

BRITISH HARLEQUIN PLC
REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2000



Greenaway & Co
Chartered Accountants
150 High Street
Sevenoaks
Kent TN13 1XE
Tel: 0173 245 0088

BRITISH HARLEQUIN PLC

COMPANY INFORMATION

Directors	R K Dagger B F C Richards A J Barwell
Secretary	B F C Richards
Company number	1420396
Registered office & Business address	Bankside House Vale Road Tonbridge Kent TN9 1FJ
Telephone	0173 236 7666
Facsimile	0173 236 7755
Auditors	Greenaway & Co 150 High Street Sevenoaks Kent TN13 1XE
Bankers	Barclays Bank plc 1 Station Road Borough Green Kent TN15 8EP Barclays Bank PLC 80 High Street Sevenoaks Kent TN13 1LR

BRITISH HARLEQUIN PLC

CONTENTS

	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the financial statements	8 - 18

BRITISH HARLEQUIN PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the period ended 31 December 2000.

Principal activities and review of the business

The principal activity of the company continued to be that of dealing in goods and services connected with the theatre and entertainment industry.

The company's core activities showed continued improvement during the period.

Results and dividends

The results for the period are set out on page 4.

The directors propose a final dividend of £30,000 (60p per share).

Directors

The following directors have held office since 1 April 2000:

R K Dagger
B F C Richards
A J Barwell

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 December 2000	1 April 2000
R K Dagger	20,000	20,000
B F C Richards	15,000	15,000
A J Barwell	15,000	15,000

Creditor payment policy

The company's current policy concerning the payment of trade creditors is to settle the terms of payment with suppliers when agreeing the terms of each transaction and to pay in accordance with the company's contractual and legal obligations.

The average creditors payback period for the financial year was 68 days (March 2000, 91 days).

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Greenaway & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

BRITISH HARLEQUIN PLC

DIRECTORS' REPORT

FOR THE PERIOD ENDED 31 DECEMBER 2000

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, subject to any material departures disclosed 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.

By order of the board

B F C Richards

Company Secretary

30 November 2001

BRITISH HARLEQUIN PLC

AUDITORS' REPORT TO THE SHAREHOLDERS OF BRITISH HARLEQUIN PLC

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9 .

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.

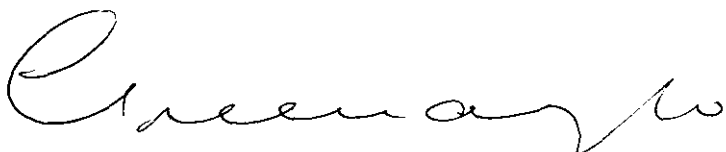
Basis of opinion

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 the company's affairs as at 31 December 2000 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Greenaway & Co

Chartered Accountants
Registered Auditor

30 November 2001

150 High Street
Sevenoaks
Kent
TN13 1XE

BRITISH HARLEQUIN PLC

PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2000

		Period ended 31 December 2000 £	Year ended 31 March 2000 £
	Notes		
Turnover	2	863,917	1,365,689
Cost of sales		(422,606)	(674,799)
Gross profit		441,311	690,890
Administrative expenses		(502,094)	(691,112)
Other operating income		167,072	193,704
Operating profit	3	106,289	193,482
Other interest receivable and similar income		212	936
Interest payable and similar charges	4	(12,325)	(17,230)
Profit on ordinary activities before taxation		94,176	177,188
Tax on profit on ordinary activities	5	(20,088)	(47,512)
Profit on ordinary activities after taxation		74,088	129,676
Dividends	6	(30,000)	(60,000)
Retained profit for the period		44,088	69,676

The profit and loss account has been prepared on the basis that all operations are continuing operations.


There are no recognised gains and losses other than those passing through the profit and loss account.

BRITISH HARLEQUIN PLC

BALANCE SHEET AS AT 31 DECEMBER 2000

	Notes	2000 £	£	2000 £	£
Fixed assets					
Tangible assets	7	385,673		383,206	
Investments	8	12,373		12,373	
		<u>398,046</u>		<u>395,579</u>	
Current assets					
Stocks	9	256,673		236,305	
Debtors	10	353,726		305,105	
Cash at bank and in hand		40,922		40,226	
		<u>651,321</u>		<u>581,636</u>	
Creditors: amounts falling due within one year	11	<u>(364,281)</u>		<u>(321,251)</u>	
Net current assets			287,040		260,385
Total assets less current liabilities			685,086		655,964
Creditors: amounts falling due after more than one year	12		<u>(167,685)</u>		<u>(182,652)</u>
			<u>517,401</u>		<u>473,312</u>
Capital and reserves					
Called up share capital	14	50,000		50,000	
Profit and loss account		467,401		423,312	
Shareholders' funds - equity interests	15	<u>517,401</u>		<u>473,312</u>	

The financial statements were approved by the Board on 30.11.01


R K Dagger
Director

BRITISH HARLEQUIN PLC

CASH FLOW STATEMENT FOR THE PERIOD 31 DECEMBER 2000

	Period ended 31 December 2000 £	Year ended 31 March 2000 £
Net cash inflow from operating activities	3,286	116,759
Returns on investments and servicing of finance		
Interest received	212	936
Interest paid	(12,325)	(17,230)
Dividends paid	-	(90,000)
	<hr/>	<hr/>
Net cash outflow from returns on investments and servicing of finance	(12,113)	(106,294)
Taxation		
Corporation tax paid (including advance corporation tax)	(45,600)	(17,501)
	<hr/>	<hr/>
Tax paid	(45,600)	(17,501)
Capital expenditure		
Payments to acquire tangible assets	(25,273)	(7,049)
Receipts from sales of tangible assets	200	-
	<hr/>	<hr/>
Net cash outflow from investing activities	(25,073)	(7,049)
Net cash (outflow)/inflow before financing	(79,500)	(14,085)
Financing		
Repayment of long term bank loan	(19,289)	(29,357)
	<hr/>	<hr/>
Net cash inflow/(outflow) from financing	(19,289)	(29,357)
Increase/(decrease) in cash	<hr/> <hr/> (98,789)	<hr/> <hr/> (43,442)

BRITISH HARLEQUIN PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD ENDED 31 DECEMBER 2000

1	Reconciliation of operating profit to net cash inflow from operating activities	December 2000 £	March 2000 £
	Operating profit	106,289	193,482
	Depreciation of tangible assets	22,551	26,873
	Loss on disposal of tangible assets	56	6,752
	(Increase)/decrease in stocks	(20,368)	(14,048)
	(Increase)/decrease in debtors	(46,090)	(137,564)
	(Decrease)/increase in creditors within one year	(59,152)	41,264
	Net cash inflow/(outflow) from operating activities	3,286	144,726

2	Analysis of net funds	1 April 2000 £	Cash flow £	Other non cash changes £	31 December 2000 £
	Cash at bank and in hand	40,226	696	-	40,922
	Bank overdrafts	-	(99,485)	-	(99,485)
		<u>40,226</u>	<u>(98,789)</u>	<u>-</u>	<u>(58,563)</u>
	Short-term investments	-	-	-	-
	Debts falling due within one year	(25,680)	4,322	-	(21,358)
	Debts falling due after one year	(182,652)	14,967	-	(167,685)
		<u>(208,332)</u>	<u>19,289</u>	<u>-</u>	<u>(189,043)</u>
	Net funds	(168,106)	(79,500)	-	(247,606)

3	Reconciliation of net cash flow to movement in net debt	December 2000 £	March 2000 £
	Decrease in cash in the period	696	(43,442)
	Cash outflow from new bank overdraft	(99,485)	-
	Cash outflow from decrease in debt	19,289	29,357
	New finance lease	-	-
	Movement in net funds in the period	(79,500)	(14,085)
	Opening net funds	(168,106)	(154,021)
	Closing net funds	(247,606)	(168,106)

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The accounts are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services sold, stated net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land & buildings Freehold	4% per annum on straight line basis
Building improvements	4% per annum on straight line basis
Fixtures, fittings & equipment	15% per annum on written down value
Motor vehicles	20% per annum on written down value

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower of cost and net realisable value after making appropriate specific provision for slow moving and obsolescent items

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the period in accordance with SSAP 24.

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Turnover

Geographical market

	Turnover	
	2000	2000
	£	£
U.K.	806,554	1,197,018
Export	57,363	168,671
	<u>863,917</u>	<u>1,365,689</u>

3 Operating profit

	2000	2000
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	22,551	26,873
Operating lease rentals		
- Plant and machinery	-	1,507
- Other assets	211	6,470
Auditors' remuneration	5,000	5,000
Remuneration of auditors for non-audit work	7,340	25,583
	<u></u>	<u></u>

4 Interest payable

	2000	1998
	£	£
On bank loans and overdrafts	112	198
On other loans wholly repayable within 5 years	277	1,419
On loans repayable after 5 years	11,936	15,613
	<u>12,325</u>	<u>17,230</u>

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

5	Taxation	2000	2000
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 20% (2000- 21%)	21,000	45,512
	Prior years		
	U.K. corporation tax	(912)	2,000
		<u>20,088</u>	<u>47,512</u>
6	Dividends	2000	2000
		£	£
	Ordinary interim paid	-	30,000
	Ordinary final proposed	30,000	30,000
		<u>30,000</u>	<u>60,000</u>

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

7 Tangible fixed assets

	Land & buildings Freehold	Building improv'mnt	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 April 2000	329,788	34,970	81,467	32,868	479,093
Additions	-	-	6,985	18,288	25,273
Disposals	-	-	-	(500)	(500)
At 31 December 2000	329,788	34,970	88,452	50,656	503,866
Depreciation					
At 1 April 2000	39,573	3,717	38,612	13,984	95,886
On disposals	-	-	-	(244)	(244)
Charge for the period	9,893	1,049	5,607	6,002	22,551
At 31 December 2000	49,466	4,766	44,219	19,742	118,193
Net book value					
At 31 December 2000	280,322	30,204	44,233	30,914	385,673
At 31 March 2000	290,215	31,253	42,854	18,884	383,206

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

8 Fixed asset investments

	Shares in participating interests £	Shares in subsidiary undertakings £	Total £
Cost			
At 1 April 2000 & at 31 December 2000	12,371	2	12,373

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings and those undertakings in which the company has a participating interest is not less than the amount included in the balance sheet.

The company has taken advantage of the exemptions available and not prepared group accounts for the reason that the subsidiary undertaking is dormant and any consolidation adjustments would be immaterial.

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Theatre Flooring Limited	England	Ordinary	100
Participating interests			
American Harlequin Corporation	USA	Ordinary	33

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Theatre Flooring Limited	2	-
American Harlequin Corporation	696,709	59,415

9 Stocks

	2000 £	2000 £
Raw materials and consumables	102,119	102,353
Goods for resale	154,554	133,952
	256,673	236,305

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

10 Debtors	2000 £	2000 £
Trade debtors	195,420	179,964
Amounts owed by participating interests	131,752	52,816
Other debtors	17,278	58,864
Prepayments and accrued income	9,276	13,461
	<u>353,726</u>	<u>305,105</u>

11 Creditors: amounts falling due within one year	2000 £	2000 £
Bank loans	120,843	25,680
Trade creditors	75,854	134,146
Deferred income	9,834	2,973
Amounts owed to participating interests	14,433	17,090
Corporation tax	21,000	47,512
Other taxes and social security costs	14,983	27,779
Directors' current accounts	-	18,653
Other creditors	-	4,821
Accruals	47,334	12,597
Proposed dividend	60,000	30,000
	<u>364,281</u>	<u>321,251</u>

The bank overdraft is secured by a debenture dated 19th May 1993 and by a cross guarantee and debenture dated 13th May 1993.

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

12 Creditors: amounts falling due after more than one year	2000 £	2000 £
Bank loans - mortgage	167,685	182,652
Analysis of loans		
Not wholly repayable within five years by instalments:	87,373	116,112
Wholly repayable within five years	101,670	92,220
	189,043	208,332
Included in current liabilities	(21,358)	(25,680)
	167,685	182,652
Loan maturity analysis		
Between one and two years	20,078	16,610
Between two and five years	60,234	49,830
In five years or more	87,373	116,212

The mortgage loan is secured by a first legal charge over the freehold land and buildings dated 12 May 1997.

13 Pension costs

The company set up a small self-administered defined contribution scheme on 27th March 1997 for the benefit of the three directors. The assets of the scheme are held separately from those of the company. No payments were made into the SSAS during the financial year. The charge in the accounts for directors pension costs represents contributions made by the company to the personal pension schemes of two of its directors. No contributions were outstanding at the end of the financial year.

14 Share capital	2000 £	2000 £
Authorised		
100,000 Ordinary shares of £ 1 each	100,000	100,000
Allotted, called up and fully paid		
50,000 Ordinary shares of £ 1 each	50,000	50,000

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

15 Reconciliation of movements in shareholders' funds	2000 £	2000 £
Profit for the financial period	74,088	129,676
Dividends	(30,000)	(60,000)
Net addition to shareholders' funds	44,088	69,676
Opening shareholders' funds	473,312	403,636
Closing shareholders' funds	517,401	473,312

16 Contingent liabilities

The company has a contingent liability to its bankers in respect of a Duty Deferment Guarantee for £14000 to H M Customs Excise dated 26th May 1988.

17 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	2000 £	2000 £
Expiry date:		
Between two and five years	281	6,254

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

18 Directors' emoluments	2000 £	2000 £
Remuneration	35,760	49,273
Medical insurance	6,773	8,223
Pension contributions	3,120	19,000
Employers national insurance	2,705	4,951
Management fees payable to third parties for services of the directors	115,684	136,137
	<u>164,042</u>	<u>212,633</u>
Emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The chairman	<u>62,625</u>	<u>82,588</u>
The highest paid director	<u>82,520</u>	<u>93,283</u>
Other directors' emoluments (excluding pension contributions) were in the following ranges:		
£10,000 - £15,000	<u>-</u>	<u>-</u>
£20,000 - £25,000	<u>1</u>	<u>1</u>

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

19 Employees

Number of employees

The average monthly number of employees (including directors) during the period was:

	2000 Number	2000 Number
Administration	6	6
Selling	7	6
	<u>13</u>	<u>12</u>

Employment costs

	£	£
Wages and salaries	168,052	216,942
Social security costs	16,707	21,346
Other pension costs	9,996	28,107
	<u>194,755</u>	<u>266,395</u>

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2000

20 Related party transactions

CONTROL

As shown in the directors report , the directors of the company own 100% of the issued share capital and therefore have control of the company.

TRANSACTIONS

(a) The directors of the company have control of other limited companies to which management charges are paid for their services. During the year amounts paid were as follows:

To Kent Mercantile Limited, for the services of R K Dagger, £54,880

To Folio One Limited, for the services of B F C Richards, £60,804.

The company also purchased goods for resale from Kent Mercantile Limited during the year. The total amount of the purchase was £33,206. Normal pricing and credit terms applied to the transaction.

(b) British Harlequin plc makes charges to its associated company, American Harlequin Corporation (AHC) for management services provided. During the year such charges amounted to £25,510. During the normal course of business the company incurs expenditure on behalf of AHC. During the year the total amount of these advertising and marketing expenses amounted to £42,148. The company also purchased some flooring from AHC during the year. The value of which amounted to £22,566. Normal pricing and credit terms applied to the transaction.

(c) The individual directors of British Harlequin plc hold a controlling interest in Harlequin International SARL, Luxembourg, in which one of the directors holds the position, locally of full-time managing director. During the normal course of business the Company charges for these services to Harlequin International SARL. The total of such charges during the year amounted to £77,462.

(d) One of the directors of the Company holds a controlling interest in Black Cat Acoustic Environments Limited. During the year Black Cat Acoustic Environments Limited occupied part of the Company's building and paid service charges to the Company amounting to £9,000.