

2120126

BRITT ALLCROFT (PRODUCTIONS) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

30 JUNE 1998



BRITT ALLCROFT (PRODUCTIONS) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

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BRITT ALLCROFT (PRODUCTIONS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1998

The directors submit their annual report and the audited accounts of the company for the year ended 30 June 1998.

PRINCIPAL ACTIVITY

The principal activity of the company is that of film producer for other companies within the The Britt Allcroft Company plc group.

REVIEW OF THE BUSINESS

The loss for the year amounted to £3,000 (1997 - nil). The directors do not recommend the payment of a dividend and the loss will be set against reserves.

The company, in line with other group companies, has put into place a programme to ensure that its computer systems are year 2000 compliant. In order to make sure it can achieve its plan, the year 2000 project has been given top priority within the company's IT strategy. The expected total cost for implementing the plan is disclosed in the directors' report of the parent undertaking.

FUTURE DEVELOPMENTS

Further production work is anticipated during 1998/99.

DIRECTORS

The directors of the company during the year were as follows:

B Allcroft
AMN Wright
WS Harris
S A Sangway (resigned 2 March 1998)
T J Hilton

DIRECTORS' INTERESTS

None of the directors had any interest in the share capital of the company during the year. Their interests in the shares of the ultimate parent undertaking are disclosed in the accounts of that company.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each 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 accounts, 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 accounts;
- 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 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking steps for the prevention and detection of fraud and other irregularities.

BRITT ALLCROFT (PRODUCTIONS) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 1998 (continued)

REGISTERED NUMBER

The registered number of the company is 2120126.

AUDITORS

The auditors, PricewaterhouseCoopers, having previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of Price Waterhouse (following their merger with Coopers & Lybrand), have indicated their willingness to be reappointed and a resolution concerning their appointment will be proposed at the next Annual General Meeting.

By order of the Board



TJ Hilton
Secretary

3 Grosvenor Square
Southampton
Hampshire
SO15 2BE

**AUDITORS' REPORT TO THE SHAREHOLDERS OF BRITT
ALLCROFT (PRODUCTIONS) LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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 30 June 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants
and Registered Auditors

11 December 1998

BRITT ALLCROFT (PRODUCTIONS) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1998

	<u>Note</u>	<u>1998</u> £000	<u>1997</u> £000
TURNOVER	2	2,156	349
COST OF SALES		(2,158)	(349)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(2)	-
TAX ON LOSS ON ORDINARY ACTIVITIES	5	(1)	-
RETAINED LOSS FOR THE YEAR	12, 13	(3)	-
		=====	=====

There are no recognised gains and losses other than the loss for the year and all of the amounts above are in respect of continuing operations.

BRITT ALLCROFT (PRODUCTIONS) LIMITED

BALANCE SHEET AT 30 JUNE 1998

	<u>Note</u>	<u>1998</u> £000	<u>1997</u> £000
FIXED ASSETS			
Tangible assets	6	377	220
CURRENT ASSETS			
Debtors	7	18	15
Cash at bank and in hand		6	1
		24	16
CREDITORS - Amounts falling due within one year	8	(428)	(262)
NET CURRENT LIABILITIES		(404)	(246)
TOTAL ASSETS LESS CURRENT LIABILITIES		(27)	(26)
PROVISIONS FOR LIABILITIES AND CHARGES	10	(2)	-
		(29)	(26)
		=====	=====
SHARE CAPITAL AND RESERVES			
Called up share capital	11	-	-
Profit and loss account	12	(29)	(26)
SHAREHOLDER'S FUNDS (all equity)	13	(29)	(26)
		=====	=====



TJ Hilton - Director

BRITT ALLCROFT (PRODUCTIONS) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1998

1. ACCOUNTING POLICIES

Historical Cost Convention

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

Turnover

Turnover represents the film production work recharged to group companies during the year.

Deferred Taxation

Full provision is made for taxation at effective rates on timing differences except where, in the opinion of the directors, the deferred taxation liability is not expected to crystallise in the foreseeable future.

Fixed Assets

Expenditure incurred by the company in the development and production of films is capitalised and then amortised. Film series are amortised so as to write off that proportion of the cost calculated by dividing the revenue generated by the film series and any related character properties during the financial period by the total of such revenue estimated to be earned over the useful life of the film.

2. TURNOVER

The turnover for the year may be analysed as follows:

	<u>1998</u> £000	<u>1997</u> £000
United Kingdom	2,156 =====	349 =====

3. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

The loss on ordinary activities before taxation is stated after charging:

	<u>1998</u> £000	<u>1997</u> £000
Staff costs (excluding directors)		
Wages and salaries	-	1
Auditors' remuneration - audit fees	1	-
- non audit fees	1	-
	----- 2 =====	----- 1 =====

Auditors' remuneration was borne by the parent undertaking in 1997.

Staff services are provided by the parent undertaking, The Britt Allcroft Company plc. The company does not employ any staff directly.

BRITT ALLCROFT (PRODUCTIONS) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1998 (continued)

4. DIRECTORS' EMOLUMENTS

The services of all of the directors are provided under an agreement with the parent undertaking, The Britt Allcroft Company plc. The company did not pay emoluments directly to any director. The emoluments have been apportioned to group undertakings in which the directors hold directorships and where the activities of the directors are more than merely incidental to their other activities within The Britt Allcroft Company plc.

Directors' total emoluments apportioned to this company, were as follows:-

	<u>1998</u> £000	<u>1997</u> £000
Salaries	60	48
Bonus	4	3
Pension contributions	9	4
	<hr/>	<hr/>
	73	55
	=====	=====

Retirement benefits are accruing to the directors under a defined contribution scheme.

5. TAX ON LOSS ON ORDINARY ACTIVITIES

	<u>1998</u> £000	<u>1997</u> £000
Group relief - Based on the loss for the year at a rate of 31% (1997 - 32.5%)	(1)	-
Deferred tax Prior year adjustment	2	-
	<hr/>	<hr/>
	1	-
	=====	=====

BRITT ALLCROFT (PRODUCTIONS) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1998 (continued)

6. TANGIBLE FIXED ASSETS

<u>Cost</u>	<u>Films</u> £000
At 1 July 1997	220
Additions	157
	<hr/>
At 30 June 1998	377
	<hr/>
 <u>Amortisation and Depreciation</u>	
At 1 July 1997	-
Provided in year	-
	<hr/>
At 30 June 1998	-
	<hr/>
 <u>Net Book Amount</u>	
At 30 June 1998	377
	=====
At 30 June 1997	220
	=====

Included in fixed assets is an amount of £377,000 (1997 - £220,000) which represents films in the course of production.

7. DEBTORS

	<u>1998</u> £000	<u>1997</u> £000
Trade debtors	17	-
Other debtors	1	15
	<hr/>	<hr/>
	18	15
	=====	=====

8. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1998</u> £000	<u>1997</u> £000
Amount owed to parent undertaking	390	212
Trade creditors	37	50
Accruals	1	-
	<hr/>	<hr/>
	428	262
	=====	=====

BRITT ALLCROFT (PRODUCTIONS) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1998 (continued)

9. BANK LOANS AND OVERDRAFTS

The company has entered into a composite bank accounting agreement together with other UK companies in the group. Consequently the company has guaranteed the bank indebtedness of the co-signatory group companies.

The company has also granted the bank a fixed and floating charge over its assets to secure any loan or overdraft it may have from time to time.

10. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax £000
Balance at 1 July 1997	-
Charge for the year	2
	2
Balance at 30 June 1998	2
	2

The analysis of the deferred taxation balance is as follows:-

	<u>1998</u> £000	<u>1997</u> £000
Accelerated capital allowances	2	-
	2	-

11. SHARE CAPITAL

Ordinary Shares of £1 each

	1998		1997	
	No	£	No	£
Authorised	100	100	100	100
	100	100	100	100
Allotted, called up and fully paid	2	2	2	2
	2	2	2	2

12. RESERVES

	Profit and Loss Account £000
Balance at 1 July 1997	(26)
Loss for the year	(3)
	(29)
Balance at 30 June 1998	(29)
	(29)

BRITT ALLCROFT (PRODUCTIONS) LIMITED

NOTES TO THE ACCOUNTS - 30 JUNE 1998 (continued)

13. RECONCILIATION OF MOVEMENTS ON SHAREHOLDER'S FUNDS

	<u>1998</u> £000	<u>1997</u> £000
Opening shareholder's funds	(26)	(26)
Loss for the financial year	(3)	-
	<hr/>	<hr/>
Closing shareholder's funds	(29)	(26)
	<u>=====</u>	<u>=====</u>

14. CAPITAL COMMITMENTS

At 30 June 1998 and 30 June 1997 capital expenditure contracted but not provided by the company amounted to £nil.

15. ULTIMATE PARENT UNDERTAKING

The immediate and ultimate parent undertaking of Britt Allcroft (Productions) Limited is The Britt Allcroft Company plc.

16. FINANCIAL RESOURCES

The Britt Allcroft Company plc has stated its intention to ensure that the company has adequate financial resources to meet its commitments as they fall due.

17. CASHFLOW STATEMENT

The Britt Allcroft Company plc financial statements for the year ended 30 June 1998 contain a consolidated statement of cashflows. The company has taken advantage of the exemption granted by Financial Reporting Standard 1 (Revised 1996) whereby it is not required to publish its own cashflow statement.

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption provided by paragraph 3(c) of Financial Reporting Standard 8 not to disclose transactions with entities that are part of The Britt Allcroft Company plc group.

19. APPROVAL OF ACCOUNTS

The accounts were approved by the directors on 11 December 1998.