAGEMENT (U.K.) LIMITED**

We report on the accounts for the Global Entertainment Management (U.K.) Limited set out on pages 4 to 9.

Respective responsibilities of directors and reporting accountants

As described on page 2 the company's directors are responsible for the preparation of the accounts, and they believe that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

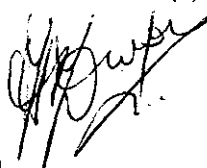
Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249 C (6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249 A (4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249 B (1).



H.A. Burton
Chartered Accountants
17 Hertford Avenue
London
SW14 8EF

28 January 2000

GLOBAL ENTERTAINMENT MANAGEMENT (U.K.) LIMITED

PROFIT AND LOSS ACCOUNT For the year ended 31 March 1999

	Note	1999 £	1998 £
TURNOVER	2	77,890	71,062
Cost of sales		<u>(65,843)</u>	<u>(70,211)</u>
GROSS PROFIT		12,047	851
Administrative expenses		<u>(70,718)</u>	<u>(76,855)</u>
OPERATING LOSS	3	<u>(58,671)</u>	<u>(76,004)</u>
Rent receivable	7,469		—
Management fee	51,400		31,300
Interest receivable	34		92
Interest payable	<u>(672)</u>		<u>(1)</u>
		<u>58,231</u>	<u>31,391</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(440)	(44,613)
Taxation		<u>2,892</u>	<u>(200)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES for the financial year set aside to future reserves		<u>2,452</u>	<u>(44,813)</u>

STATEMENT OF RECOGNISED GAINS AND LOSSES

The company made no recognised gains or losses in 1999 or 1998 other than the results for the year.

STATEMENT OF REVENUE DEFICIT

Balance, brought forward	(71,097)	(26,284)
Retained profit/(loss) for the year	<u>2,452</u>	<u>(44,813)</u>
Balance, carried forward to set aside against future reserves	<u>(68,645)</u>	<u>(71,097)</u>

GLOBAL ENTERTAINMENT MANAGEMENT (U.K.) LIMITED

BALANCE SHEET

As at 31 March 1999

	Note	£	1999 £	1998 £
CAPITAL AND RESERVES				
Called up share capital	7		100	100
Profit and loss account			(68,645)	(71,097)
Provision for redundancy			—	7,765
			<u>(68,545)</u>	<u>(63,232)</u>
Represented by:				
FIXED ASSETS				
Tangible assets	4		888	<u>1,185</u>
CURRENT ASSETS				
Stock and work in progress		362		10,822
Debtors	5	24,629		37,708
Cash at bank and in hand		<u>3,004</u>		<u>2,970</u>
		27,995		51,500
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
	6	<u>(97,428)</u>		<u>(115,917)</u>
NET CURRENT LIABILITIES			<u>(69,433)</u>	<u>(64,417)</u>
			<u>(68,545)</u>	<u>(63,232)</u>

The director has:

- (a) taken advantage of the Companies Act 1985 in not having these accounts audited under Section 249A(1);
- (b) confirmed that no notice has been deposited under Section 249B(2) of the Companies Act 1985;
- (c) acknowledged his responsibility for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985;
- (d) acknowledged his responsibility for preparing accounts which give a true and fair view of the company and of its result for the year then ended in accordance with the requirements of Section 226 of the Companies Act 1985 and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to this company;
- (e)
 - (i) taken advantage of the exemptions conferred by Part III of Schedule 8 of the Companies Act 1985; and
 - (ii) in his opinion the company is entitled to those exemptions on the basis that it qualifies as a small company.

The director has taken advantage of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985, on the grounds that the company is entitled to those exemptions as a small company. In addition, the accounts have been prepared in accordance with the special provisions relating to Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

Signed on behalf of the Board of Directors:


P. Kotak, Director

Approved by the Board: 28 January 2000

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

GLOBAL ENTERTAINMENT MANAGEMENT (U.K.) LIMITED

CASH FLOW STATEMENT For the year ended 31 March 1999

	1999	1998
£	£	£
Cash generated from operations		
Operating loss	(58,671)	(76,004)
Reconciliation to cash generated from operations:		
Depreciation	297	371
Decrease in work in progress	10,460	3,455
Decrease in stock	-	6
(Increase)/decrease in trade debtors	(1,940)	432
Decrease/(increase) in other debtors	3,918	(4,488)
(Decrease)/increase in trade creditors	(4,085)	6,743
(Decrease)/increase in other creditors	(9,372)	1,192
Decrease in redundancy provision	(7,765)	-
	<u>(67,158)</u>	<u>(68,293)</u>
Cash from other sources		
Corporation tax refund	13,993	-
Proceeds from sale of tangible fixed assets	-	7,000
Rent	7,469	-
Management fee	51,400	31,300
Interest received	34	92
	<u>72,896</u>	<u>38,392</u>
Application of cash		
Corporation tax penalty	-	200
Interest paid	672	1
	<u>(672)</u>	<u>(201)</u>
Net increase/(decrease) in cash	5,066	(30,102)
Cash at bank less overdrafts at beginning of year	<u>(21,430)</u>	<u>8,672</u>
Cash at bank less overdrafts at end of year	<u><u>(16,364)</u></u>	<u><u>(21,430)</u></u>
Consisting of:		
Cash at bank	3,004	2,970
Bank overdraft	<u>(19,368)</u>	<u>(24,400)</u>
	<u><u>(16,364)</u></u>	<u><u>(21,430)</u></u>

GLOBAL ENTERTAINMENT MANAGEMENT (U.K.) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31 March 1999

1. ACCOUNTING POLICIES

There have been no changes in the accounting policies during the year. The following are the more important accounting policies adopted by the company:

a) Accounting convention

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

b) Turnover

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

c) Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful lives. It is calculated on the original cost of the assets at the following rates:

	Rate	Method
Video equipment	33 $\frac{1}{3}$ %	Straight line
Demonstration equipment	33 $\frac{1}{3}$ %	Straight line
Office equipment	33 $\frac{1}{3}$ %	Straight line
Office equipment	25%	Reducing balance
Mobile telephones	25%	Straight line

d) Stocks

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to disposal.

Cost is calculated as follows:

Tape modules – cost of purchase on first in, first out basis

A provision has been made against the stock of tape modules calculated to write off the cost in equal instalments over six months.

2. TURNOVER

The turnover arose within the U.K. from the one continuing principal activity of the company.

3. OPERATING LOSS

The operating loss is stated after charging:

	1999	1998
	£	£
Aggregate depreciation charged in the year	297	396
Director's remuneration	—	—

GLOBAL ENTERTAINMENT MANAGEMENT (U.K.) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued) For the year ended 31 March 1999

4. TANGIBLE ASSETS

	Office equipment £	Total £
Cost:		
At 1 April 1998 and 31 March 1999	8,111	8,111
Depreciation:		
At 1 April 1998	6,926	6,926
Charge for the year	297	297
At 31 March 1999	7,223	7,223
Net book value.		
At 31 March 1999	888	888
At 31 March 1998	1,185	1,185

5. DEBTORS

	1999 £	1998 £
Trade debtors	21,901	19,961
Other debtors	2,421	13,702
Prepayments and accrued income	307	4,045
	24,629	37,708

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

6. CREDITORS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Bank overdraft and loan	19,368	24,400
Trade creditors	8,373	12,458
Other taxes and social security	32,909	26,813
Other creditors	35,636	51,356
Accruals	1,142	890
	97,428	115,917

GLOBAL ENTERTAINMENT MANAGEMENT (U.K.) LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (continued)

For the year ended 31 March 1999

7. SHARE CAPITAL

	1999	1998
	£	£
Authorised, allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

8. RELATED PARTY TRANSACTIONS

Rent of £7,469 (1998 – nil) and a management and administration fee of £51,400 (1998 – £31,300) was received from GEM (UK) Satellite Limited during the year.

At the balance sheet date £nil (1998 – £8,507) was owed to GEM (UK) Satellite Limited, included in other creditors.

Both companies are controlled by the single director P. Kotak who also owns 50% of the shares of GEM (UK) Satellite Limited.