



FISHER LANE FARM LIMITED

Report and Financial Statements

31 December 1998

**Deloitte & Touche
Hill House
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London EC4A 3TR**



**REPORT AND FINANCIAL STATEMENTS 1998**

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**DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements of the company for the year ended 31 December 1998.

ACTIVITIES

The principal activity of the company continued to be that of the provision of recording facilities.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The directors believe that the profit for the year and the financial position at the year end are satisfactory.

The directors are satisfied that the company is well placed to trade profitably in the future.

DIVIDENDS AND RESULT FOR THE YEAR

The directors do not recommend the payment of a dividend (1997 - £nil). The profit before tax for the year was £16,849 (1997 - £59,234).

DIRECTORS

The directors who served during the year, together with their beneficial interests as defined by the Companies Act 1985, in the shares of the company at 1 January 1998 and 31 December 1998 were as follows:

	Ordinary shares of £1 each	
	31 December 1998	1 January 1998
M J C C Rutherford	50	33
P D C Collins (resigned 23 August 1998)	-	33
A G Banks	50	33

There are no joint beneficial interest in shares at 31 December 1998 (1 January 1998 – one).

YEAR 2000

The company's plans to deal with the impact arising from the Year 2000 are well advanced and the cost of necessary changes will not be significant for the company.

AUDITORS

Deloitte & Touche have expressed their willingness to remain in office and accordingly a resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

M J C C Rutherford
Director

30 September 1999

**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 as at the end of the financial year 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 a 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.



FISHER LANE FARM LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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 at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

6 October 1999

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1998

	Note	1998 £	1997 £
TURNOVER	1,2	320,424	580,730
Cost of sales		(20,124)	(15,893)
Gross profit		300,300	564,837
Administrative expenses		(305,552)	(521,132)
OPERATING (LOSS)/PROFIT		(5,252)	43,705
Interest receivable and similar income		22,279	15,529
Interest payable and similar charges	4	(178)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	16,849	59,234
Tax credit/(charge) on profit on ordinary activities	6	1,417	(4,446)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		18,266	54,788
Balance brought forward		(255,405)	(310,193)
Balance carried forward		(237,139)	(255,405)

All activities derive from continuing operations.

There are no recognised gains or losses other than the profit for this and the preceding financial year and accordingly no statement of total recognised gains and losses is shown.

There are no movements on reserves or shareholders' funds for either financial year other than the movement on the profit and loss account as shown above.



BALANCE SHEET
31 December 1998

	Note	1998 £	1997 £
FIXED ASSETS			
Tangible assets	7	482,920	506,474
CURRENT ASSETS			
Debtors	8	70,597	146,098
Cash at bank and in hand		271,783	231,270
		<u>342,380</u>	<u>377,368</u>
CREDITORS: amounts falling due within one year			
Other creditors including taxation and social security	9	9,715	54,781
Accruals and deferred income		15,400	47,142
		<u>25,115</u>	<u>101,923</u>
NET CURRENT ASSETS		<u>317,265</u>	<u>275,445</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		800,185	781,919
CREDITORS: amounts falling due after more than one year	10	(1,037,224)	(1,037,224)
		<u>(237,039)</u>	<u>(255,305)</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account		(237,139)	(255,405)
EQUITY SHAREHOLDERS' DEFICIT		<u>(237,039)</u>	<u>(255,305)</u>

These financial statements were approved by the Board of Directors on ~~30 September~~ 30 September 1999.

Signed on behalf of the Board of Directors

M J C C Rutherford

Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is not provided on freehold land.

On other assets depreciation is provided in equal annual instalments over the estimated useful lives of the assets and is calculated on the cost of the assets.

The following rates are used:

Freehold buildings	2.5% per annum
Furniture, fixtures and fittings and equipment	40% per annum
Studio equipment	40% per annum
Motor vehicles	25% per annum

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Turnover

Turnover represents recording studio and crew hire fees receivable net of value added tax.

Going concern basis

The balance sheet shows a deficit of net assets of £238,456 at 31 December 1998. This amount is stated after liabilities of £1,037,224 due to related companies.

The companies have confirmed their intention to maintain financial support to the company and accordingly the directors have drawn up the accounts on a going concern basis.

2. TURNOVER

The company's turnover is wholly attributable to the company's principal activity, and is substantially in respect of services provided on normal commercial terms to the directors in their professional capacities.

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1998 £	1997 £
Employee costs during the year:		
Wages and salaries	161,120	322,090
Social security costs	16,166	32,282
	<u>177,286</u>	<u>354,372</u>
	No.	No.
Average number of persons employed (excluding directors):		
Production	<u>4</u>	<u>5</u>

The directors did not receive any remuneration in either financial year.


NOTES TO THE ACCOUNTS
Year ended 31 December 1998
4. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
Sundry interest payable	178	-

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998 £	1997 £
Profit on ordinary activities before taxation is after charging/(crediting):		
Depreciation on owned assets	23,544	34,560
Auditors' remuneration - audit fees	6,700	6,200
Profit on disposal of fixed assets	(1,200)	(21,000)

6. TAX (CREDIT)/CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
United Kingdom corporation tax at 21% (1997 - 21%)	(1,417)	4,446

The tax credit arises due to the availability of losses this year to be carried back.

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Equipment £	Studio equipment £	Motor vehicles £	Furniture, fixtures and fittings £	Total £
Cost:						
At 1 January 1998	686,594	925,146	510,462	110,405	119,410	2,352,017
Disposals	-	-	(2,000)	-	-	(2,000)
At 31 December 1998	686,594	925,146	508,462	110,405	119,410	2,350,017
Depreciation:						
At 1 January 1998	196,127	923,140	508,361	98,505	119,410	1,845,543
Charge for the year	13,497	2,006	2,101	5,950	-	23,554
Disposals	-	-	(2,000)	-	-	(2,000)
At 31 December 1998	209,624	925,146	508,462	104,455	119,410	1,867,097
Net book value:						
At 31 December 1998	476,970	-	-	5,950	-	482,920
At 31 December 1997	490,467	2,006	2,101	11,900	-	506,474

Included in freehold land and buildings is land with an original cost of £146,703 which is not depreciated.

NOTES TO THE ACCOUNTS
Year ended 31 December 1998

8. DEBTORS

	1998 £	1997 £
Trade debtors	247	247
Other debtors	49,264	33,298
Prepayments and accrued income	21,086	112,553
	<u>70,597</u>	<u>146,098</u>

9. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1998 £	1997 £
Directors' current accounts	-	15,803
Other creditors	188	188
Taxation and social security	9,527	38,790
	<u>9,715</u>	<u>54,781</u>

10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Loans from related companies (see note 13)	1,037,224	1,037,224
	<u>1,037,224</u>	<u>1,037,224</u>

The loans are due after more than one year with no fixed date for repayment, and are interest free.

11. DEFERRED TAXATION

Deferred taxation not provided in the financial statements is as follows:

	1998 £	1997 £
Capital allowances in excess of depreciation	44,306	37,063
	<u>44,306</u>	<u>37,063</u>


NOTES TO THE ACCOUNTS
Year ended 31 December 1998
12. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised:		
1,000 ordinary shares of £1 each	1,000	1,000
Called up, allotted and fully paid:		
100 ordinary shares of £1 each	100	100

13. RELATED PARTY TRANSACTIONS

During the year the company received fees of £110,000 (1997: £132,000) from each of Anthony Banks Limited and Michael Rutherford Limited, and £44,000 (1997: £132,000) from Philip Collins Limited in relation to the provision of recording facilities.

Additionally, the following companies were recharged staff costs in relation to employees of the company working on another company's business.

	1998 £	1997 £
Philip Collins Limited	-	91,506
Genesis Touring Limited	8,398	24,959
Michael Rutherford Limited	1,102	-

Also during the year the company waived the following amounts due from each of the directors.

	£
MJCC Rutherford	5,217
PDC Collins	5,293
A G Banks	5,273

AG Banks and MJCC Rutherford are directors of, and have a beneficial interest in, Genesis Touring Limited.

AG Banks, PDC Collins and MJCC Rutherford control their respective service companies.

The amounts due to these companies at 31 December 1998 were as follows:

	£
Anthony Banks Limited	520,884
Philip Collins Limited	-
Michael Rutherford Limited	516,340
	1,037,224



ADDITIONAL INFORMATION

The additional information on page 11 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.


DETAILED PROFIT AND LOSS ACCOUNT
Year ended 31 December 1998

	1998	1997
£	£	£
TURNOVER		
Studio and crew hire fees	320,424	580,730
COST OF SALES		
Studio and crew hire expenses:		
Rehearsal and recording costs	2,542	2,929
Equipment repairs and maintenance	17,582	12,964
	(20,124)	(15,893)
	300,300	564,837
ADMINISTRATIVE EXPENSES		
Travelling and motor expenses	13,318	19,026
Taxis, couriers and freight	1,661	2,632
Subsistence and accommodation	8,308	10,466
Printing, postage and stationery	5,151	2,894
General and motor insurance	12,184	14,871
Rent and rates	15,567	17,152
Telephone and telex	5,113	7,358
Depreciation on buildings, motor vehicles and equipment	23,554	34,560
Audit and accountancy fees	6,700	6,200
Light and heat	9,622	12,871
Sundry and office expenses	(5,898)	23,670
General maintenance and repairs	12,307	17,928
Storage costs	14,250	7,500
Salaries and national insurance	177,286	354,372
Legal and professional	4,020	7,209
Entertaining	-	1,712
Advertising and promotion	2,650	39
Subscriptions	959	1,172
Donations	-	500
Profit on disposal of fixed assets	(1,200)	(21,000)
	(305,552)	(521,132)
	(5,252)	43,705
Interest receivable and similar income	22,279	15,529
Interest payable and similar charges	(178)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	16,849	59,234