

BOX TELEVISION LIMITED
(formerly Video Jukebox Network International Limited)
Registered Number: 2643552

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

15 MONTHS ENDED 31 MARCH 1997



BOX TELEVISION LIMITED
(formerly Video Jukebox Network International Limited)

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BOX TELEVISION LIMITED
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REPORT OF THE DIRECTORS

The Directors present their report and the audited accounts for the 15 months ended 31 March 1997. The Company changed its name from Video Jukebox Network International Limited on 12 November 1996 following its acquisition by EMAP PLC.

PRINCIPAL ACTIVITY

The principal activity of the company is to operate a viewer interactive music television service in the United Kingdom and the Republic of Ireland known as "The Box" and no significant changes took place during the period.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Turnover increased to £2,375,000 (1995 : £1,107,000) and losses increased to £826,000 (1995 : Loss £568,000). The Directors consider the results achieved to be satisfactory having regard to the trading conditions which existed during the period.

RESULTS AND DIVIDENDS

The results for the period are set out on page 6.

The Directors do not recommend the payment of a dividend.

It is proposed that the loss of £826,000 (1995 : £568,000) is transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The Directors of the company during the period were:

VP Monsey	
J Baillie	(Appointed 6/11/96)
E Laskowski	(Appointed 30/10/96)
M Bension	(Resigned 30/10/96)
D Burns	(Resigned 30/10/96)
A McGlade	(Resigned 30/10/96)
F Rosen	(Resigned 30/10/96)
P Seddon	(Appointed 30/10/96; resigned 6/11/96)
T Schoonmaker	(Appointed 30/10/96)

BOX TELEVISION LIMITED
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REPORT OF THE DIRECTORS (continued)

The interests of the Directors is the share capital of the ultimate parent company EMAP plc, at the beginning of the year (or later if date of appointment) and the end of the year were as follows:

	Ordinary shares at 31 March 1997			Ordinary shares at 31 December 1995		
	Options	Issued	Held In Trust	Options	Issued	Held In Trust
J A M Baillie	2,388	64	4,600	1,742	--	2,300
E Laskowski	969	--	--	--	--	--
V Monsey	969	--	--	--	--	--
T Schoonmaker	49,320	23,194	--	49,320	22,337	--

During the year the following transactions took place relating to Directors' interests in options to subscribe to ordinary shares in EMAP plc.

	Options Granted	Options Exercised	Allocated in Trust
J A M Baillie	646	--	2300
E Laskowski	969	--	--
V Monsey	969	--	--

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors are required by the law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss and total gains and losses for the financial period.

The Directors confirm that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1997. The Directors also confirm that the financial statements have been properly prepared in accordance with the Companies Act 1985, that all applicable accounting standards have been followed and that the going concern basis is appropriate.

The Directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for taking reasonable steps to prevent and detect fraud and other irregularities.

CHANGES IN FIXED ASSETS

The movements in fixed assets during the period are shown in note 7 to the accounts.

BOX TELEVISION LIMITED
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REPORT OF THE DIRECTORS (Continued)

AUDITORS

On 28 October 1996 Fox Associates resigned as auditors of the Company and Price Waterhouse were appointed.

An elective resolution to dispense with the annual appointment of auditors was passed in 1991 in accordance with section 379 of the Companies Act 1985 and the existing auditors Price Waterhouse will be deemed reappointed in accordance with section 386 of the Act unless their appointment is brought to an end by a shareholders' resolution.

The auditors have indicated their willingness to continue in office.

By order of the Board

A handwritten signature in black ink, appearing to be 'VP Monsey', written over a horizontal line.

VP Monsey
Director

29 January 1998

Price Waterhouse



**AUDITORS' REPORT TO THE MEMBERS OF
BOX TELEVISION LIMITED
(formerly Video Jukebox Network International Limited)**

We have audited the financial statements on pages 6 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of Directors and auditors

As described on page 3 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 March 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors

29 January 1998

BOX TELEVISION LIMITED
(formerly Video Jukebox Network International Limited)

PROFIT AND LOSS ACCOUNT
FOR THE 15 MONTHS ENDED 31 MARCH 1997

		15 months ended 31 March 1997 £'000	Year ended 31 December 1995 £'000
	<u>Note</u>		
TURNOVER	2	2,375	1,107
Cost of sales		<u>(608)</u>	<u>(517)</u>
GROSS PROFIT		1,767	590
Administrative expenses		<u>(2,577)</u>	<u>(1,054)</u>
OPERATING LOSS	3	(810)	(464)
Other Interest receivable and similar income	4	148	14
Interest payable and similar charges	5	<u>(209)</u>	<u>(118)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(871)	(568)
Tax on loss on ordinary activities		<u>45</u>	<u>-</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		<u>(826)</u>	<u>(568)</u>
Retained loss for the period	15	<u>(826)</u>	<u>(568)</u>

There are no recognised gains and losses other than the profit and loss for the period.

Turnover and operating profit arise solely from continuing operations.

The notes on pages 8 to 15 form an integral part of these accounts.

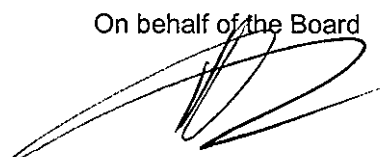
BOX TELEVISION LIMITED
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BALANCE SHEET AS AT 31 MARCH 1997

	<u>Note</u>	<u>31 March 1997</u>		<u>31 December 1995</u>	
		£'000	£'000	£'000	£'000
FIXED ASSETS					
Tangible assets	6		349		615
CURRENT ASSETS					
Debtors	7	873		794	
Cash at bank and in hand		—		<u>606</u>	
		873		1,400	
CREDITORS (Amounts falling due within one year)	8	<u>(550)</u>		<u>(386)</u>	
NET CURRENT ASSETS			323		1,014
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>672</u>		<u>1,629</u>
CREDITORS (Amounts falling due after more than one year)	9		<u>(144)</u>		<u>(2,152)</u>
			528		(523)
CAPITAL AND RESERVES					
Called up share capital	12		1		1
Share premium account	13		2,502		625
Profit and loss account	14		<u>(1,975)</u>		<u>(1,149)</u>
Shareholders' Funds	15		528		(523)
			<u>528</u>		<u>(523)</u>

Approved by the Board on 29 January 1998

On behalf of the Board



VP Monsey
DIRECTOR

The notes on pages 8 to 15 form an integral part of these accounts.

BOX TELEVISION LIMITED
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NOTES TO THE ACCOUNTS
FOR THE 15 MONTHS ENDED 31 MARCH 1997

1 ACCOUNTING POLICIES

(a) Accounting convention

The accounts have been prepared under the historical cost convention in accordance with applicable Accounting Standards. The company has taken advantage of the exemption provided by FRS1 not to prepare a cash flow statement. A consolidated group cash flow statement, which includes cash flows of the company can be found in the accounts of the ultimate parent company EMAP PLC.

(b) Turnover

Turnover represents amounts receivable for services provided less credit notes and allowances, excluding value added tax.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. 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:

Plant and machinery	- 33.33% straight line
Fixtures, fittings and equipment	- 33.33% straight line
Motor vehicles	- 25% reducing balance

(d) Deferred taxation

Provision is only made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes to the extent that the Directors consider that a liability to taxation is unlikely to crystallise.

(e) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

(f) Leasing

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

BOX TELEVISION LIMITED
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NOTES TO THE ACCOUNTS
FOR THE 15 MONTHS ENDED 31 MARCH 1997 (Continued)

2 TURNOVER

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom and the Republic of Ireland.

3 OPERATING LOSS

	<u>1997</u> £'000	<u>1995</u> £'000
Operating loss is stated after charging:		
Depreciation of tangible assets	650	142
Profit on foreign currencies	-	40
Auditors' remuneration	10	10
	<u> </u>	<u> </u>

4 OTHER INTEREST RECEIVABLE AND SIMILAR INCOME

	<u>1997</u> £'000	<u>1995</u> £'000
Bank interest received	21	14
Write back of loan	<u>127</u>	<u>-</u>
	<u>148</u>	<u>14</u>
	<u> </u>	<u> </u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1997</u> £'000	<u>1995</u> £'000
On amounts payable to connected companies	208	117
Lease finance charges and hire purchase interest	<u>1</u>	<u>1</u>
	<u>209</u>	<u>118</u>

BOX TELEVISION LIMITED
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NOTES TO THE ACCOUNTS
FOR THE 15 MONTHS ENDED 31 MARCH 1997 (Continued)

6 TANGIBLE ASSETS

Cost	Plant and machinery £'000	Furniture, fixtures and equipment £'000	Motor vehicle £'000	Total £'000
At 1 January 1996	675	292	9	976
Additions	<u>106</u>	<u>278</u>	<u>-</u>	<u>384</u>
At 31 March 1997	781	570	9	1,360
	==	==	==	==
Depreciation				
At 1 January 1996	292	64	5	361
Charge for year	<u>459</u>	<u>187</u>	<u>4</u>	<u>650</u>
At 31 March 1997	751	251	9	1,011
	==	==	==	==
Net book values				
At 31 March 1997	<u>30</u>	<u>319</u>	<u>-</u>	<u>349</u>
At 31 December 1995	<u>383</u>	<u>228</u>	<u>4</u>	<u>615</u>

Within the depreciation charge for the year an additional £416,800 is included as a result of the management review of the remaining useful economic lives of cable head-end equipment included in plant and machinery and equipment.

7 DEBTORS

	<u>1997</u> £'000	<u>1995</u> £'000
Trade debtors	255	89
Other debtors	26	11
Amounts owed by related companies	451	552
Prepayments and accrued income	<u>141</u>	<u>128</u>
	873	794
	==	==

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NOTES TO THE ACCOUNTS
FOR THE 15 MONTHS ENDED 31 MARCH 1997 (Continued)

8 CREDITORS (Amounts falling due within one year)

	<u>1997</u>	<u>1995</u>
	£'000	£'000
Bank loans and overdrafts	102	-
Trade creditors	140	79
Amounts owed to related companies	-	144
Obligations under finance lease and hire purchase contracts	-	2
Other creditors including taxation and social security	59	24
Accruals and deferred income	<u>249</u>	<u>137</u>
	550	386
	<u> </u>	<u> </u>

9 CREDITORS (Amounts falling due after more than one year)

	<u>1997</u>	<u>1995</u>
	£'000	£'000
Amounts owed to related companies	144	2,137
Other loans	<u>-</u>	<u>15</u>
	144	2,152
	<u> </u>	<u> </u>
Loans		
Wholly repayable within five years	-	93
	<u> </u>	<u> </u>
Repayable after five years	-	1,932
	<u> </u>	<u> </u>

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NOTES TO THE ACCOUNTS
FOR THE 15 MONTHS ENDED 31 MARCH 1997 (Continued)

9 CREDITORS (Amounts falling due after more than one year) (Continued)

**Net obligations under finance leases
and hire purchase contracts**

	<u>1997</u> £'000	<u>1995</u> £'000
Repayable within one year	-	3
Repayable between one and five years	<u>-</u>	<u>-</u>
	-	3
Finance charges and interest allocated to future accounting periods	<u>-</u>	<u>-</u>
	-	3
Included in current liabilities	<u>-</u>	<u>(3)</u>
	-	-
	<u><u>-</u></u>	<u><u>-</u></u>

10 OPERATING LEASE COMMITMENTS

The company had annual commitments under non-cancellable operating leases at 31 March 1997 as set out below:

	<u>Land and Buildings</u>		<u>Other</u>	
	1997	1995	1997	1995
Leases expiring within one year	-	-	-	-
Leases expiring between one and five years	95	-	11	-
Leases expiring after five years	-	-	-	-

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NOTES TO THE ACCOUNTS
FOR THE 15 MONTHS ENDED 31 MARCH 1997 (Continued)

11 PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is provided at 33% (1995 - 25%) analysed over the following timing differences.

	<u>Not provided</u>		<u>Provided</u>	
	1997	1995	1997	1995
	£'000	£'000	£'000	£'000
Accelerated capital allowances	(92)	(32)	-	-
Tax losses available	<u>(495)</u>	<u>(201)</u>	<u>-</u>	<u>-</u>
Tax assets	(587)	(233)	-	-
	<u>=====</u>	<u>=====</u>	<u>=====</u>	<u>=====</u>

12 SHARE CAPITAL

	<u>Number</u>	<u>1997</u>	<u>Number</u>	<u>1995</u>
		£'000		£'000
Authorised:				
Ordinary shares of £1 each	1,000	1	1,000	1
Allotted, called up and fully paid				
Ordinary shares of £1 each	<u>937</u>	<u>1</u>	<u>712</u>	<u>1</u>

During the period 225 ordinary shares of £1 each were allotted and fully paid at £1,877,000.

13 SHARE PREMIUM ACCOUNT

	£'000
At 1 January 1996	625
Issue of shares during the period	1,877
At 31 March 1997	<u>2,502</u>

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NOTES TO THE ACCOUNTS
FOR THE 15 MONTHS ENDED 31 MARCH 1997 (Continued)

14 PROFIT AND LOSS ACCOUNT

	<u>1997</u> £'000	<u>1995</u> £'000
Accumulated losses at 1 January 1995	(1,149)	(581)
Retained loss for the period	<u>(826)</u>	<u>(568)</u>
Accumulated losses at 31 March 1997	<u>(1,975)</u>	<u>(1,149)</u>

15 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u> £'000	<u>1995</u> £'000
Loss for the financial period	(826)	(568)
Issue of equity shares	<u>1,877</u>	<u>625</u>
Net addition to shareholders' funds	1,051	57
Opening shareholders' funds	<u>(523)</u>	<u>(580)</u>
Closing shareholders' funds	<u>528</u>	<u>(523)</u>

16 DIRECTORS' EMOLUMENTS

	<u>1997</u> £'000	<u>1995</u> £'000
Remuneration	163	79
Emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The highest paid director	<u>127</u>	<u>79</u>

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NOTES TO THE ACCOUNTS
FOR THE 15 MONTHS ENDED 31 MARCH 1997 (Continued)

17 EMPLOYEES

Number of employees

The average weekly number of employees (including Directors)
during the year was:

	<u>1997</u>	<u>1995</u>
	Number	Number
Office and management	14	11
Customer services	7	7
Production	<u>5</u>	<u>3</u>
	26	21
	<u> </u>	<u> </u>
Employment costs		
	£'000	£'000
Wages and salaries	814	440
Social security costs	<u>83</u>	<u>43</u>
	897	483
	<u> </u>	<u> </u>

18 ULTIMATE HOLDING COMPANY AND PARENT UNDERTAKING

The ultimate parent company of the group of undertakings for which group accounts are drawn up and of which the Company is a member is EMAP plc, registered in England and Wales. Copies of EMAP plc's accounts can be obtained from 1 Lincoln Court, Lincoln Road, Peterborough, PE1 2RF.

19 RELATED PARTY TRANSACTION

Transactions with other companies within the group are not disclosed as the company has taken advantage of the exemption available under Financial Reporting Standard 8 "Related Party Disclosures".