

Company No: 02474965

PROMINENT TELEVISION LIMITED

DIRECTORS' REPORT

AND

FINANCIAL STATEMENTS

31ST MARCH, 1999



s h i p l e y s

chartered accountants

PROMINENT TELEVISION LIMITED

Directors

S. Abbott
J.M. Cleese
T.V. Gilliam
A. James
T.G.P. Jones
M.E. Palin

Secretary and Registered Office

Mayday Management Ltd
34 Tavistock Street
London WC2E 7PB

DIRECTORS' REPORT

The directors present their report together with the audited financial statements of the company for the year ended 31st March, 1999.

ACTIVITY, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

During the period the company commenced development of a programme entitled "Hemmingway" as well as continuing to exploit it's earlier titles.

The results were as expected for the year. Despite a fall in turnover administration costs were reduced and a small profit has been made. The directors anticipate continued profitability in the forthcoming period.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £5,631 which, when added to the retained balance brought forward of £37,000, leaves reserves to be carried forward of £43,331. The directors do not recommend the payment of a dividend.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period. The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PROMINENT TELEVISION LIMITED

DIRECTORS' REPORT - CONTINUED

DIRECTORS AND THEIR INTERESTS

The directors and their interests in the share capital of the company at 1st April, 1998 and 31st March, 1999 were as follows:-

	Ordinary shares of £1 each	
	At 31st March, 1999	At 31st March, 1998
S. Abbott	100	100
J.M. Cleese	100	100
T.V. Gilliam	100	100
E. Idle	100	100
A. James	100	100
T.G.P. Jones	100	100
M.E. Palin	100	100

Subsequent to the year end E. Idle resigned as a director and his shares will be repurchased by the company.

YEAR 2000

There are risks and uncertainties associated with the forthcoming new century and its effect on computer systems. Failure to address these could lead to difficulties in processing an organisation's financial and operational transactions, or even to total system failure.

The directors have initiated a review of the effect on the company's operations of this problem, with a view to ensuring that appropriate steps are taken to ensure that the company's critical systems are able to operate effectively into the year 2000.

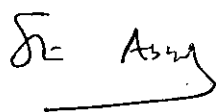
The total anticipated costs of the company's plans to upgrade its computer systems accordingly are not considered by the directors to be material to the financial position of the company.

The directors intend to treat these costs in the financial statements in accordance with generally accepted accounting practice in the UK.

AUDITORS

A resolution to reappoint Shipleys as auditors will be proposed at the Annual General Meeting.

By Order of the Board



S Abbott
Mayday Management Limited
Corporate Company Secretary

14 September 1999



s h i p l e y s

c h a r t e r e d a c c o u n t a n t s

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**AUDITORS' REPORT TO THE MEMBERS OF
PROMINENT TELEVISION LIMITED**

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 7.

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 31st March, 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditors

23 September 1999

PROMINENT TELEVISION LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MARCH, 1999

	Notes	1999 £	1998 £
TURNOVER - continuing operations	1.1	449,971	3,282,358
DIRECT COSTS AND ADMINISTRATIVE EXPENSES		<u>(447,701)</u>	<u>(3,276,506)</u>
OPERATING PROFIT - continuing operations		2,270	5,852
INTEREST RECEIVABLE AND SIMILAR INCOME		<u>12,116</u>	<u>1,314</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2&3	14,386	7,166
TAXATION	4	<u>(8,755)</u>	<u>(500)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		5,631	6,666
RETAINED PROFIT BROUGHT FORWARD		<u>37,000</u>	<u>30,334</u>
RETAINED PROFIT CARRIED FORWARD		<u>£42,631</u>	<u>£37,000</u>


PROMINENT TELEVISION LIMITED

BALANCE SHEET

31ST MARCH, 1999

	Notes	£	1999	£	£	1998	£
CURRENT ASSETS							
Work in progress	1.2	645,649				1,159	
Debtors	5	148,826				143,920	
Cash at bank and in hand		<u>458,484</u>				<u>417,188</u>	
		1,252,959				562,267	
CREDITORS							
Amounts falling due within one year	6	<u>(1,209,628)</u>				<u>(524,567)</u>	
NET CURRENT ASSETS				<u>43,331</u>			<u>37,700</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>£43,331</u>			<u>£37,700</u>
CAPITAL AND RESERVES							
Called up share capital	7			700			700
Profit and loss account				<u>42,631</u>			<u>37,000</u>
EQUITY SHAREHOLDERS' FUNDS				<u>£43,331</u>			<u>£37,700</u>

Approved by the Board on 14 September 1999


A. James - Director

PROMINENT TELEVISION LIMITED
OTHER PRIMARY FINANCIAL STATEMENTS

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST MARCH, 1999

The retained profit for the year was the only recognised gain or loss in the year.

HISTORICAL COST PROFIT AND LOSS
FOR THE YEAR ENDED 31ST MARCH, 1999

All assets are stated in the financial statements at historical cost. Therefore, no adjustments are required to the reported profit which is stated on an unmodified historical cost basis.

MOVEMENT IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31ST MARCH, 1999

	1999 £	1998 £
Profit for the financial year	5,631	6,666
Opening shareholders' funds	<u>37,700</u>	<u>31,034</u>
Closing shareholders' funds	<u><u>£43,331</u></u>	<u><u>£37,700</u></u>

PROMINENT TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31ST MARCH, 1999

1. ACCOUNTING POLICIES

The financial statements have been prepared on the historical cost basis in accordance with the following accounting policies:

1.1 Turnover

Turnover represents income derived from the company's principal activity, net of Value Added Tax.

1.2 Work in Progress

Work in progress represents the cost of projects in production at the year end and is stated at the lower of cost and net realisable value.

1.3 Cash flow statement

The company is a small company as defined by sections 246 and 247 of the Companies Act 1985. It has therefore taken advantage of the exemption conferred by Financial Reporting Standard Number 1 not to prepare a cash flow statement.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is stated after charging:

	1999	1998
Auditors' remuneration	£3,500	£2,500

3. STAFF COSTS

	£	£
Wages and salaries	-	11,581
Social security costs	-	1,158

	£ -	£12,739
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Number of employees	7	9
	=	=

4. TAXATION

The tax charge for the year represents:

UK Corporation tax @ 31%	4,500	2,250
Under/(over)-provision in respect of earlier years	4,255	(1,750)

	£8,755	£500
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PROMINENT TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

31ST MARCH, 1999

5. DEBTORS	1999	1998
	£	£
Trade debtors	22,048	632
Other debtors	62,342	43
Prepayments and accrued income	64,436	143,245
	<u>£148,826</u>	<u>£143,920</u>
 6. CREDITORS: Amounts falling due within one year	 £	 £
Trade creditors	3,261	4,069
Production advances	827,958	40,000
Corporation tax	2,255	500
Other taxes and social security costs	23,615	6,005
Other creditors	-	221,457
Accruals and deferred income	352,539	252,536
	<u>£1,209,628</u>	<u>£524,567</u>
 7. SHARE CAPITAL		
Authorised		
1,000 Ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Allotted, Called up and Fully Paid		
700 Ordinary shares of £1 each	<u>£700</u>	<u>£700</u>

Subsequent to the year end the company will purchase 100 ordinary shares at par.

8. DIRECTORS' INTERESTS

During the year fees amounting to £25,288 (1998 : £23,760) were charged by Mayday Management Limited, a company in which two directors, S. Abbott and A. James, have an interest. At the year end an amount of £21,078 is included in accruals.

Fees amounting to £263,198 (1998 : £178,527) were charged by Gumby Corporation Limited, a company in which M.E. Palin has an interest. At the year end an amount of £265,652 is included in accruals.