

Oxford Scientific Films Limited  
Annual report  
for the year ended 31 December 1994

Registered no: 935140



# **Oxford Scientific Films Limited**

## **Annual report for the year ended 31 December 1994**

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**Directors and advisers**

**Executive directors**

K F Goldie-Morrison  
S R Morris  
R Brown (Resigned 1 March 1995)

**Registered Auditors**

Coopers & Lybrand  
Central Business Exchange  
Midsummer Boulevard  
Central Milton Keynes

**Secretary and registered office**

D Cameron  
Lower Road  
Long Hanborough  
Oxon

**Solicitors**

Allen & Overy  
London

and

Denton Hall Burgin & Warren  
London

**Bankers**

Barclays Bank plc  
Abingdon

**Directors' report  
for the year ended 31 December 1994**

The directors present their report and the audited financial statements for the year ended 31 December 1994.

**Principal activities**

The principal activities of the company are the production of TV documentaries and commercials and the licensing of wildlife and effects footage and still photographs from the OSF photo and stock footage libraries.

**Review of business and future developments**

During the year the company made investments in recruitment thereby strengthening its sales and marketing activities, and in training and development of existing teams as part of the Investors in People Programme.

The Directors are confident of the trading outlook for 1995.

**Dividends**

The directors do not recommend the payment of a dividend (1993:£Nil). The profit for the financial year of £182,130 will be transferred to reserves.

**Directors**

The directors of the company at 31 December 1994, all of whom served throughout the year, were:-

K F Goldie-Morrison

S R Morris

R Brown (Resigned 1 March 1995)

**Changes in fixed assets**

The movements in fixed assets during the year are set out in notes 8 and 9 to the financial statements.

**Directors' interests in shares of the company**

The interests of the directors of the company at 31 December 1994 in the shares of the company, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:

	Ordinary shares of £1 each	
	31 December 1994	31 December 1993
K F Goldie-Morrison	11,969	11,969
S R Morris	3,030	3,030

**Directors' Responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit for that period.

The directors confirm that suitable 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 December 1994. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records and for taking reasonable steps to safeguard the assets of the company and the group, and to prevent and detect fraud and other irregularities.

**Close company provisions**

The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988. There has been no change in this respect since the end of the financial year.

**Auditors**

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

**By order of the board**



**D Cameron**  
**Secretary**

Date: 20/7/95.

## **Report of the auditors to the members of Oxford Scientific Films Limited**

We have audited the financial statements on pages 5 to 19.

### **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 at 31 December 1994 and of its profit, total recognised gains and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand.*

**Coopers & Lybrand**

Chartered Accountants and Registered Auditors  
Milton Keynes

*25 July 1995.*

**Profit and loss account  
for the year ended 31 December 1994**

	Notes	1994 £	1993 £
Turnover	2	2,936,161	2,626,354
Cost of sales		(1,393,810)	(1,362,420)
		<hr/>	<hr/>
Gross profit		1,542,351	1,263,934
Administrative expenses		(1,325,490)	(1,176,201)
		<hr/>	<hr/>
Operating profit	3	216,861	87,733
Interest received and other income		16,286	398
		<hr/>	<hr/>
Profit on ordinary activities before interest		233,147	88,131
Interest payable and similar charges	6	(28,609)	(11,702)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		204,538	76,429
Tax on profit on ordinary activities	7	(22,408)	-
		<hr/>	<hr/>
Profit on ordinary activities after taxation and retained profit for the year	16	<u>182,130</u>	<u>76,429</u>

**Statement of total recognised gains  
and losses**

Profit for the financial year	182,130	76,429
Unrealised deficit on revaluation of property	-	(184,859)
	<hr/>	<hr/>
Total recognised gains and losses relating to the period	<u>182,130</u>	<u>(108,430)</u>


All activities of the company are regarded as continuing.

There is no material difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

**Balance sheet**  
**at 31 December 1994**

	Notes	1994 £	1993 £
<b>Fixed assets</b>			
Tangible assets	8	551,735	576,777
Investments	9	51	51
		<u>551,786</u>	<u>576,828</u>
<b>Current assets</b>			
Stocks	10	37,223	32,761
Debtors	11	434,890	407,770
Cash at bank and in hand		373,383	238,632
		<u>845,496</u>	<u>679,163</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(764,478)</u>	<u>(787,391)</u>
<b>Net current assets/(liabilities)</b>		<u>81,018</u>	<u>(108,228)</u>
<b>Total assets less current liabilities</b>		<b>632,804</b>	<b>468,600</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(176,561)</u>	<u>(194,487)</u>
<b>Net assets</b>		<u><b>456,243</b></u>	<u><b>274,113</b></u>
<b>Capital and reserves</b>			
Called up share capital	15	22,594	22,594
Share premium account	16	410,055	410,055
Revaluation reserve	16	12,794	14,160
Profit and loss account	16	10,800	(172,696)
<b>Equity shareholders' funds</b>	20	<u><b>456,243</b></u>	<u><b>274,113</b></u>

The financial statements on pages 5 to 19 were approved by the board of directors on 20 July 1995 and were signed on its behalf by:



K F Goldie-Morrison  
Director



**Cash flow statement  
for the year ended 31 December 1994**

	Notes	1994 £	1993 £
<b>Net cash inflow from operating activities</b>	17	<b>374,001</b>	<b>257,302</b>
<b>Returns on investments and servicing of finance</b>			
Interest received		16,286	398
Interest paid		(25,627)	(6,285)
Interest paid on finance leases		(2,982)	(5,417)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(12,323)</b>	<b>(11,304)</b>
<b>Taxation</b>			
Foreign taxes withheld		(4,822)	-
<b>Investing activities</b>			
Purchase of tangible fixed assets		(41,547)	(317,798)
Sale of tangible fixed assets		1,426	1,382
Purchase of subsidiary		-	(49)
<b>Net cash outflow from investing activities</b>		<b>(40,121)</b>	<b>(316,465)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>316,735</b>	<b>(70,467)</b>
<b>Financing</b>			
New bank loans	18	-	200,000
Repayment of bank loans	18	(13,224)	-
Repayment of principal under finance leases	18	(20,726)	(17,943)
<b>Net cash (outflow)/inflow from financing</b>		<b>(33,950)</b>	<b>182,057</b>
<b>Increase in cash and cash equivalents</b>	19	<b>282,785</b>	<b>111,590</b>

## Notes to the financial statements for the year ended 31 December 1994

### 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 are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

#### Consolidated financial statements

The directors have taken advantage of the provisions of Section 249 of the Companies Act 1985 not to prepare consolidated financial statements as the group constitutes a small sized group.

#### Fixed assets

Interests in land and buildings are stated at valuation.

It is not the company's policy to place a value on the rights and other intangible assets held by the film and photographic libraries nor on the film rights held by the production divisions.

The cost of tangible assets is their purchase cost, or in the case of film archives the cost of transferring material onto videotape, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost or valuation of fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings	2
Film archives	20
Plant and machinery	12½ - 33
Motor vehicles	25
Fixtures and fittings	12½ - 33

Leasehold land and buildings are amortised over the period of the lease. Freehold land is not depreciated.

**Finance and operating leases**

Where fixed assets are financed by leasing agreements which transfer to the company substantially all the benefits and risks of ownership, the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets. Costs in respect of operating leases are charged on a straight line basis over the lease term.

**Stocks**

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

**Long-term contracts**

Turnover on long-term contracts is recognised according to the stage reached in the contract by reference to the value of work done. A prudent estimate of the profit attributable to work completed is recognised once the outcome of the contract can be assessed with reasonable certainty. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are included in stocks as work in progress.

**Turnover**

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied and the value of long term contract work performed.

**Taxation**

The charge for taxation is based on the results for the period after adjusting for disallowable items, and after excluding timing differences to the extent that they are unlikely to result in an actual tax liability in the foreseeable future. The timing differences arise from the recognition for tax purposes of certain items of income and expense in a different accounting period from that in which they are recognised in the accounts. The tax effect of timing differences which are likely to result in an actual tax liability in the foreseeable future, as reduced by the tax benefit of any accumulated losses, is treated as a deferred tax liability.

**Foreign currencies**

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

**Amounts owed by subsidiary company**

Expenditure incurred by the company on behalf of its subsidiary has been written off unless it relates to film production. The company will only be reimbursed for non-production costs when the subsidiary has generated sufficient funds from production sales to cover such costs. The aggregate value of these costs is disclosed as a contingent asset.

**2 Turnover**

Turnover is attributable to film production and the photographic and film libraries. Turnover by geographical market and business segment is given below:

By geographical market:	Year ended 31 December 1994			Year ended 31 December 1993		
	UK	Rest of the world	Total	UK	Rest of the world	Total
	£	£	£	£	£	£
	1,692,274	1,243,887	2,936,161	1,442,428	1,183,926	2,626,354
	<u>1,692,274</u>	<u>1,243,887</u>	<u>2,936,161</u>	<u>1,442,428</u>	<u>1,183,926</u>	<u>2,626,354</u>
By business segment:	1994			1993		
	£			£		
Film production	1,609,658			1,610,720		
Libraries	1,326,503			1,015,634		
	<u>2,936,161</u>			<u>2,626,354</u>		

The directors have not disclosed the profit by business segment, believing it to be prejudicial to the interests of the company.

**3 Operating profit**

Operating profit is stated after charging/(crediting):

	1994	1993
	£	£
Depreciation of tangible fixed assets	66,589	63,198
Auditors' remuneration for - audit	10,728	9,500
- non-audit services	13,562	10,278
(Profit) on disposal of fixed assets	(1,426)	(1,382)
(Profit)/loss on exchange	(1,808)	602
	<u>          </u>	<u>          </u>

The auditors' remuneration for audit services to the group was £12,028.

#### 4 Directors' emoluments

	1994 £	1993 £
Emoluments (including pension contributions and benefits in kind)	168,463	142,408
Accrued benefits payable on leaving the company	21,250	-
	<u>189,713</u>	<u>142,408</u>

In addition to the benefits payable upon leaving the company, the director concerned will retain his company car currently valued at £14,000.

Directors' emoluments excluding pension contributions are as follows:

	1994 £	1993 £
Emoluments of the highest paid director	<u>67,245</u>	<u>48,940</u>

The number of directors (including the highest-paid director) who received fees and other emoluments (excluding pension contributions) in the following range was:

	1994 Number	1993 Number
£45,001 to £50,000	1	3
£50,001 to £55,000	1	-
£65,001 to £70,000	1	-
	<u>3</u>	<u>3</u>

#### 5 Employee information

The average weekly number of persons (including executive directors) employed by the company during the year was:

	1994 Number	1993 Number
By activity		
Libraries	13	17
Film production	10	7
Administration	8	8
	<u>31</u>	<u>32</u>

Employment costs - all employees including executive directors:

	1994	1993
	£	£
<b>Staff costs (for the above persons)</b>		
Wages and salaries	697,343	561,394
Social security costs	69,921	54,506
Other pension costs	2,340	4,381
	<u>769,604</u>	<u>620,281</u>
Total direct costs of employment	<u>769,604</u>	<u>620,281</u>

The company does not operate its own pension scheme. The payments above are contributions into private pension plans of individual employees.

## 6 Interest payable and similar charges

	1994	1993
	£	£
<b>On bank loans and overdrafts:</b>		
Repayable within 5 years, not by instalments	9,075	6,858
Repayable within 10 years by instalments	16,552	-
<b>On finance leases and hire purchase contracts:</b>		
Repayable within 5 years, by instalments	2,982	4,844
	<u>28,609</u>	<u>11,702</u>

## 7 Tax on profit on ordinary activities

	1994	1993
	£	£
United Kingdom corporation tax at 25%:		
Current	<u>22,408</u>	<u>-</u>

## 8 Tangible Fixed Assets

	Land and buildings £	Film archives £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<b>Cost or valuation</b> (see below)						
At 1 January 1994	463,379	27,967	502,416	69,168	32,605	1,095,535
Additions	-	8,341	32,552	-	654	41,547
Disposals	-	-	(2,500)	-	-	(2,500)
<b>At 31 December 1994</b>	<b>463,379</b>	<b>36,308</b>	<b>532,468</b>	<b>69,168</b>	<b>33,259</b>	<b>1,134,582</b>
<b>Depreciation</b>						
At 1 January 1994	18,942	6,558	407,589	59,099	26,570	518,758
Charge for year	14,796	5,681	36,395	7,212	2,505	66,589
Disposals	-	-	(2,500)	-	-	(2,500)
<b>At 31 December 1994</b>	<b>33,738</b>	<b>12,239</b>	<b>441,484</b>	<b>66,311</b>	<b>29,075</b>	<b>582,847</b>
<b>Net book value</b>						
<b>At 31 December 1994</b>	<b>429,641</b>	<b>24,069</b>	<b>90,984</b>	<b>2,857</b>	<b>4,184</b>	<b>551,735</b>
At 31 December 1993	444,437	21,409	94,827	10,069	6,035	576,777
<b>Cost or valuation at 31 December 1994 is represented by:</b>						
Valuation	425,000	-	-	-	-	425,000
Cost	38,379	36,308	532,468	69,168	33,259	709,582
	<b>463,379</b>	<b>36,308</b>	<b>532,468</b>	<b>69,168</b>	<b>33,259</b>	<b>1,134,582</b>

The net book value of land and buildings can be analysed as follows:

	1994 £	1993 £
Freehold land and buildings	417,979	425,000
Short leasehold property	11,662	19,437
	<b>429,641</b>	<b>444,437</b>

Freehold land and buildings are included at their 1993 valuation, performed by Cluttons Chartered Surveyors on an open market value basis.

**Tangible Fixed Assets (continued)**

The historical cost and related depreciation of freehold land and buildings included at a valuation are set out below:

	1994	1993
	£	£
Historical cost	425,433	425,433
Depreciation based on cost	(50,559)	(44,904)
	<u>374,874</u>	<u>380,529</u>

The net book value of tangible fixed assets includes an amount of £15,050 (1993: £39,159) in respect of assets held under finance leases and hire purchase contracts. Depreciation charged on these assets during the year was £11,497 (1993: £28,098).

**9 Investments**

	1994	1993
	£	£
Unlisted investments - at cost		
At 1 January 1994	51	2
Additions in year	-	49
	<u>—</u>	<u>—</u>
At 31 December 1994	51	51
	<u>—</u>	<u>—</u>

The investment comprises 51% of the ordinary share capital of International Wildlife Films Limited, a company registered in England which specialises in the making of wildlife films. International Wildlife Films Limited's net liabilities at 31 December 1994 were £25,797 and its loss for the year then ended was £5,796.

**10 Stocks and work in progress**

The amounts attributable to different categories are as follows:

	1994	1993
	£	£
Raw materials and consumables	14,575	22,824
Work in progress	22,648	9,937
	<u>37,223</u>	<u>32,761</u>



**11 Debtors**

	1994	1993
	£	£
<b>Amounts falling due within one year</b>		
Trade debtors	382,892	317,423
Other debtors	42,901	58,558
Prepayments and accrued income	9,097	31,789
	<u>434,890</u>	<u>407,770</u>

**12 Creditors: amounts falling due within one year**

	1994	1993
	£	£
Bank loans and overdraft	14,863	161,340
Obligations under finance leases	2,941	20,522
Trade creditors	157,342	183,977
Amounts owed to subsidiary undertaking	-	33,575
Other taxation and Social security	72,819	34,143
Accruals and deferred income	498,927	353,834
Corporation tax	17,586	-
	<u>764,478</u>	<u>787,391</u>

The bank loans and overdraft are secured by a fixed and floating charge over the assets of the company.

Taxation and Social security is made up as follows:

	1994	1993
	£	£
Value Added Tax	20,794	17,856
PAYE and Social security	41,602	16,287
Other creditors	10,423	-
	<u>72,819</u>	<u>34,143</u>

**13 Creditors: amounts falling due after more than one year**

	1994	1993
	£	£
Bank loans	171,913	186,694
Obligations under finance leases	4,648	7,793
	<u>176,561</u>	<u>194,487</u>
Obligations under finance leases:		
Between one and five years	<u>4,648</u>	<u>7,793</u>
The bank loan is repayable in instalments as follows:		
Between one and two years	15,536	14,474
Between two and five years	55,591	51,496
In five years or more	100,786	120,724
	<u>171,913</u>	<u>186,694</u>

Interest on the bank loan is charged at LIBOR plus 2.5%. The bank loan is secured by a fixed and floating charge over the assets of the company.

**14 Deferred taxation**

Analysis of provision and potential liability:

	Amount provided		Full potential liability	
	1994	1993	1994	1993
	£	£	£	£
Accelerated capital allowances	-	-	-	(31,640)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>(31,640)</u>

At 31 December 1994 there existed a potential deferred tax asset of £16,462. This has not been recognised on the grounds of prudence.

**15 Called up share capital**

	Ordinary shares of £1 each	
	1994	1993
	£	£
Authorised	100,000	100,000
Allotted, called up and fully paid	<u>22,594</u>	<u>22,594</u>

**16 Share premium account and reserves**

	Share premium account £	Revaluation reserve £	Profit and loss account £
At 1 January 1994	410,055	14,160	(172,696)
Transfers from revaluation reserve	-	(1,366)	1,366
Profit for the year	-	-	182,130
<b>At 31 December 1994</b>	<b>410,055</b>	<b>12,794</b>	<b>10,800</b>

**17 Reconciliation of operating profit to net cash inflow from operating activities**

	1994 £	1993 £
<b>Operating profit</b>	<b>216,861</b>	<b>87,733</b>
Depreciation of tangible fixed assets	66,589	63,198
(Profit) on sale of tangible fixed assets	(1,426)	(1,382)
(Increase)/decrease in stocks and work-in-progress	(4,462)	8,320
(Increase) in trade debtors	(65,469)	(39,052)
Decrease/(increase) in other debtors	15,657	(39,920)
Decrease/(increase) in prepayments	22,692	(14,025)
(Decrease) in trade creditors	(26,635)	(20,050)
Increase/(decrease) in taxation and social security	35,738	(6,710)
Increase in VAT payable	2,938	17,856
Increase in accruals and deferred income	145,093	167,759
(Decrease)/increase in amounts owed to subsidiary undertaking	(33,575)	33,575
<b>Net cash inflow from continuing operating activities</b>	<b>374,001</b>	<b>257,302</b>

**18 Analysis of changes in financing during the year**

	1994		1993	
	Share capital (including premium) £	Loans and finance lease obligations £	Share capital (including premium) £	Loans and finance lease obligations £
At 1 January	432,649	228,315	432,649	46,255
New bank loans	-	-	-	200,000
Repayment of bank loans	-	(13,224)	-	-
Repayment of principal under finance leases	-	(20,726)	-	(17,940)
<b>At 31 December</b>	<b>432,649</b>	<b>194,365</b>	<b>432,649</b>	<b>228,315</b>

**19 Cash and cash equivalents**

	1994 £	1993 £
<b>Changes during the year</b>		
At 1 January 1994	90,598	(20,992)
Net cash inflow	282,785	111,590
	<u>373,383</u>	<u>90,598</u>
<b>At 31 December 1994</b>	<u>373,383</u>	<u>90,598</u>

	1994 £	1993 £	Change in year £
<b>Analysis of balances</b>			
Cash at bank and in hand	373,383	238,632	134,751
Bank overdrafts	-	(148,034)	148,034
	<u>373,383</u>	<u>90,598</u>	<u>282,785</u>
<b>At 31 December 1994</b>	<u>373,383</u>	<u>90,598</u>	<u>282,785</u>

**20 Reconciliation of shareholders' funds**

	1994 £	1993 £
Shareholders' funds as at 1 January 1994	274,113	382,543
Reduction in revaluation reserve	(1,366)	(184,859)
Transfer to profit and loss reserve	1,366	-
Profit for the year	182,130	76,429
	<u>456,243</u>	<u>274,113</u>
<b>Shareholders' funds as at 31 December 1994</b>	<u>456,243</u>	<u>274,113</u>

**21 Capital expenditure**

At 31 December 1994 capital expenditure of £56,000 (1993: £30,000) has been authorised by the directors but has not yet been contracted for.

**22 Contingent asset**

The company is owed £23,710 (1993: £18,252) by its subsidiary which is payable only when the subsidiary has generated sufficient funds from production to make such a payment without exceeding its borrowing limits. This amount has not been included in the assets of the company.

**23 Financial commitments**

At 31 December 1994 the company had annual commitments under non-cancellable operating leases as follows:

	1994	1993
	£	£
Expiring within one year	183	-
Expiring between two and five years inclusive	2,163	2,895
	<u>2,346</u>	<u>2,895</u>

At the year end the company had open forward exchange contracts amounting to £212,499.