

QUANTUM ARTISTS LIMITED

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ANNUAL REPORT AND STATEMENT OF ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998

DIRECTORS

A ELDRED
D ELDRED
V EDWARDS

SECRETARY

A ELDRED

REGISTERED OFFICE

62 NEW CAVENDISH STREET
LONDON W1M 7LD

AUDITORS

SINGER HOME DESAI & CO
REGISTERED AUDITOR
CERTIFIED ACCOUNTANTS
62 NEW CAVENDISH STREET
LONDON W1M 7LD



ANNUAL REPORT AND STATEMENT OF ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1998

The Directors have pleasure in submitting their Annual Report to the members together with the Audited Accounts and Notes thereon.

PRINCIPAL ACTIVITY

The Principal Activity of the company has not changed significantly during the year and remain those of Artists Agents.

REVIEW OF BUSINESS

The Directors report the results shown on Page 8 of the accounts, for the year under review and anticipates improved results for the current year.

DIVIDENDS

The Directors recommend that no dividend be declared for the year under review.

RESERVES

The Directors propose that no formal transfer be made to or from reserves for the year.

DIRECTORS

The constitution of the Board, their interests (and those of their immediate families) in the Capital of the company were as follows:

	<u>Beneficial Holdings</u>	
	<u>Shares of</u> <u>1p Each</u> <u>1998</u>	<u>Shares of</u> <u>1p Each</u> <u>1997</u>
A Eldred	9,900	9,900
D Eldred	100	100
V Edwards	3,333	3,333
	-----	-----
	13,333	13,333
	=====	=====

No changes in the constitution of the Board have taken place during the year.

FIXED ASSETS

Details of significant changes in the Fixed Assets appearing in the Balance Sheet appear in the Notes to the Accounts.

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)

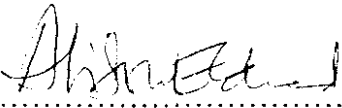
TAXATION

So far as the Directors are aware the company falls within the meaning of a 'Close Company' as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

In accordance with Section 384 of the Companies Act 1985 a Resolution proposing the re-appointment of Singer Home Desai & Co as Auditors to the company will be put to the Annual General Meeting.

BY ORDER OF THE BOARD



CHAIRMAN

(A signed)

17/2/99
DATE

STATEMENT OF DIRECTORS'S 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;
- 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.

QUANTUM ARTISTS LIMITED

We have audited the Financial Statements on pages 7 to 14 which have been prepared under the historical cost convention and the accounting policies set out on Page 9.

Respective responsibilities of Directors and Auditors

As described on page 5 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 estimate 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 far 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 December 1998 and of its Profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

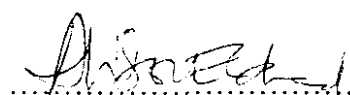
Singer Home Desai & Co
SINGER HOME DESAI & Co.
Registered Auditor
Certified Accountants
62 New Cavendish Street
London W1M 7LD

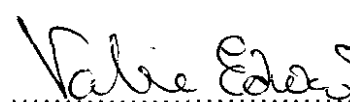
19 February 1999.

London World Ltd
25 New Cavendish Street
Cambridge CB2 3RQ
Telephone 0223 311111
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BALANCE SHEET AS AT 31 DECEMBER 1998

<u>FIXED ASSETS</u>	<u>NOTES</u>	<u>1998</u>	<u>1997</u>
Tangible Assets	2	£ 17,966	£ 8,148
<u>CURRENT ASSETS</u>			
Debtors	3	£ 106,161	£ 99,428
Cash Account		-	29
		-----	-----
		£ 106,161	£ 99,457
		=====	=====
<u>CREDITORS</u>			
Amounts falling due within One Year	4	£ 111,133	£ 105,577
		=====	=====
<u>NET CURRENT LIABILITIES</u>		(4,972)	(6,120)
		-----	-----
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		12,994	2,028
<u>CREDITORS</u>			
Amounts falling due after more than One	5	(1,552)	(2,244)
		-----	-----
<u>NET ASSETS/(LIABILITIES)</u>		£ 11,442	£(216)
		=====	=====
<u>CAPITAL AND RESERVES</u>			
<u>CALLED UP SHARE CAPITAL</u>	6	£ 133	£ 133
<u>SHARE PREMIUM ACCOUNT</u>	7	4,967	4,967
<u>PROFIT AND LOSS ACCOUNT</u>	8	6,342	(5,316)
		-----	-----
<u>SHAREHOLDERS FUNDS</u>	9	£ 11,442	£(216)
		=====	=====

 (A Edwards) DIRECTOR

 (V. Edwards) DIRECTOR

Approved by the Board on 17/2/99 1999.

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>NOTES</u>	<u>1998</u>	<u>1997</u>
<u>TURNOVER</u>	10	£636,870	£ 540,935
Cost of Sales		476,850	399,253
		-----	-----
<u>GROSS PROFIT</u>		160,020	141,682
<u>OTHER INCOME</u>		10,548	10,224
		-----	-----
		170,568	151,906
Administration Expenses	£ 96,925	£ 93,459	
Other Operating Expenses	57,975	154,900	53,219
	-----	-----	-----
<u>PROFIT ON ORDINARY</u> <u>ACTIVITIES BEFORE INTEREST</u>		15,668	5,228
<u>INTEREST PAYABLE</u>	12	(1,193)	(1,387)
		-----	-----
<u>PROFIT ON ORDINARY</u> <u>ACTIVITIES BEFORE TAXATION</u>		14,475	3,841
<u>TAXATION</u>	13	(2,817)	(630)
		-----	-----
<u>PROFIT ON ORDINARY</u> <u>ACTIVITIES AFTER TAXATION</u>		11,658	3,211
<u>DIVIDEND</u>		-	-
		-----	-----
<u>RETAINED PROFIT</u> <u>FOR THE FINANCIAL YEAR</u>		11,658	3,211
<u>PROFIT AND LOSS ACCOUNT</u> <u>BALANCE BROUGHT FORWARD</u>		(5,316)	(8,527)
		-----	-----
<u>PROFIT AND LOSS ACCOUNT</u> <u>BALANCE CARRIED FORWARD</u>		£ 6,342	£(5,316)
		=====	=====

The were no recognised Gains or Losses for 1997 or 1998 other than that included in the Profit and Loss Account.

The Notes on pages 9 to 14 form part of these Accounts.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998NOTE: 1ACCOUNTING POLICIES1.1 BASIS OF PREPARATION

These Accounts are prepared in accordance with the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

The company has taken advantage of the exemption in the Financial Reporting Standard No.1 from the requirements to produce a Cash Flow Statement on the grounds that it is a 'small company'.

1.2 TANGIBLE FIXED ASSETS

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful working life less its residual value using the reducing balance method.

Office Furniture and Equipment	10% p.a
Leased - Office Equipment	25% p.a
Motor Vehicle	25% p.a

Improvement to Leasehold Property which was previously being amortised over a period of twenty years from 1989 on a straight line basis has been completely amortised over a two year period on a straight line basis, commencing in year ending 31 December 1994 as the Directors do not consider that it has any significant value.

1.3 LEASING

Assets obtained under finance leases are capitalised as Tangible Fixed Assets. Assets acquired by finance lease are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.4 OPERATING LEASES

Rentals applicable to operating losses where substantially all of the benefits and risk of ownership remain with the lessor are charged to profit and loss accounts as incurred.

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)

1.5 DEFERRED TAXATION

In compliance with Statement Accounting practice No.15, no provision is considered necessary for any potential Taxation Liability in respect of timing differences arising between results as computed for taxation purposes and results as stated in these accounts as, in the opinion of the Directors, they do not foresee any liability arising as a result of the reversal of timing differences for some considerable year ahead and there is no indication that, after this year, the situation is likely to change so as to create liabilities for which provision is considered necessary.

1.6 TURNOVER

Turnover represents the total income receivable by the company (exclusive of Valued Added Tax) in respect of services rendered.

1.7 FOREIGN CURRENCIES

Assets and Liabilities in Foreign Currencies are translated into Sterling at the rate of exchange ruling at the Balance Sheet date. Transactions in Foreign Currencies are converted into Sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating results for the year.

NOTE: 2
TANGIBLE FIXED ASSETS (See Page 11)

NOTE: 3

DEBTORS

	<u>1998</u>	<u>1997</u>
Trade Debtors	£ 91,329	£ 93,646
Sundry Debtors	14,834	5,782
	-----	-----
	£ 106,163	£ 99,428
	=====	=====

NOTE: 4

CREDITORS: AMOUNTS FALLING DUE

WITHIN ONE YEAR

	<u>1998</u>	<u>1997</u>
Trade Creditors	£ 83,502	£ 70,326
Other Creditors and Accruals	15,644	15,599
Social Security and Other Taxes	6,485	5,054
Bank Overdraft (Note: 4.1)	2,155	13,278
Corporation Tax	2,657	630
Net obligations under Finance Lease (Note: 4.1)	690	690
	-----	-----
	£ 111,133	£ 105,577
	=====	=====

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)

NOTE: 2							
TANGIBLE FIXED ASSETS	IMPROVEMENTS TO		LEASED		OFFICE		TOTAL
	SHORT LEASEHOLD	PROPERTY	OFFICE	EQUIPMENT	FURNITURE &	MOTOR VEHICLE	
Cost:							
Balance:	1 January 1998	£ 66,436	£ 2,948	£ 27,257	£ -	£ 96,641	
Additions		-	-	9,265	3,500	12,765	
Disposal		-	-	-	-	-	
Balance:	31 December 1998	£ 66,436	£ 2,948	£ 36,522	£ 3,500	£ 109,406	
Depreciation							
Balance:	1 January 1998	£ 66,436	£ 737	£ 21,320	£ -	£ 88,493	
Provided in the Year		-	552	1,520	875	2,947	
Written off in respect of Disposals		-	-	-	-	-	
Balance:	31 December 1998	£ 66,436	£ 1,289	£ 22,840	£ 875	£ 91,440	
NET BOOK VALUE:	31 December 1998	£ -	£ 1,659	£ 13,682	£ 2,625	£ 17,966	
Balance:	31 December 1997	£ -	£ 2,211	£ 5,937	£ -	£ 8,148	

NOTES TO AND FORMING PART OF THE ACCOUNTSNOTE: 4CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR (CONTINUED)NOTE: 4.1

Bank Overdraft is secured by a fixed and floating charge over the company's Assets. The finance lease is secured on the assets concerned.

NOTE: 5CREDITORS: AMOUNTS FALLING DUEAFTER MORE THAN ONE YEAR

		<u>1998</u>	<u>1997</u>
Net obligations under Finance Lease	(Note: 4.1)	£ 1,552 =====	£ 2,244 =====

NOTE: 6CALLED UP SHARE CAPITALAuthorised

	<u>1998</u>	<u>1997</u>
100,000 Ordinary Shares of 1p Each	£ 1,000 =====	£ 1,000 =====

Issued and Fully Paid

	<u>1998</u>	<u>1997</u>
13,333 Ordinary Shares of 1p Each	£ 133.33 =====	£ 133.33 =====

NOTE: 7SHARE PREMIUM

The Share Premium arises as a result of an issue of shares at a premium in a prior year.

NOTE: 8PROFIT AND LOSS ACCOUNT

	<u>1998</u>	<u>1997</u>
Accumulated Profit/Loss at 1 January 1998	£(5,316)	£(8,527)
Retained for the Year	11,658	3,211
	-----	-----
Accumulated Profit(Loss) at 31 December 1998	£ 6,342 =====	£(5,316) =====

NOTE: 9RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>1998</u>	<u>1997</u>
Profit for the Year	£ 11,658	£ 3,211
Opening Shareholders Funds	(216)	(3,427)
	-----	-----
Closing Shareholders Funds	£ 11,422 =====	£(216) =====

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)

NOTE: 10TURNOVER

The Turnover is attributable to the one Principal Activity of the company.

An analysis of the Turnover is as follows:

	<u>1998</u>	<u>1997</u>
United Kingdom	£ 331,078	£ 329,203
Overseas	305,792	211,732
	-----	-----
	£ 636,870	£ 540,935
	=====	=====

NOTE: 11OPERATING RESULTS

The Operating Results are stated after the following

After Charging

	<u>1998</u>	<u>1997</u>
Depreciation of Tangible Fixed Assets		
- owned by the company	£ 2,395	£ 659
- held under Finance Leases	552	737
Directors Emoluments	20,172	18,417
Staff Costs (including Directors		
Emoluments) (Note: 11.1)	50,341	51,382
Auditors Remuneration	2,600	2,500
Opening Lease Rentals - Land and Buildings	20,000	20,000
	=====	=====

NOTE: 11.1STAFF COSTS

	<u>1998</u>	<u>1997</u>
Wages and Salaries	£ 46,410	£ 47,526
Social Security Costs	3,931	3,856
	-----	-----
	£ 50,341	£ 51,382
	=====	=====

The average weekly number of employees during the year was as follows:

	<u>1998</u>	<u>1997</u>
	<u>Number</u>	<u>Number</u>
Office and Management	2	2
Production and Sales	3	3
	---	---
	5	5
	==	==

NOTES TO AND FORMING PART OF THE ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 1998 (CONTINUED)NOTE: 12

<u>INTEREST PAYABLE</u>	<u>1998</u>	<u>1997</u>
On Bank Loans, Overdrafts and other Loans: Repayable within 5 Years, not by Instalments	£ 839	£ 1,121
On Finance Lease	354	266
	-----	-----
	£ 1,193	£ 1,387
	=====	=====

NOTE: 13TAXATION

Corporation Tax is provided on the results for the year as follows:

	<u>1998</u>	<u>1997</u>
Corporation Tax @ 21% (1997: 21/24%) based on the Adjusted Results for the Year	£ 2,657	£ 630
Under provision in respect of previous Year	160	-
	-----	-----
	£ 2,817	£ 630
	=====	=====

Potential liability for deferred taxation not provided was as follows:

	<u>1998</u>	<u>1997</u>
Accelerated Capital Allowances	£ 1,041	£ 348
	=====	=====

NOTE: 14FINANCIAL COMMITMENTS

At 31 December 1998 the company has annual commitments under non-cancellable operating lease as follows:

	<u>Land and Buildings</u>	
<u>Expiry Date</u>	<u>1998</u>	<u>1997</u>
In more than 5 Years	£ 20,000	£ 20,000
	=====	=====

ANNUAL REPORT AND STATEMENT OF ACCOUNTS
YEAR ENDED 31 DECEMBER 1998

THE INFORMATION WHICH APPEARS ON THE FOLLOWING PAGES HAS BEEN PREPARED AT THE REQUEST OF THE COMPANY'S MANAGEMENT AND FOR MANAGEMENT PURPOSES ONLY AND DOES NOT FORM PART OF THE STATUTORY ACCOUNTS AND IS SUBMITTED TO THE INLAND REVENUE AND TO OTHER THIRD PARTIES AS INSTRUCTED BY THE DIRECTORS.

SUCH AUDIT WORK HAS BEEN CARRIED OUT BY THE AUDITORS IN RELATION THERETO AS HAS BEEN CONSIDERED NECESSARY BY THEM FOR THE PURPOSES OF THEIR REPORT TO THE MEMBERS ON THE PRECEDING STATUTORY ACCOUNTS.