

**STORYBOARDS HARPERS GROUP
LIMITED AND ITS SUBSIDIARY
UNDERTAKINGS**

FINANCIAL STATEMENTS

FOR THE PERIOD ENDED
30 APRIL 1999

Company no. 3613622



STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

FINANCIAL STATEMENTS

For the period ended 30 April 1999

Company registration number: 3613622

Registered office: 18 Greek Street
London
W1V 6JD

Directors: S Campe
L J Marr
B Mickleburgh
R M Stanley
R B Toay
R G White

Secretary: R M Stanley

Bankers: Bank of Scotland Plc
London

Solicitors: Hobson, Audley, Hopkins & Wood
London

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Central Milton Keynes

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

FINANCIAL STATEMENTS

For the period ended 30 April 1999

INDEX	PAGE
Report of the directors	1 - 2
Report of the auditors	3
Principal accounting policies	4 - 5
Consolidated profit and loss account	6
Consolidated balance sheet	7
Balance Sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	10 - 22

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the period from incorporation to 30 April 1999.

Principal activity

The company operates principally as a holding company providing management services to a group of creative media companies.

The principal activity of the group is the illustration and preparation of facsimiles for television commercials.

Business review

The company was incorporated on 11 August 1998 as Ludgate 182 Limited and changed its name to Storyboards Harpers Group Limited on 8 June 1999.

On 11 January 1999, the company acquired the entire issued share capital of Storyboards Harpers Limited.

There is a group loss for the period after taxation amounting to £200,559. The fixed dividend in respect of the 'A' ordinary shares has been accrued and shown on the face of the profit and loss account.

Directors

The present membership of the Board is set out below. The initial directors, appointed on incorporation, Ludgate Secretarial Services Limited and Ludgate Nominees Limited resigned on 6 January 1999. All current directors were appointed to the Board on 6 January 1999.

The interests of the directors in the shares of the company as at 6 January 1999, the date of their appointment, and 30 April 1999, were as follows:

	Number of Ordinary shares 30 April 1999	Number of Ordinary shares 6 January 1999
S Campe	20,000	-
L J Marr	30,000	-
B Mickleburgh	-	-
R M Stanley	105,000	-
R B Toay	40,000	-
R G White	105,000	-

Directors' responsibilities for the financial statements

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 the group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- i select suitable accounting policies and then apply them consistently
- ii make judgements and estimates that are reasonable and prudent
- iii prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group will continue in business.

The directors are responsible for maintaining proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

REPORT OF THE DIRECTORS (CONTINUED)

Allotments during the period

During the period the company allotted 300,000 £1 ordinary shares and 200,000 'A' ordinary £1 shares at par by way of an issue to new members.

Year 2000 Compliance

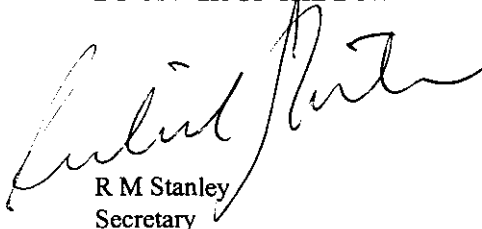
The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the Year 2000 date change and through any roll-over procedures that occurred at a later date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

Auditors

Grant Thornton were appointed auditors on 11 January 1999 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton as auditors will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



R M Stanley
Secretary

28 February 2000

**REPORT OF THE AUDITORS TO THE MEMBERS OF
STORYBOARDS HARPERS GROUP LIMITED**

We have audited the financial statements on pages 4 to 22 which have been prepared under the accounting policies set out on pages 4 to 5.

Respective responsibilities of directors and auditors

As described on page 1 the directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, of those statements and to report our opinion to you.

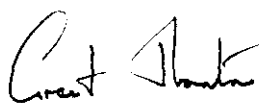
Basis of opinion

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 group'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 and the group at 30 April 1999 and of the loss of the group for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**
Central Milton Keynes

28 February 2000

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

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

The principal accounting policies of the group are set out below.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the company and of its subsidiary undertakings (see note 9) drawn up to 30 April 1999. The results of the subsidiary undertakings acquired during the period have been included from the date of acquisition. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on straight line basis over its estimated useful economic life as shown in note 7.

TURNOVER

Turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT and trade discounts.

DEPRECIATION

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

Leasehold premises	over remaining lease term
Motor vehicles	15% on cost
Fixtures, fittings and equipment	10% on cost

INVESTMENTS

Investments are included at cost less amounts written off.

ACQUISITIONS

Where advantage can be taken of merger relief, shares issued as consideration for an acquisition are accounted for at nominal value.

GOODWILL

Purchased goodwill is capitalised and amortised on a straight line basis over its estimated economic useful life.

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value.

DEFERRED TAXATION

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Exchange differences are dealt with through the profit and loss account.

LEASED ASSETS

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

For the period ended 30 April 1999

	Note	4 months trading £
Turnover	1	1,184,227
Cost of sales		(302,088)
Gross profit		882,139
Administrative expenses		(871,159)
Operating profit		10,980
Net interest	2	(162,052)
Loss on ordinary activities before taxation	1	(151,072)
Tax on loss on ordinary activities	4	(49,487)
Loss for the financial period	19	(200,559)
Dividends		
Non-equity	6	(4,945)
Loss taken to reserves	18	(205,504)

There were no recognised gains or losses other than the loss for the financial period. The entire results relate to acquired activities.

The accompanying accounting policies and notes form an integral part of these financial statements.

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

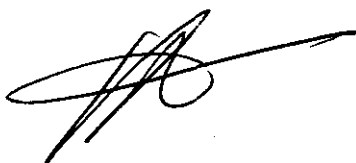
CONSOLIDATED BALANCE SHEET AT 30 APRIL 1999

	Note	£	£
Fixed assets			
Intangible fixed assets	7		3,413,147
Tangible assets	8		1,538,013
			<u>4,951,160</u>
Current assets			
Stocks and work in progress	10	5,330	
Debtors	11	1,374,290	
Cash at bank	13	3,314,926	
		<u>4,694,546</u>	
Creditors: amounts falling due within one year	12	<u>(1,870,664)</u>	
Net current assets			<u>2,823,882</u>
Total assets less current liabilities			<u>7,775,042</u>
Creditors: amounts falling due after more than one year	13		(7,337,366)
Provisions for liabilities and charges	15		<u>(143,180)</u>
			<u>294,496</u>
Capital and reserves			
Called up share capital	17		500,000
Profit and loss account	18		<u>(205,504)</u>
Shareholders' funds	19		<u>294,496</u>
Equity shareholders' funds			<u>94,496</u>
Non equity shareholders' funds			<u>200,000</u>
			<u>294,496</u>

The financial statements were approved by the Board of Directors on

28 February 2000

R G White



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

STORYBOARDS HARPERS GROUP LIMITED

BALANCE SHEET AT 30 APRIL 1999

	Note	£	£
Fixed assets			
Investments	9		4,671,881
Current assets			
Debtors	11	743,447	
Cash at bank	13	3,254,590	
		<u>3,998,037</u>	
Creditors: amounts falling due within one year	12	<u>(688,099)</u>	
Net current assets			<u>3,309,938</u>
Total assets less current liabilities			<u>7,981,819</u>
Creditors: amounts falling due after more than one year	13		<u>(7,264,785)</u>
			<u>717,034</u>
Capital and reserves			
Called up share capital	17		500,000
Profit and loss account	18		217,034
Shareholders' funds			<u>717,034</u>
Equity shareholders' funds			<u>517,034</u>
Non-equity shareholders' funds			<u>200,000</u>
			<u>717,034</u>

The financial statements were approved by the Board of Directors on 28 February 2000

R G White



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

CONSOLIDATED CASHFLOW STATEMENT

For the period ended 30 April 1999

	Note	£	£
Net cash outflow from operating activities	20		(53,709)
Returns on investments and servicing of finance			
Interest received		230	
Interest paid		(124,694)	
Finance lease interest paid		(15,157)	
Net cash outflow from return on investment and servicing of finance			(139,621)
Taxation			-
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(900)	
Net cash outflow from capital expenditure and financial investment			(900)
Acquisitions and disposals			
Purchase of subsidiary undertaking		(4,526,520)	
Net overdraft acquired on purchase of subsidiary	22	(145,361)	
Net cash outflow from acquisition and disposals	23		(4,671,881)
Financing			
Issue of shares		500,000	
Receipts from borrowings		7,559,785	
Other debt finance costs		(22,431)	
Capital element of finance lease rentals		(57,623)	
Net cash inflow from financing			7,979,731
Increase in cash	21		3,113,620

The accompanying accounting policies and notes form an integral part of these financial statements.

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 April 1999

1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is attributable to the illustration and preparation of facsimiles for television commercials.

An analysis of turnover by geographical market is given below:

	£
United Kingdom	1,129,806
Europe	54,421
	<u>1,184,227</u>

The profit on ordinary activities is stated after:

	£
Auditors' remuneration:	
Audit services	12,750
Non-audit services	7,000
Depreciation and amortisation:	
Goodwill	57,850
Tangible fixed assets, owned	28,419
Tangible fixed assets, held under finance leases and hire purchase contracts	42,869
	<u> </u>

2 NET INTEREST

	£
On bank loans and overdrafts	124,694
Other debt finance costs	22,431
Finance charges in respect of finance leases	15,157
	<u>162,282</u>
Other interest receivable and similar income	(230)
	<u>162,052</u>

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 1999

3 DIRECTORS AND EMPLOYEES

	£
Staff costs during the period were as follows:	
Wages and salaries	299,148
Social security costs	29,892
	<u>329,040</u>

The average number of employees of the group during the period was 19 all of whom were engaged in illustration and preparation of facsimiles for television commercials.

Remuneration in respect of directors was as follows:

	£
Emoluments	120,033
	<u>120,033</u>

During the period no directors participated in money purchase pension schemes.

4 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge represents:

	£
Corporation tax at 31%	67,487
Deferred tax (note 15)	(18,000)
	<u>49,487</u>

5 LOSS FOR THE FINANCIAL PERIOD

The parent company has taken advantage of section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group loss for the period includes a profit of £221,979 which is dealt with in the financial statements of the company.

6 DIVIDEND

	£
Non-equity dividends	
Fixed dividend of 9.5p per share per annum	4,945
	<u>4,945</u>

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 1999

7 INTANGIBLE FIXED ASSETS

The group	Goodwill on consolidation £
Cost	
Additions and at 30 April 1999	3,470,997
Amortisation	
Provided in the period and at 30 April 1999	57,850
Net book amount at 30 April 1999	3,413,147

Goodwill included above relates to the following:

Acquired during the year:	Date of acquisition	Period of amortisation
Storyboards Harpers Limited	11 January 1999	20 years
Another Story Limited	11 January 1999	20 years
Harpers Animatics Limited	11 January 1999	20 years
Storyboards (Deutschland) Gmbh	11 January 1999	20 years

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 1999

8 TANGIBLE FIXED ASSETS

The group	Leasehold premises	Motor Vehicles	Fixtures fittings and equipment	Total
	£	£	£	£
Cost				
On acquisition	117,572	72,470	1,453,058	1,643,100
Additions	-	-	900	900
At 30 April 1999	117,572	72,470	1,453,958	1,644,000
Depreciation				
On acquisition	-	5,324	29,375	34,699
Provided in the period	18,988	21,333	30,967	71,288
At 30 April 1999	18,988	26,657	60,342	105,987
Net book amount at 30 April 1999	98,584	45,813	1,393,616	1,538,013

The figures stated above include assets held under finance leases and similar hire purchase contracts as follows:

	Motor vehicles	The group Fixtures, fittings and equipment
	£	£
Net book amount at 30 April 1999	45,813	580,937
Depreciation provided in the period	21,333	21,536

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 April 1999

9 FIXED ASSET INVESTMENTS

The company	Shares in subsidiary undertakings £
--------------------	--

Cost and net book amount at 30 April 1999	4,671,881
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At 30 April 1999, the company held 100% of the issued share capital of the following:

Subsidiary undertakings	Country of incorporation	Nature of business
Storyboards Harpers Limited	UK	Illustration and preparation of facsimiles for television commercials.
Another Story Limited	UK	Illustration and preparation of facsimiles for television commercials. Dormant at year end.
Harpers Animatics Limited	UK	Dormant
Storyboards (Deutschland) Gmbh	Germany	Provision of presentation and post production services

10 STOCKS AND WORK IN PROGRESS

	The group £
Short term work in progress	1,151
Finished goods and goods for resale	4,179
	5,330

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 1999

11 DEBTORS

	The group £	The company £
Trade debtors	1,228,171	-
Amounts owed by group undertakings	-	707,628
Other debtors	103,241	-
VAT recoverable	42,878	35,819
	<u>1,374,290</u>	<u>743,447</u>

Included in the group figures is £22,197 falling due after more than one year.

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	The group £	The company £
Bank loans and overdrafts	546,667	487,511
Unsecured loan notes	95,000	95,000
Trade creditors	594,097	56,719
Social security and other taxes	187,814	6,384
Other creditors	185,575	42,485
Amounts due under finance leases	241,111	-
Other loan	20,400	-
	<u>1,870,664</u>	<u>688,099</u>

The bank loans and overdrafts are secured by a fixed and floating charge over all the assets of the group.

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	The group £	The company £
Bank loans	3,480,962	3,480,962
Unsecured loan notes	544,995	544,995
Secured loan notes	3,238,828	3,238,828
Amounts due under finance leases	72,581	-
	<u>7,337,366</u>	<u>7,264,785</u>

Bank loans of £1,756,998 are secured.

Included within bank loans and unsecured loan notes are amounts of £1,580,962 due in more than five years.

One of the bank loans and the overdraft are secured by a fixed and floating charge over all the assets of the group. The secured bank loan is repayable by monthly instalments from 31 May 1999 to 31 August 2004. The unsecured bank loan is repayable in equal annual instalments of £300,000 from 30 November 2002 to 30 November 2008. The cash at bank balance at 30 April 1999 includes a deposit of £3,238,828 which is security for the secured loan notes.

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 1999

14 BORROWINGS

Borrowings are repayable as follows:

	The group £	The company £
Within one year		
Bank and other borrowings	662,067	582,511
Finance leases	241,111	-
After one and within two years		
Bank and other borrowings	494,995	494,995
Finance leases	72,581	-
After two and within five years		
Bank and other borrowings	5,188,828	5,188,828
Finance leases	-	-
After five years		
Bank and other borrowings	1,580,962	1,580,962
Finance leases	-	-
	<u>8,240,544</u>	<u>7,847,296</u>

Bank and other borrowings repayable after five years comprise:

	The group 1999 £	The company 1999 £
Bank loans and other borrowings	<u>1,580,962</u>	<u>1,580,962</u>

15 PROVISIONS FOR LIABILITIES AND CHARGES

The group

	Deferred taxation (note 16) £
Acquired with subsidiary	161,180
Released during the period	(18,000)
At 30 April 1999	<u>143,180</u>

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 1999

16 DEFERRED TAXATION

Deferred taxation is provided for in full in the financial statements and is set out below.

The group	Amount provided £
Accelerated capital allowances	143,180
The company	
Accelerated capital allowances	-

17 SHARE CAPITAL

	£
Authorised, allotted, called up and fully paid	
300,000 ordinary shares of £1 each	300,000
200,000 'A' ordinary shares of £1 each	200,000
	500,000

'A' ordinary shares

The shares are non-equity and the rights are as follows:

Dividends

The 'A' ordinary shares are entitled to the following dividends:

(i) Fixed

9.5p per share per annum accruing from the date of subscription. The dividends are payable half yearly on 28 February and 31 August each year. The first payment to be made on 31 August 1999.

(ii) Participating

A sum of 8% of group profit in respect of each financial year, accruing from the date of subscription. The participating dividend is due not later than 4 months after the end of the relevant accounting period or within 14 days after the signing of the audit report.

(iii) Compensatory

A sum calculated with reference to the level of benefits paid to shareholding directors. This is due for payment at the same time as the participating dividend.

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 1999

17 SHARE CAPITAL (CONTINUED)

Capital repayment

On a return of assets on liquidation or capital reduction or otherwise, the assets of the company remaining after the payments of its liabilities, will be paid firstly to the holders of 'A' ordinary shares of £1 per share together with any dividend arrears.

Conversion

The holders of 'A' ordinary shares may at any time convert the whole of their 'A' ordinary shares into a like number of ordinary shares, subject to certain provisions.

Votes

'A' ordinary shareholders have one vote per share.

Allotments during the period

During the period the company allotted 300,000 £1 ordinary shares and 200,000 'A' ordinary £1 shares at par by way of an issue to new members.

18 RESERVES

The group

Profit
and loss
account
£

Retained loss for the period and at 30 April 1999

(205,504)

The company

Profit
and loss
account
£

Retained profit for the period and at 30 April 1999

217,034

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 30 April 1999

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	The group £
Loss for the financial period	(200,559)
Dividends	(4,945)
	<u>(205,504)</u>
Issue of shares	500,000
Increase in shareholders' funds and at 30 April 1999	<u>294,496</u>

20 NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	The group £
Operating profit	10,980
Depreciation	71,288
Amortisation	57,850
Increase in stocks	(3,897)
Increase in debtors	(301,114)
Increase in creditors	111,184
	<u>(53,709)</u>

21 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	The group £
Increase in cash in the period	3,113,620
Cash inflow from financing	(7,559,785)
Cash outflow from finance leases	57,623
	<u>(4,388,542)</u>
Change in net debt resulting from cash flows	(537,076)
Acquisition of subsidiary	<u>(4,925,618)</u>
Movement in net debt in the period and net debt at 30 April 1999	<u>(4,925,618)</u>

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 1999

22 ANALYSIS OF CHANGES IN NET DEBT

	Cashflow £	Acquisition £	At 30 April 1999 £
Cash in hand and at bank	3,290,122	24,804	3,314,926
Bank overdraft	(176,502)	(170,165)	(346,667)
	<u>3,113,620</u>	<u>(145,361)</u>	<u>2,968,259</u>
Debt	(7,559,785)	(20,400)	(7,580,185)
Finance leases	57,623	(371,315)	(313,692)
	<u>(4,388,542)</u>	<u>(537,076)</u>	<u>(4,925,618)</u>

23 ACQUISITION

On 11 January 1999, the company acquired the entire issued share capital of Storyboards Harpers Limited for a consideration of £4,671,881 satisfied in cash, loan notes and issuing of shares.

Goodwill arising on the acquisition of Storyboards Harpers Limited is amortised on a straight line basis over its estimated useful economic life of 20 years.

The result after taxation of Storyboards Harpers Limited and its subsidiary undertakings for the period from 1 May 1998, the beginning of the financial year, to date of acquisition was £175,025. The loss after taxation for the year ended 30 April 1998 was £106,701.

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 1999

23 ACQUISITION (CONTINUED)

The fair value of assets and liabilities acquired were as follows:

	Book value and fair value £
Fixed assets	
Tangible assets	1,608,401
Current assets	
Stocks	1,433
Debtors	1,073,176
Cash at bank	24,804
Total assets	2,707,814
Creditors	
Bank loans and overdrafts	190,565
Amounts due under finance leases	371,315
Trade creditors	465,065
Social security and other taxes	128,711
Deferred tax	161,180
Other creditors	190,094
Total liabilities	1,506,930
Net assets	1,200,884
Purchased goodwill	3,470,997
	4,671,881
Satisfied by:	
Ordinary shares issued	210,000
Loan notes - secured	3,238,828
Loan notes - unsecured	639,995
Cash	583,058
	4,671,881

24 CAPITAL COMMITMENTS

Neither the group nor the company had any capital commitments at 30 April 1999

25 CONTINGENT LIABILITIES

There were no contingent liabilities for the group or the company at 30 April 1999.

STORYBOARDS HARPERS GROUP LIMITED AND ITS SUBSIDIARY UNDERTAKINGS

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 30 April 1999

26 LEASING COMMITMENTS

The group

Operating lease payments amounting to £77,750 are due within one year. The leases to which these amounts relate expire as follows:

	1999 £
	Land & buildings
In one year or less	-
Between one and five years	21,750
In five years or more	56,000
	<hr/>
	77,750
	<hr/>

27 TRANSACTIONS WITH RELATED PARTIES

During the period consultancy charges of £31,784 were made to Storyboards Harpers Group Limited, by Baxton Services Limited, a company of which B Mickleburgh is a director.