

08 - 03 - 96

Telso Communications Limited

Director's report and financial statements

31 December 1995

Registered number 02067186



Telso Communications Limited**Director's report and financial statements**

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Telso Communications Limited

Director's report

The director presents his annual report together with the audited financial statements of the company for the year ended 31 December 1995.

Principal activities, business review and future developments

The company's principal activity was the international distribution of television programmes. On 1 January 1994 the company transferred its business and assets to TVS Television Limited for a consideration equal to the net book value at that time.

The company has not traded during the year ended 31 December 1995 and has made neither a profit nor a loss (1994: £220,233 profit).

Directors and directors' interests

The directors who held office during the year were as follows:

R J Adam
R C Gale resigned 21 June 1995

Mr R J Adam had the following interest in the ultimate parent company, International Family Entertainment, Inc:

	Interest at end of year	Interest at beginning of year
	Nos	Nos
Class B Ordinary Shares	94	94

During the year the ultimate parent company announced a 5-for-4 stock split for its Class A and Class B common stock. The new shares were distributed on 5 January 1996 to shareholders of record at the close of business on 15 December 1995.

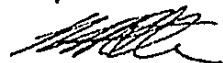
Dividend

The Director does not recommend the payment of a dividend in respect of the year ended 31 December 1995 (1994: nil).

Auditors

On 18 November 1994 an elective resolution was passed to dispense with the requirements to hold an Annual General Meeting and to reappoint auditors annually.

By order of the board


M Stern
Secretary

Vinters Park
Maidstone
Kent
ME14 5NZ

Telso Communications Limited

Statement of 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 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;
- * state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- * 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. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors' report to the members of Telso Communications Limited

We have audited the financial statements on pages 4 to 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 as at 31 December 1995 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

28 February 1996

KPMG
Chartered Accountants
Registered Auditors
London

Telso Communications Limited**Profit and loss account**
for the year ended 31 December 1995

	<i>Note</i>	1995 £	1994 £
Turnover		-	-
Cost of sales		-	-
		<hr/>	<hr/>
Gross profit		-	-
Administrative expenses		-	-
		<hr/>	<hr/>
Operating profit		-	-
Release of amounts owed to parent		-	220,233
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2-4	-	220,233
Taxation on profit on ordinary activities		-	-
		<hr/>	<hr/>
Retained profit for the financial year		-	220,233
Retained deficit brought forward		(7,100,002)	(7,320,235)
		<hr/>	<hr/>
Retained deficit carried forward		(7,100,002)	(7,100,002)
		<hr/>	<hr/>

There is no difference between the results as disclosed above and the results on an unmodified historical cost basis. The retained profit for the financial year as disclosed above reflects all recognised gains and losses and arises from discontinued operations.

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Telso Communications Limited

Balance sheet
at 31 December 1995

	Note	1995 £	1994 £
Fixed assets			
Tangible assets		-	-
Investments		-	-
		<u>-</u>	<u>-</u>
Current assets			
Debtors		-	-
Cash at bank and in hand		-	-
		<u>-</u>	<u>-</u>
Creditors: amounts falling due within one year		-	-
		<u>-</u>	<u>-</u>
Net current liabilities		-	-
		<u>-</u>	<u>-</u>
Net liabilities		-	-
		<u>-</u>	<u>-</u>
Capital and reserves			
Called up share capital	5	7,100,002	7,100,002
Profit and loss account		(7,100,002)	(7,100,002)
		<u>-</u>	<u>-</u>
Shareholder's funds		-	-
		<u>-</u>	<u>-</u>

These financial statements were approved by the director on: 28 February 1996


R J Adam
Director

Telso Communications Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and historical cost accounting rules.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of a parent undertaking which has produced a group cash flow statement in accordance with the provisions of the standard.

2 Profit on ordinary activities before taxation

Auditors' remuneration is borne by the company's parent undertaking.

3 Directors' remuneration

The emoluments of the directors were nil in both years.

4 Staff costs

The average number of persons employed by the company, including directors and excluding freelance staff, during both periods was nil.

5 Called up share capital

	1995 £	1994 £
<i>Authorised</i>		
Ordinary shares of £1 each	7,100,100	7,100,100
	<u> </u>	<u> </u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	7,100,002	7,100,002
	<u> </u>	<u> </u>

6 Ultimate parent company

The ultimate parent company is International Family Entertainment, Inc which is incorporated in the United States of America.

The largest group in which the results of the company are consolidated is that headed by International Family Entertainment, Inc. The smallest group in which they are consolidated is that headed by TVS Television Limited, a company registered in England and Wales. Copies of the group accounts of TVS Television Ltd may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ. Copies of the group accounts of International Family Entertainment, Inc may be obtained from 2877 Guardian Lane, PO Box 2050, Virginia Beach, Virginia 23450-2050.