

Company Number

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STATUTORY COPY

THE MAGIC MODEL COMPANY LIMITED (NOW CALLED MAGIC EFFECTS
LIMITED)

ABBREVIATED ACCOUNTS AND AUDITORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1996



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THE MAGIC MODEL COMPANY LIMITED (NOW CALLED MAGIC EFFECTS LIMITED)
ABBREVIATED ACCOUNTS AND AUDITORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 1996

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THE MAGIC MODEL COMPANY LIMITED (NOW CALLED MAGIC EFFECTS LIMITED)

AUDITORS' REPORT TO THE MAGIC MODEL COMPANY LIMITED (NOW CALLED MAGIC EFFECTS LIMITED)

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 3 to 5 together with the financial statements of The Magic Model Company Limited for the year ended 31st December 1996 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 31st December 1996, and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

Other information

On 4th March 1997 we reported as auditors of The Magic Model Company Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31st December 1996 and our audit report was as follows:

'We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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.

THE MAGIC MODEL COMPANY LIMITED (NOW CALLED MAGIC EFFECTS LIMITED)

AUDITORS' REPORT TO THE MAGIC MODEL COMPANY LIMITED (NOW CALLED MAGIC EFFECTS LIMITED)

(continued)

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

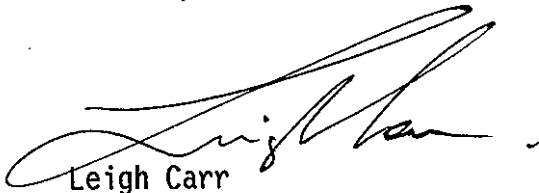
An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting 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 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.'



Leigh Carr
Chartered Accountants
Registered Auditor
27-31 Blandford Street
London W1H 3AD

4th March 1997

THE MAGIC MODEL COMPANY LIMITED
(NOW CALLED MAGIC EFFECTS LIMITED)

ABBREVIATED BALANCE SHEET AS AT 31ST DECEMBER 1996

<u>Note</u>	1996	1995
	£	£
FIXED ASSETS		
2 Tangible assets	39,367	5,436
CURRENT ASSETS		
Stock	23,882	38,300
Debtors	88,120	41,523
Cash at bank and in hand	16,042	12,904
	<u>128,044</u>	<u>92,727</u>
CREDITORS		
Amounts falling due within one year	<u>114,440</u>	<u>81,588</u>
NET CURRENT ASSETS	13,604	11,139
TOTAL ASSETS LESS CURRENT LIABILITIES	<u>£ 52,971</u>	<u>£ 16,575</u>
Financed by:		
CAPITAL AND RESERVES		
3 Called up share capital	950	950
Profit and loss account	52,021	15,625
	<u>£ 52,971</u>	<u>£ 16,575</u>

The directors have taken advantage of the exemptions conferred by Section A of Part III to Schedule 8 of the Companies Act 1985 on the basis that the company qualifies as a small company.

The abbreviated accounts were approved by the board on 4th March 1997.

A J Hunt

Directors

J F Granelly

THE MAGIC MODEL COMPANY LIMITED (NOW CALLED MAGIC EFFECTS LIMITED)

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

1. ACCOUNTING POLICIES

(a) Basis of preparation

The financial statements are prepared under the historical cost convention.

(b) Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life, as follows:-

Photographic equipment	15%	reducing balance
Fixtures & fittings	15%	reducing balance
Motor vehicles	25%	reducing balance

(c) Stock and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. The cost of work in progress comprises materials, direct labour and attributable production overheads. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

THE MAGIC MODEL COMPANY LIMITED (NOW CALLED MAGIC EFFECTS LIMITED)

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 1996

	1996 £	1995 £
2. FIXED ASSETS		
Tangible fixed assets		
Cost		
As at 1.1.96	10,668	16,998
Additions	38,951	1,170
Disposals	-	(7,500)
As at 31.12.96	<u>49,619</u>	<u>10,668</u>
Depreciation		
As at 1.1.96	5,232	6,148
Provided for year	5,020	959
Disposals	-	(1,875)
As at 31.12.96	<u>10,252</u>	<u>5,232</u>
Net book value	<u>39,367</u>	<u>5,436</u>
	1996 £	1995 £
3. SHARE CAPITAL		
Authorised 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 950 Ordinary shares of £1 each	<u>950</u>	<u>950</u>