

SENSIBLE FILMS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

1 APRIL 1996 TO 31 MARCH 1997

Registered number: 3008943



SENSIBLE FILMS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited accounts of the company for the year ended 31 March 1997.

PRINCIPAL ACTIVITY

The principal activity of the company is to operate as a film production company. The company was engaged to make and produce the motion picture "Sense and Sensibility", which has now been released.

RESULTS AND DIVIDENDS

The company's income has been derived from film production fees including the fee payable to the company for producing the film "Sense and Sensibility" for Columbia Pictures Inc. The results of the company are set out on page 4. The directors do not recommend the payment of a dividend (1996 - £Nil).

DIRECTORS

The names of the directors who served during the year are as follows:

AB Robertson

PA Ryan

DIRECTORS' INTERESTS

The directors held no interest in the share capital of the company as at 31 March 1996 and 31 March 1997.

SENSIBLE FILMS LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS' RESPONSIBILITIES

Company law requires the directors 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 of the company for that period. In preparing those financial statements, 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 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 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 financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Price Waterhouse have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the annual general meeting.

By order of the Board


P A Ryan
Secretary

30 June 1997

Price Waterhouse



AUDITORS' REPORT TO THE SHAREHOLDERS OF SENSIBLE FILMS LIMITED

We have audited the financial statements on pages 4 to 7 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 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 affairs of the company as at 31 March 1997 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse
Chartered Accountants
and Registered Auditors

30 June 1997

SENSIBLE FILMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1 April 1996 to 31 March 1997 £	6 January 1995 to 31 March 1996 £
TURNOVER	1	5,259	8,895,081
Production and other costs		(5,259)	(8,857,581)
		<hr/>	<hr/>
OPERATING PROFIT		-	37,500
Interest receivable and similar income		-	882
Interest payable and similar charges		-	(26)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	2	-	38,356
Tax on profit on ordinary activities	3	-	(12,657)
		<hr/>	<hr/>
RESULT/PROFIT FOR THE FINANCIAL YEAR/PERIOD		-	25,699
		<hr/>	<hr/>

A reconciliation of movements in shareholders' funds is set out in note 7 on page 7.

All activities of the company are continuing.

The company has no recognised gains or losses other than the result for the year.

The notes on pages 6 to 7 form part of these accounts.

SENSIBLE FILMS LIMITED

BALANCE SHEET - 31 MARCH 1997

	Notes	31 March 1997 £	31 March 1996 £
CURRENT ASSETS			
Amounts due from parent undertakings		38,563	37,806
Other debtors		-	1,079
Cash at bank and in hand		795	1,475
		<hr/>	<hr/>
		39,358	40,360
CREDITORS: Amounts falling due within one year			
Taxation and social security		(12,657)	(12,659)
Accruals and deferred income		(1,000)	(2,000)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		25,701	25,701
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	6	2	2
Profit and loss account		25,699	25,699
		<hr/>	<hr/>
Equity shareholders' funds	7	25,701	25,701
		<hr/>	<hr/>

Signed for and on behalf of the Board



A B Robertson
Director

30 June 1997

The notes on pages 6 to 7 form part of these accounts.

SENSIBLE FILMS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1997

1 ACCOUNTING POLICIES

Basis of accounting

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

The company has taken advantage of exemptions under FRS1 (revised) and has therefore not produced a cash flow statement.

The company has taken advantage of exemptions under FRS 8, Related Party Transactions, and has therefore not separately disclosed transactions with other Sony Corporation group companies.

Turnover

The company's turnover is derived from the sale of films and is recognised on the delivery of completed films.

Foreign currency

Assets and liabilities in foreign currencies are translated at period end rates. All exchange differences are dealt with in the profit and loss account.

Deferred costs

Production costs are deferred and recognised on completion of production.

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 £	1996 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration	1,000	4,500
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3 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
UK Corporation tax at 33% (1996 - 33%)	-	12,657
	<hr/>	<hr/>

4 STAFF COSTS

	1997 £	1996 £
Wages and salaries	-	1,445,302
Social security costs	-	144,559
	<hr/>	<hr/>
	-	1,589,861
	<hr/>	<hr/>

There were no employees during the year (1996 -395)

SENSIBLE FILMS LIMITED

NOTES TO THE ACCOUNTS - 31 MARCH 1997 (continued)

5 DIRECTORS' REMUNERATION

The directors received no emoluments in respect of their services to the company (1996 - £Nil).

6 SHARE CAPITAL

	1997 £	1996 £
Authorised, allotted, called up and fully paid: 2 Ordinary shares of £1 each	2	2
	<u>2</u>	<u>2</u>

7 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Result/profit for the year/period	-	25,699
Share capital issued	-	2
Opening shareholders' funds	25,701	-
	<u>25,701</u>	<u>25,701</u>
Closing shareholders' funds	25,701	25,701
	<u>25,701</u>	<u>25,701</u>

8 ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Columbia Pictures Corporation Limited.

The smallest group, for which group accounts have been prepared of which the company is a subsidiary, is Sony Music Entertainment UK Group Limited. Copies of the group accounts can be obtained from Sony Music Entertainment UK Group Limited, Rabans Lane, Aylesbury, Buckinghamshire, HP19 3BX.

The ultimate holding company is Sony Corporation, a company incorporated in Japan. Copies of the group accounts can be obtained from Sony Music Entertainment (UK) Limited, Rabans Lane, Aylesbury, Buckinghamshire, HP19 3BX.