

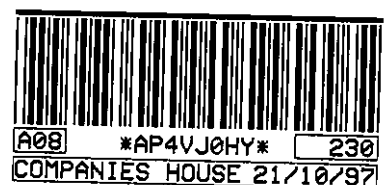


FISHER LANE FARM LIMITED

Report and Financial Statements

31 December 1996

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**





REPORT AND FINANCIAL STATEMENTS 1996

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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 1996.

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 result 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 (1995: £nil). The profit for the year was £16,188 (1995 - £23,523).

DIRECTORS

The directors who served throughout the year, together with their beneficial interests, as defined by the Companies Act 1985, in the shares of the company at 1 January 1996 and 31 December 1996 were as follows:

	Ordinary shares of £1 each	
	31 December 1996	1 January 1996
M J C C Rutherford	33	33
P D C Collins	33	33
A G Banks	33	33

In addition, the directors have a joint beneficial interest in one share at 1 January 1996 and 31 December 1996.

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

23 September 1997



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.



Chartered Accountants

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FISHER LANE FARM LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 4 to 10 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 1996 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

29 September 1997

PROFIT AND LOSS ACCOUNT
Year ended 31 December 1996

	Note	1996 £	1995 £
TURNOVER	1,2	478,510	532,986
Cost of sales		(16,098)	(15,658)
Gross profit		462,412	517,328
Administrative expenses		(455,763)	(494,044)
OPERATING PROFIT		6,649	23,284
Interest receivable and similar income		10,556	10,306
Interest payable and similar charges	4	(120)	(884)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	16,188	32,706
Tax charge on profit on ordinary activities	6	(897)	(9,183)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		16,188	23,523
Balance brought forward		(326,381)	(349,904)
Balance carried forward		(310,193)	(326,381)

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 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	7	541,034	573,139
CURRENT ASSETS			
Debtors	8	104,563	80,998
Cash at bank and in hand		174,690	153,067
		<u>279,253</u>	<u>234,065</u>
CREDITORS: amounts falling due within one year			
Other creditors including taxation and social security	9	50,918	41,721
Accruals and deferred income		42,328	54,540
		<u>93,246</u>	<u>96,261</u>
NET CURRENT ASSETS		<u>186,007</u>	<u>137,804</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>727,041</u>	<u>710,943</u>
CREDITORS: amounts falling due after more than one year	10	(1,037,224)	(1,037,224)
		<u>(310,183)</u>	<u>(326,281)</u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account		(310,193)	(326,381)
EQUITY SHAREHOLDERS' DEFICIT		<u>(310,183)</u>	<u>(326,281)</u>

These financial statements were approved by the Board of Directors on 23 September 1997.
 Signed on behalf of the Board of Directors


 M J C C Rutherford
 Director

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

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

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 £310,183 at 31 December 1996. 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

	1996 £	1995 £
Employee costs during the year:		
Wages and salaries	249,901	251,639
Social security costs	25,339	25,858
	<u>275,240</u>	<u>277,497</u>
	No.	No.
Average number of persons employed (excluding directors):		
Production	<u>5</u>	<u>5</u>

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

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Sundry interest payable	120	884

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1996 £	1995 £
Profit on ordinary activities before taxation is after charging/(crediting):		
Depreciation on owned assets	69,695	88,143
Auditors' remuneration - audit fees	6,050	6,000
Profit on disposal of motor vehicle	(15,357)	-

6. TAX CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
United Kingdom corporation tax at 24/25% (1995 : 25%)	897	9,183

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

7. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Equipment £	Studio equipment £	Motor vehicles £	Furniture, fixtures and fittings £	Total £
Cost						
At 1 January 1996	686,594	915,110	579,960	113,600	119,410	2,414,674
Additions	-	10,036	10,502	23,800	-	44,338
Disposals	-	-	-	(26,995)	-	(26,995)
At 31 December 1996	686,594	925,146	590,462	110,405	119,410	2,432,017
Depreciation:						
At 1 January 1996	169,133	903,239	565,859	93,354	109,950	1,841,535
Charge for the year	13,497	13,343	15,152	19,448	8,255	69,695
Disposals	-	-	-	(20,247)	-	(20,247)
At 31 December 1996	182,630	916,582	581,011	92,555	118,205	1,890,983
Net book value:						
At 31 December 1996	503,964	8,564	9,451	17,850	1,205	541,034
At 31 December 1995	517,461	11,871	14,101	20,246	9,460	573,139

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

8. DEBTORS

	1996 £	1995 £
Trade debtors	20,218	23,474
Other debtors	53,136	32,460
Prepayments and accrued income	31,299	25,064
	<u>104,563</u>	<u>80,998</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

9. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	1996 £	1995 £
Directors' current accounts	15,803	15,803
Other creditors	6,983	-
Taxation and social security	28,132	25,918
	<u>50,918</u>	<u>41,721</u>

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

	1996 £	1995 £
Loans from related companies (see note 13)	<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:

	1996 £	1995 £
Capital allowances in excess of depreciation	24,353	21,145
Other timing differences	-	329
	<u>24,353</u>	<u>21,474</u>

12. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Called up, allotted and fully paid: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

NOTES TO THE ACCOUNTS
Year ended 31 December 1996

13. RELATED PARTY TRANSACTIONS

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

Additionally, Philip Collins Limited was recharged staff costs of £73,112 in relation to employees of the company working on that company's business.

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

The amounts due to these companies at 31 December 1996 are as follows:

	£
Anthony Banks Limited	349,384
Philip Collins Limited	343,001
Michael Rutherford Limited	344,839
	<hr/>
	1,037,224
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