

COMPANIES HOUSE
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TALKBACK PRODUCTIONS LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MARCH 1998**

REGISTERED NUMBER: 1801230



TALKBACK PRODUCTIONS LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

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TALKBACK PRODUCTIONS LIMITED

COMPANY INFORMATION
AS AT 31 MARCH 1998

DIRECTORS

G. Rhys Jones
M. K. Smith
P. A. Fincham

SECRETARY

P. Grindley

REGISTERED OFFICE

33 Percy Street
London
W1P 9FG

AUDITORS

Nunn Hayward
Chartered Accountants
66/70 Coombe Road
New Malden
Surrey
KT3 4QW

TALKBACK PRODUCTIONS LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 31 March 1998.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were the production of television programmes, the making of radio shows, commercials and corporate videos and acting as agents for a number of performers and writers.

No significant change in the nature of these activities occurred during the year.

REVIEW OF THE BUSINESS

The net profit after providing for taxation amounted to £378,446.

DIVIDENDS

No dividends were paid during the year and no recommendation is made as to dividends.

POST BALANCE SHEET EVENTS

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the company, the results of those operations or the state of affairs of the company in financial years subsequent to the financial year ended 31 March 1998.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The directors do not consider that the costs of the introduction of the single European currency will materially affect the company.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date and the beginning of the year were as follows:

		Number of Shares	
		1998	1997
G. Rhys Jones	Ordinary shares of £1 each	-	-
M. K. Smith	Ordinary shares of £1 each	-	-
P. A. Fincham	Ordinary shares of £1 each	33	33

In addition G Rhys Jones, M K Smith and P A Fincham held one share jointly throughout the year. The remaining share capital of the company is held by Not Any Old Radio Commercials Limited, the share capital of which is owned by G Rhys Jones and M K Smith.

TALKBACK PRODUCTIONS LIMITED

DIRECTORS' REPORT

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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 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.

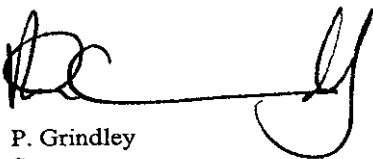
YEAR 2000 SOFTWARE ISSUES

The directors do not consider that any costs relating to the year 2000 problem are material to the company.

AUDITORS

The auditors, Nunn Hayward (formerly Duke Hayward), will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

By order of the board:



P. Grindley
Secretary

Date: 14 January 1999

TALKBACK PRODUCTIONS LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and on the basis of accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Directors' Report, 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.

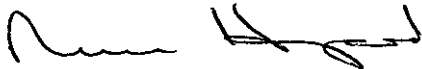
BASIS OF OPINION

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 as to whether 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Nunn Hayward
Chartered Accountants
Registered Auditor
66/70 Coombe Road
New Malden
Surrey
KT3 4QW

Date signed: 14 January 1999

TALKBACK PRODUCTIONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1998

	Notes	1998 £	1997 £
TURNOVER	2	11,383,610	8,879,833
Cost of sales		10,041,507	7,632,148
GROSS PROFIT		1,342,103	1,247,685
Administrative expenses		938,285	794,513
OPERATING PROFIT	3	403,818	453,172
Investment income and interest receivable	4	136,871	70,015
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		540,689	523,187
Tax on profit on ordinary activities	6	(162,243)	(177,091)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		378,446	346,096

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

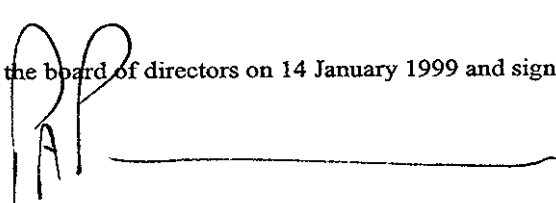
The notes on pages 8 to 14 form part of these financial statements.

TALKBACK PRODUCTIONS LIMITED

BALANCE SHEET AT 31 MARCH 1998

	Notes	£	1998 £	£	1997 £
FIXED ASSETS					
Tangible assets	7		820,021		826,963
Investments	8		76		76
			<u>820,097</u>		<u>827,039</u>
CURRENT ASSETS					
Stocks	9	1,705,704		1,130,817	
Debtors	10	1,674,483		563,637	
Cash at bank and in hand		<u>2,185,111</u>		<u>2,717,736</u>	
		5,565,298		4,412,190	
CREDITORS: amounts falling due within one year	11	<u>(4,681,591)</u>		<u>(3,913,871)</u>	
NET CURRENT ASSETS			883,707		498,319
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,703,804</u>		<u>1,325,358</u>
CAPITAL AND RESERVES					
Called up share capital	12		134		134
Profit and loss account	13		<u>1,703,670</u>		<u>1,325,224</u>
TOTAL SHAREHOLDERS' FUNDS	14		<u>1,703,804</u>		<u>1,325,358</u>

Approved by the board of directors on 14 January 1999 and signed on its behalf by:


P. A. Fincham
Director

The notes on pages 8 to 14 form part of these financial statements.

TALKBACK PRODUCTIONS LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1998**

	Notes	1998 £	1997 £
CASH FLOW FROM OPERATING ACTIVITIES	3	(417,008)	1,466,431
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	15	139,937	66,320
TAXATION	15	(177,091)	(96,459)
CAPITAL EXPENDITURE	15	(78,463)	(56,632)
DECREASE IN CASH IN THE YEAR		<u>(532,625)</u>	<u>1,379,660</u>
<hr/>			
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS	16		
DECREASE IN CASH IN THE YEAR		(532,625)	1,379,660
Net funds at 1 April 1997		<u>2,717,736</u>	<u>1,338,076</u>
Net funds at 31 March 1998		<u>2,185,111</u>	<u>2,717,736</u>

The notes on pages 8 to 14 form part of these financial statements.

TALKBACK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

1. STATEMENT OF ACCOUNTING POLICIES

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

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Freehold land and buildings	2% on cost
Short leasehold land and buildings	Over the term of the lease
Video and recording equipment	20% on cost
Office equipment and fittings	10% - 33.3% on cost

Stocks

Stocks are stated at the lower of cost and net realisable value.

Net realisable value is based on estimated selling price less further costs to completion and disposal.

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their estimated useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease.

Lease payments under operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

2. TURNOVER

	1998	1997
	£	£
Analysis by geographical market:		
United Kingdom	11,383,610	8,838,770
United States of America	-	41,063
	<u>11,383,610</u>	<u>8,879,833</u>

Turnover is attributable to the one principal activity of the company.

TALKBACK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

3. OPERATING PROFIT

Operating profit is stated:	1998	1997
	£	£
After charging:		
Depreciation of fixed assets	89,619	72,413
Auditors' remuneration	8,000	8,000
Hire of equipment	9,006	4,168
Operating lease rentals		
Land and buildings	<u>19,600</u>	<u>19,600</u>

Reconciliation of operating profit to net cash outflow from operating activities

	1998	1997
	£	£
Operating profit	403,818	453,172
Depreciation	89,619	72,413
Profit on disposal of fixed assets	(4,214)	-
Increase in stocks	(574,887)	(491,997)
Increase in debtors	(1,113,912)	85,954
Increase in creditors	782,568	1,346,889
Net cash outflow from operating activities	<u>(417,008)</u>	<u>1,466,431</u>

4. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1998	1997
	£	£
Interest received and receivable		
Bank interest	<u>136,871</u>	<u>70,015</u>

5. INFORMATION ON DIRECTORS AND EMPLOYEES

	1998	1997
	£	£
Staff costs		
Wages and salaries	438,626	369,975
Social security costs	31,406	35,669
	<u>470,032</u>	<u>405,644</u>

TALKBACK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

5. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)

	1998 No.	1997 No.
The average number of employees during the year was made up as follows:		
Directors	3	3
Administrative	12	7
Productions	7	9
	<u>22</u>	<u>19</u>

No directors' emoluments were paid in the year.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
The taxation charge comprises:		
UK corporation tax at 27.2% (1997 - 30%)	<u>162,243</u>	<u>177,091</u>

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Video and recording equipment £	Office equipment and fittings £	Total £
(a) Cost:				
At 1 April 1997	805,821	40,752	277,018	1,123,591
Additions	-	13,324	69,353	82,677
Disposals	-	-	(2,003)	(2,003)
At 31 March 1998	<u>805,821</u>	<u>54,076</u>	<u>344,368</u>	<u>1,204,265</u>
Depreciation:				
At 1 April 1997	86,923	27,027	182,678	296,628
Charge for year	19,637	8,383	61,599	89,619
On disposals	-	-	(2,003)	(2,003)
At 31 March 1998	<u>106,560</u>	<u>35,410</u>	<u>242,274</u>	<u>384,244</u>
Net book value:				
At 31 March 1998	<u>699,261</u>	<u>18,666</u>	<u>102,094</u>	<u>820,021</u>
At 31 March 1997	<u>718,898</u>	<u>13,725</u>	<u>94,340</u>	<u>826,963</u>

TALKBACK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

7. TANGIBLE FIXED ASSETS - (continued)

	1998 £	1997 £
(b) Analysis of net book value of land and buildings:		
Freehold	652,758	666,923
Short leasehold	46,503	51,975
	<u>699,261</u>	<u>718,898</u>

The company's interest in its leasehold property is held through its participation in the Percy Street Partnership, which holds the head lease of the building. The other partners are third party tenants of the remaining parts of the building.

8. INVESTMENTS

Shares in related undertakings:

Amounts written off:

Beginning and
end of year
£

Shares:

At cost

85,076

Amounts written off

(85,000)

Net book value

76

9. STOCKS

	1998 £	1997 £
Productions in progress	<u>1,705,704</u>	<u>1,130,817</u>

10. DEBTORS

	1998 £	1997 £
Trade debtors	286,371	340,861
Amounts owed by undertakings in which the company has a participating interest	31,307	40,183
Other debtors	1,165,847	140,939
Prepayments and accrued income	190,958	41,654
	<u>1,674,483</u>	<u>563,637</u>

TALKBACK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

11. CREDITORS: amounts falling due within one year

	1998	1997
	£	£
Trade creditors	1,156,968	1,014,647
Amounts owed to group undertakings	3,734	3,734
Corporation tax	162,243	177,091
Other taxes and social security costs	132,012	203,459
Other creditors	517,723	478,971
Accruals and deferred income	2,708,911	2,035,969
	<u>4,681,591</u>	<u>3,913,871</u>

12. SHARE CAPITAL

	1998	1997
	£	£
Authorised:		
Equity interests:		
Ordinary shares of £1 each	<u>150</u>	<u>150</u>
Allotted, called up and fully paid:		
Equity interests:		
Ordinary shares of £1 each	<u>134</u>	<u>134</u>

13. PROFIT AND LOSS ACCOUNT

	1998	1997
	£	£
Retained profit at 1 April 1997	1,325,224	979,128
Profit for the year	378,446	346,096
Retained profit at 31 March 1998	<u>1,703,670</u>	<u>1,325,224</u>

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Profit for the financial year	378,446	346,096
Opening shareholders' funds	1,325,358	979,262
Closing shareholders' funds	<u>1,703,804</u>	<u>1,325,358</u>
Represented by:-		
Equity interests	<u>1,703,804</u>	<u>1,325,358</u>

TALKBACK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

15. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	1998 £	1997 £
Returns on investments and servicing of finance		
Interest received	139,937	66,320
Net cash inflow from returns on investments and servicing of finance	<u>139,937</u>	<u>66,320</u>
Taxation		
Corporation tax paid	<u>177,091</u>	<u>96,459</u>
Capital expenditure		
Purchase of tangible fixed assets	(82,677)	(62,579)
Receipts from sale of tangible fixed assets	4,214	5,947
Net cash outflow from capital expenditure	<u>(78,463)</u>	<u>(56,632)</u>

16. ANALYSIS OF CHANGES IN NET FUNDS

	1997 £	Cash flow £	1998 £
Cash at bank and in hand	<u>2,717,736</u>	<u>(532,625)</u>	<u>2,185,111</u>

17. REVENUE COMMITMENTS

At year end the company was committed to making the following payments during the next year in respect of operating leases with expiry dates as follows:

	Land and buildings		Other	
	1998 £	1997 £	1998 £	1997 £
Within one year	75,000	-	-	-
More than one year and less than five years	6,000	-	-	-
More than five years	19,600	19,600	-	-
	<u>100,600</u>	<u>19,600</u>	<u>-</u>	<u>-</u>

TALKBACK PRODUCTIONS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

18. ADDITIONAL INFORMATION ON ASSOCIATED COMPANIES

Associated company	Class of capital	Total issued capital £	Portion held %
Smith Jones Brown and Cassie Ltd	'A' Ordinary	100	40.00
	'B' Ordinary	100	36.00
TTT Playback Communications Ltd	Ordinary	71,250	23.86
	Preference	1,975,000	-

All associated companies are incorporated and operate in England and Wales and their principal activities are film production and training video production and distribution.

Audited results of Smith Jones Brown and Cassie Ltd and TTT Playback Communications Ltd for the year ended 31 March 1998 are as follows:

	Smith Jones Brown and Cassie Ltd £	TTT Playback Communications Ltd £
Turnover	2,576,882	193,262
Profit/(loss) on ordinary activities before taxation	(2,731)	(6,708)
Profit/(loss) on ordinary activities after taxation	(3,005)	(5,983)
Profit/(loss) attributable to Talkback Productions Ltd	(1,202)	(1,427)
Net assets/(liabilities) attributable to Talkback Productions Limited	(1,136)	(47,209)

19. TRANSACTIONS WITH DIRECTORS

Cost of sales includes the following amounts payable to the personal service companies of the directors for services rendered in the ordinary course of activities of the company:

Directors' interests	Value of purchases £	Supplying company	Amount outstanding at 31 March 1998 £
G. Rhys Jones	404,325	Grumpy Ltd	265,560
M. K. Smith	311,484	Mel Smith Enterprises Ltd	264,855
P. A. Fincham	654,105	Linden Productions Ltd	508,196

20. ULTIMATE PARENT COMPANY

The company regards Not Any Old Radio Commercials Ltd, registered in England, as its ultimate parent company.