

Granite Film & Television Productions Limited

Abbreviated financial statements for the year ended 31 March 1997

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Report of the auditors to the directors of Granite Film & Television Productions Limited

Report of the auditors to the directors of Granite Film & Television Productions Limited under section 247B the Companies Act 1985.

We have examined the abbreviated financial statements on pages 4 to 7 together with the annual financial statements of Granite Film & Television Productions Limited for the year ended 31 March 1997.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246 of and Schedule 8A to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and whether the abbreviated financial statements are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are 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 financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated financial statements to be delivered are properly prepared in accordance with those provisions.

We reported as auditors of Granite Film & Television Productions Limited on 29 January 1998 on the company's annual financial statements prepared under Section 221 of the Companies Act 1985 and our report was as follows:

"We have audited the financial statements on pages 6 to 12.

Respective responsibilities of directors and auditors

As described on page 4 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.

Granite Film & Television Productions Limited

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.

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the basis of preparation. The financial statements have been prepared on a going concern basis, the validity of which depends upon the continuing support of the company's bankers. The financial statements do not include any adjustments that would be necessary should the bank withdraw its support. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985. "



Coopers & Lybrand

Chartered Accountants and Registered Auditors

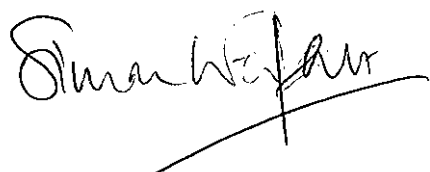
Aberdeen, 29 January 1998

Granite Film & Television Productions Limited

Abbreviated balance sheet at 31 March 1997

| | Notes | 1997 £ | 1996 £ |
|--|-------|----------------------|-----------------------|
| Fixed assets | | | |
| Tangible | 2 | 169,476 | 178,379 |
| Current assets | | | |
| Debtors | 3 | 37,410 | 44,740 |
| Cash at bank and in hand | | 48,920 | 137,541 |
| | | <u>86,330</u> | <u>182,281</u> |
| Current liabilities | | | |
| Creditors: amounts falling due within one year | 4 | 141,201 | 162,843 |
| Net current (liabilities)/assets | | <u>(54,871)</u> | <u>19,438</u> |
| Total assets less current liabilities | | <u>114,605</u> | <u>197,817</u> |
| Creditors: Amounts falling due after more than one year | 4 | <u>21,096</u> | <u>32,250</u> |
| Net assets | | <u><u>93,509</u></u> | <u><u>165,567</u></u> |
| Capital and reserves | | | |
| Called-up share capital | 5 | 100 | 100 |
| Profit and loss account | | 93,409 | 165,467 |
| | | <u><u>93,509</u></u> | <u><u>165,567</u></u> |

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.



) Director

Date

29.1.1998.

Granite Film & Television Productions Limited

Notes to the abbreviated financial statements for the year ended 31 March 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements have been prepared in accordance with the historical cost convention.

Basis of preparing the financial statements - going concern assumption

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The validity of this assumption depends on the ability of the company to trade profitably in future, of which the directors remain confident, and the ongoing support of the company's bankers.

If the company was unable to continue in operational existence for the foreseeable future adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts and to provide for further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities. Whilst the directors are presently uncertain as to the outcome of the matters mentioned above they believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Cash flows

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Granite Film & Television Productions Limited

Notes to the abbreviated financial statements for the year ended 31 March 1997 (continued)

In accordance with SSAP 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Full valuations are made by independent professionally qualified valuers every five years and in the intervening years these valuations are updated by directors with the assistance of independent professional advice as required. The property was acquired in February 1992 and is therefore shown in these financial statements at cost which approximates to valuation.

Depreciation is calculated so as to write off the cost of tangible fixed assets (excluding investment properties) on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

| | % |
|-----------------------|----|
| Fixtures and fittings | 20 |

Operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Turnover

Turnover represents monies advanced by television companies to cover costs of production.

Granite Film & Television Productions Limited

Notes to the abbreviated financial statements for the year ended 31 March 1997 (continued)

2 Tangible fixed assets

| | 1997 £ |
|---------------------|----------------|
| Cost | |
| As at 1 April 1996 | 213,875 |
| Additions | 999 |
| As at 31 March 1997 | <u>214,874</u> |
| Depreciation | |
| As at 1 April 1996 | 35,496 |
| Charge for the year | 9,902 |
| As at 31 March 1997 | <u>45,398</u> |
| Net book value | |
| At 31 March 1997 | <u>169,476</u> |
| At 31 March 1996 | <u>178,379</u> |

3 Debtors

| | 1997 £ | 1996 £ |
|-------------------------------------|---------------|---------------|
| Amounts falling due within one year | <u>37,410</u> | <u>44,740</u> |

4 Secured creditors

| | 1997 £ | 1996 £ |
|---|---------------|---------------|
| Amounts falling due within one year include: | | |
| Instalment due on mortgage loan | <u>7,120</u> | <u>1,859</u> |
| Amounts falling due after more than one year include: | | |
| Instalment due on mortgage loan | <u>21,096</u> | <u>32,250</u> |

The mortgage loan is secured by a standard charge over the investment property. It is repayable over 20 years from February 1992. Interest is charged at the Lloyds Bank Mortgage Rate, which is variable.

5 Called-up share capital

| | 1997 £ | 1996 £ |
|----------------------------------|--------------|--------------|
| Authorised | | |
| 1,000 ordinary shares of £1 each | <u>1,000</u> | <u>1,000</u> |
| Allotted, called-up and paid | | |
| 100 ordinary shares of £1 each | <u>100</u> | <u>100</u> |