

BRITISH HARLEQUIN PLC

CONSOLIDATED FINANCIAL STATEMENTS
31ST MARCH 1995

GREENAWAY & CO
Chartered Accountants
150 High Street
Sevenoaks
Kent TN13 1XE

Telephone: 0173 245 0088



BRITISH HARLEQUIN PLC

CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31st March 1995

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BRITISH HARLEQUIN PLC

COMPANY INFORMATION

DIRECTORS	:	R K Dagger (Chairman) B F C Richards A J Barwell
SECRETARY	:	B F C Richards
REGISTERED OFFICE AND BUSINESS ADDRESS	:	Kent House High Street Farningham Kent DA4 0DT
COMPANY NUMBER	:	1420396
TELEPHONE NUMBER	:	0132 286 3185
FACSIMILE NUMBER	:	0132 286 4803
BANKERS	:	Barclays Bank plc 80 High Street Sevenoaks Kent TN13 1LR
AUDITORS	:	Greenaway & Co Chartered Accountants 150 High Street Sevenoaks Kent TN13 1XE
SUBSIDIARIES	:	Harvinhill Limited Theatre Flooring Limited Harlequin France S.A.
ASSOCIATED COMPANY	:	American Harlequin Corporation

BRITISH HARLEQUIN PLC

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the company for 1995 will be held at Kent House, High Street, Farningham, Kent on the 20th November 1995 at 11.00am for the following purposes:

1. To receive and consider the report of the directors and the financial statements for the year ended 31st March 1995
2. To re-appoint Messrs Greenaway & Co, Chartered Accountants, as auditors of the company.
3. To authorise the directors to fix the remuneration of the auditors.

Kent House
High Street
Farningham
Kent DA4 0DT

By Order of the Board



R K Dagger
Chairman

25th October 1995

Note: A member entitled to attend and vote at the above meeting is entitled to appoint a proxy. Such proxy need not be a member of the company.

BRITISH HARLEQUIN PLC

REPORT OF THE DIRECTORS

For the year ended 31st March 1995

The directors present herewith their annual report and financial statements of the company for the year ended 31st March 1995.

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of profit or loss of the company for that period. In preparing those accounts, the directors are required to:-

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- * prepare the accounts 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 accounts 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.

RESULTS AND DIVIDENDS

The net profit of the group for the year after taxation was £80408 (1994 £90142) as set out in the consolidated profit and loss account on page 6. A final dividend of 60p per share was proposed (1994 50p).

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The principal activities of the company and its group undertakings involve dealing in goods and services connected with the theatre and entertainment industry. The subsidiaries, Theatre Flooring Limited and Harvinhill Limited continued to remain dormant throughout the financial year.

BRITISH HARLEQUIN PLC

REPORT OF THE DIRECTORS continued For the year ended 31st March 1995

FUTURE DEVELOPMENT

It is the directors' intention to consolidate on the progress which has been made in the year to 31st March 1995 and achieve higher margins where possible in the year ahead.

FIXED ASSETS

Details of changes in fixed assets are given in note 8 to the financial statements.

DIRECTORS

The directors, who served during the year, together with their beneficial interests in the share capital of the company, at the beginning and end of the year were as follows:

	Number of shares held beneficially	
	1995	1994
B F C Richards	15000	15000
R K Dagger	20000	20000
A J Barwell	15000	15000

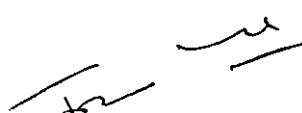
AUDITORS

In accordance with section 384 of the Companies Act 1985, a resolution for the re-appointment of Messrs Greenaway & Co, Chartered Accountants as auditors of the company will be put to the Annual General Meeting.

Kent House
High Street
Farningham
Kent DA4 0HT

By Order of the Board

25th October 1995


A J Barwell
Director

BRITISH HARLEQUIN PLC

REPORT OF THE AUDITORS

To the Members of British Harlequin plc
on the financial statements
for the year ended 31st March 1995

We have audited the financial statements on pages 6 to 20 which have been prepared under the historical cost convention as modified by the revaluation of freehold property, and the accounting policies as set out on pages 12 and 13.

RESPECTIVE RESPONSIBILITY 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.

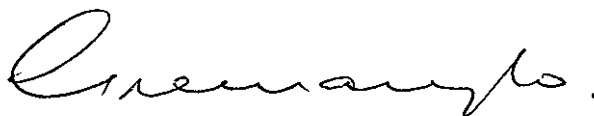
BASIS OF OPINION

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 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 accounts 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 preparation of the information in the accounts.

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and of the Group at 31st March 1995 and, of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



150 High Street
Sevenoaks
Kent TN13 1XE

GREENAWAY & CO
Chartered Accountants
and Registered Auditors

30th October 1995

BRITISH HARLEQUIN PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT
For the year ended 31st March 1995

	Notes	1995 £	1994 £
Turnover	(2)	757964	637224
Cost of sales		(425168)	(338298)
Gross profit		332796	298926
Administrative expenses		(226657)	(209767)
Operating profit	(3)	106139	89159
Income from interests in associated undertakings		19320	25204
Interest payable and similar charges		(15531)	(4701)
Profit on ordinary activities before taxation		109928	109662
Taxation	(6)	(29520)	(19520)
Profit on ordinary activities after taxation		80408	90142
Dividends proposed	(7)	(30000)	(25000)
Retained profit for the year		50408	65142
Retained profits brought forward		125466	60324
Retained profits carried forward		175874	125466

The Company's turnover and expenses all relate to continuing operations

The notes on pages 12 to 20 form part of these financial statements

BRITISH HARLEQUIN PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
For the year ended 31st March 1995

	1995 £	1994 £
Profit for the financial year	50408	65142
Unrealised deficit on revaluation of property	(33030)	(33030)
	-----	-----
Total recognised gains relating to the year	17378	32112
	=====	=====

NOTE OF HISTORICAL COST PROFITS AND LOSSES

There is no material difference between the profit on ordinary activities before taxation or the retained profit reported in the profit and loss account and the equivalent figures calculated on the historical cost basis

BRITISH HARLEQUIN PLC

CONSOLIDATED BALANCE SHEET as at 31st March 1995
(including group and associated undertakings)

	Notes	1995 £	1994 £
Fixed Assets:			
Tangible fixed assets	(8)	89340	90431
Investment in associated undertaking	(9)	95528	82804
		-----	-----
		184868	173235
		-----	-----
Current Assets:			
Stocks	(10)	139070	96802
Debtors	(11)	154521	102152
Cash at bank and in hand		132	3762
		-----	-----
		293723	202716
		-----	-----
Creditors falling due within one year	(12)	197677	132158
		-----	-----
Net Current Assets		96046	70558
		-----	-----
Total Assets less Current Liabilities		280914	243793
		-----	-----
Creditors amounts falling due after more than one year	(12)	15948	29235
		-----	-----
Provisions for liabilities and charges: Deferred Taxation	(13)	7040	7040
		-----	-----
NET ASSETS		257926	207518
		=====	=====
Capital and reserves:			
Called up share capital	(14)	50000	50000
Revaluation reserve	(15)	32052	32052
Profit and loss account		175874	125466
		-----	-----
SHAREHOLDERS' FUNDS	(16)	257926	207518
		=====	=====

Approved by the board on 25th October 1995
and signed on its behalf by:

.....
R K Dagger
Director

.....
A J Barwell
Director

The notes on pages 12 to 20 form part of these financial statements.

BRITISH HARLEQUIN PLC

COMPANY BALANCE SHEET
As at 31st March 1995

	Notes	1995 £	1994 £
Fixed Assets:			
Tangible fixed assets	(8)	89340	90431
Investment in subsidiaries	(9)	106	106
Investment in associated undertakings	(9)	12371	12371
		-----	-----
		101817	102908
		-----	-----
Current Assets:			
Stocks	(10)	139070	96802
Debtors	(11)	154521	102152
Cash at bank and in hand		132	3762
		-----	-----
		293723	202716
		-----	-----
Creditors falling due within one year	(12)	197679	132160
		-----	-----
Net Current Assets		96044	70556
		-----	-----
Total assets less current liabilities		197861	173464
		-----	-----
Creditors falling due after more than one year	(12)	15948	29235
		-----	-----
Provisions for liabilities and charges: Deferred Tax	(13)	7040	7040
		-----	-----
NET ASSETS		174873	137189
		=====	=====
Capital and reserves:			
Called up share capital	(14)	50000	50000
Revaluation reserve	(15)	32052	32052
Profit and loss account		92821	55137
		-----	-----
SHAREHOLDERS' FUNDS	(16)	174873	137189
		=====	=====

Approved by the board on 25th October 1995
and signed on its behalf by:-


.....
R K Dagget
Director

The notes on pages 12 to 20 form part of these financial statements

BRITISH HARLEQUIN PLC

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31st March 1995

(including group and associated undertaking)

	Notes	£	1995 £	£	1994 £
Net cash inflow from operating activities	(1)		83555		20822
Returns on investments and servicing of finance:					
Interest paid		(15531)			-
Dividends paid		(25000)			
		-----	(40531)		(4701)
			-----		-----
Net cash inflow from returns on investments and servicing of finance			43024		16121
Taxation					
UK corporation tax paid			(16716)		-
Investing Activities					
Purchase of tangible fixed assets		(4580)		(6099)	
Sale of tangible fixed assets		-		1600	
		-----		-----	
Net cash (outflow) from investing activities			(4580)		(4499)
			-----		-----
Net cash inflow before financing			21728		11622
Financing					
Repayment of loans		(13287)		(12002)	
		-----		-----	
Net cash (outflow) from financing			(13287)		(12002)
			-----		-----
Increase/(Decrease) in cash and cash equivalents	(2)		8441		(380)
			=====		=====

The notes on page 11 form part of this statement

BRITISH HARLEQUIN PLC

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT
For the year ended 31st March 1995

1. Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities

	1995 £	1994 £
Operating profit	106139	89159
Depreciation	5671	2194
Write off on disposal of tangible fixed assets	-	3714
Write off of intangible fixed asset	-	-
(Increase) in stock	(42268)	(19539)
(Increase)/Decrease in debtors	(44869)	34499
Increase/(Decrease) in creditors	58882	(89205)
	-----	-----
	83555	20822
	=====	=====

2. Cash and Cash Equivalents

(a) Analysis of changes in cash and cash equivalents during the year.

	1995 £	1994 £
Balance as at 1st April 1994	(22608)	(22228)
Net cash inflow/(outflow)	8441	(380)
	-----	-----
Balance as at 31st March 1995	(14167)	(22608)
	=====	=====

(b) Analysis of the balance of cash and cash equivalents as shown in the balance sheet.

	Closing Balance		Movement	
	1995 £	1994 £	1995 £	1994 £
Cash at bank and in hand	132	3762	(3630)	(39)
Bank overdraft	(14299)	(26370)	12071	(341)
	-----	-----	-----	-----
	(14167)	(22608)	8441	(380)
	=====	=====	=====	=====

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31st March 1995

1. Accounting Policies

(a) Accounting Convention

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of the freehold property. The principal accounting policies adopted within this convention are set out below.

(b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value of such assets over their expected useful lives as follows:-

Fixture and fittings	-	15% on written down value
Freehold buildings	-	4% on straight line basis

(c) Stock

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

(d) Deferred Taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that either it is probable that a liability or asset will crystallise or an amount taken to reserve on a valuation taking account of the potential taxation liability arising therefrom.

(e) Turnover

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax.

(f) Basis of Consolidation

The consolidated financial statements incorporate the financial statements of British Harlequin plc and all of its subsidiary and associated undertakings, made up to 31st March 1995.

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31st March 1995

1. Accounting Policies (continued)

(g) Subsidiary Undertakings

Subsidiary undertakings are accounted for by the acquisition method of accounting. Under acquisition accounting, the results of subsidiary undertakings are included from the date of acquisition. Goodwill arising on consolidation is amortised through the profit and loss account over the directors' estimate of its useful economic life. Useful economic life ranges from five to ten years.

(h) Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

(i) Associated Undertakings

A company is treated as an associated undertaking when the group holds a substantial interest in it for the long term, and exercises a significant influence over its operating and financial policy decisions. The group's share of the results of associated undertakings is included in the consolidated profit and loss account using the equity method of accounting. The investment in associated undertakings included in the consolidated balance sheet is based on the group's share of net assets of associated undertakings together with any premium or discount arising on acquisition less amounts written off.

(j) Profit and Loss Account of Parent Undertaking

The parent undertaking has relied upon the exemption permitted in s228(7) of the Companies Act 1985 in not preparing a separate profit and loss account of that company. The amount of the consolidated profit dealt with in the accounts of the parent undertaking was £67684 (1994 profit of £145271).

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31st March 1995

2. Turnover

The turnover and pretax profits are wholly attributable to the group's main activity, as follows:

Turnover :	1995 £	1994 £
U.K.	500298	454475
Export	257666	182749
	-----	-----
	757964	637224
	=====	=====

3. Operating Profit

This is stated after charging :	1995 £	1994 £
Directors' emoluments	37531	21080
Auditors' remuneration	5000	5000
Exchange loss (gains)	3213	(2534)
Depreciation	5671	2194
Loss on disposal of motor vehicle	-	3714
	=====	=====

4. Employees

The staff costs for all employees, including directors consist of:

	1995 £	1994 £
Wages and salaries	73471	49963
Social security costs	6712	8073
Pension costs	187	589
	-----	-----
	80370	58625
	=====	=====

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31st March 1995

4. Employees (continued)

The average weekly numbers of employees of the group including directors during the year were:

	1995	1994
Full time	4	4
Part time	2	2
	--	--
	6	6
	==	==

Directors' Emoluments

	1995 £	1994 £
Salaries	33019	16352
Benefits	4325	3164
	-----	-----
	£37344	£19516
	=====	=====

In addition management charges of £94234 (1994-£98011) were paid to other companies for the services of two of the directors.

	1995	1994
Remuneration of the highest paid director	£16666	£11252
	=====	=====

Other directors' emoluments fall within the following ranges:

	1995 Number	1994 Number
0 - £5000	-	1
£5001 - £10000	1	1
£10001 - £15000	1	-
£15001 - £20000	-	-

5. Interest payable and similar charges

These are entirely in respect of bank loans and overdrafts wholly repayable within 5 years.

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31st March 1995

6. Taxation

Corporation tax based on the taxable profit for the year has been provided in these financial statements at the small companies rate of 25% as set out below:

	1995 £	1994 £
U.K. corporation tax (25%)	22924	10466
Share of associated undertakings tax charge	6596	9054
	-----	-----
	29520	19520
	=====	=====

Overseas taxation has been provided on the result of the overseas associated company at the appropriate overseas rate of tax.

7. Dividends

	1995 £	1994 £
Proposed final dividend of 60p (1994 50p) per share	30000	25000
	=====	=====

8. Tangible Fixed Assets

(a) Group	<u>Freehold Property</u> £	<u>Fixtures & Fittings</u> £	<u>Total</u> £
Cost or valuation:-			
At 1st April 1994	78000	25747	103747
Additions	-	4580	4580
	-----	-----	-----
At 31st March 1995	78000	30327	108327
	=====	=====	=====
Depreciation:-			
At 1st April 1994	-	13316	13316
Charge for year	3120	2551	5671
	-----	-----	-----
At 31st March 1995	3120	15867	18987
	=====	=====	=====
Net book values:-			
At 31st March 1995	74880	14460	89340
	=====	=====	=====
At 31st March 1994	78000	12431	90431
	=====	=====	=====

The freehold property at Kent House, High Street, Farningham was revalued during the year ended 31st March 1994 by Messrs Playle & Co, Chartered Surveyors at £78,000, on the basis of the open market value for existing use, and this continues to be reflected in the financial statements.

BRITISH HARLEQUIN PLC

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31st March 1995

(b) Company	<u>Freehold Property</u> £	<u>Fixtures & Fittings</u> £	<u>Total</u> £
Cost or valuation:-			
At 1st April 1994	78000	25747	103747
Additions	-	4580	4580
	-----	-----	-----
At 31st March 1995	78000	30327	108327
	=====	=====	=====
Depreciation:-			
At 1st April 1994	-	13316	13316
Charge for year	3120	2551	5671
	-----	-----	-----
At 31st March 1995	3120	15867	18987
	=====	=====	=====
Net book values:-			
At 31st March 1995	74880	14460	89340
	=====	=====	=====
At 31st March 1994	78000	12431	90431
	=====	=====	=====

The comparable amounts of freehold properties included above at valuation determined according to the historical cost accounting rules are as follows:

Group and Company:	£
Cost	45618
Accumulated depreciation	10949

Net book value at 31st March 1995	34669
	=====
Net book value at 31st March 1994	36494
	=====

9. Fixed Asset Investments

(i) Group

Investment in Associated Undertakings	£	£
Cost		12371
Share of Post Acquisition Reserves:		
At 1st April 1994	70433	
Profit for the year	15937	
Exchange movements	(3213)	

At 31st March 1995		83157

Total at 31st March 1995		95528
		=====

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31st March 1995

9. Fixed Asset Investments (continued)

(ii) Company

	1995 £	1994 £
Shares in Group Undertakings	106	106
Interests in Associated Undertakings	12371	12371
	-----	-----
	12477	12477
	=====	=====

(iii) Subsidiary and Associated Undertakings

The following were the subsidiary and associated undertakings at the end of the year and have been included in the consolidated accounts:

<u>Name</u>	<u>Country Incorporation</u>	<u>Holding</u>
Theatre Flooring Ltd	England	100%
Harvinhill Ltd	England	100%
Harlequin France SA	France	100%
American Harlequin Inc.	U S A	33.3%

The only group company which has continued to trade is the associated company American Harlequin Inc.

The business of the company involves the sale and distribution of goods and services in connection with the theatre and entertainment industry.

10. Stock

The values as calculated in accordance with note 1(c) are as follows:

	Group 1995 £	Company 1995 £	Group 1994 £	Company 1994 £
Goods held for resale	139070	139070	96802	96802
	=====	=====	=====	=====

In the opinion of the directors the replacement cost of the stock held at the balance sheet date was not materially different from the value shown above.

BRITISH HARLEQUIN PLC

NOTE TO THE FINANCIAL STATEMENTS continued
For the year ended 31st March 1995

11. Debtors

	Group 1995 £	Company 1995 £	Group 1994 £	Company 1994 £
Trade debtors	106638	106638	70960	70960
Amounts due from associated companies	39529	39529	-	-
Advance corporation tax recoverable	7500	7500	-	-
Prepayments and other debtors	854	854	31192	31192
	-----	-----	-----	-----
	154521	154521	102152	102152
	=====	=====	=====	=====

12. Creditors amounts falling due within one year

	Group 1995 £	Company 1995 £	Group 1994 £	Company 1994 £
Bank overdraft and loans	26299	26299	38370	38370
Trade creditors	94128	94128	31492	31492
Amounts owed to group undertakings	-	2	-	2
Taxation	22924	22924	10466	10466
Proposed dividends	30000	30000	25000	25000
Advance corporation tax payable	7500	7500	6250	6250
Other taxes and social security	10769	10769	13460	13460
Accrued charges and other creditors	6057	6057	7120	7120
	-----	-----	-----	-----
	197677	197679	132158	132160
	=====	=====	=====	=====

The bank overdraft and loans are secured by a debenture dated 29th July 1992 and by the Government Small Firms Loan Guarantee Scheme.

The total amount of bank overdraft and loans fell due as follows:

	Within one year £	Between 2 and 5 years £	Total £	Date Repayable
<u>Company and Group</u>				
Overdraft	14299	-	14299	
Loan	12000	15948	27948	29.7.1997
	-----	-----	-----	
	26299	15948	42247	
	=====	=====	=====	

NOTES TO THE FINANCIAL STATEMENTS continued
For the year ended 31st March 1995

13. Deferred Taxation

This represents a provision for corporation tax calculated at 25% on the surplus arising on the revaluation of the freehold premises.

	Group £	Company £
Deferred taxation movement		
Balance as at 1st April 1994	7040	7040
	----	----
Balance at 31st March 1995	7040	7040
	=====	=====

14. Share Capital

	1995 £	1994 £
Authorised Ordinary shares of £1 each	100000	100000
	=====	=====
Allotted called up and fully paid Ordinary shares of £1 each	50000	50000
	=====	=====

15. Revaluation Reserve

	£
Balance at 1st April 1994	32052

Balance at 31st March 1995	32052
	=====

16. Reconciliation of Movements in Shareholders Funds

	Group 1995 £	Company 1995 £	Group 1994 £	Company 1994 £
Profit for the financial year	80408	67684	90142	170271
Dividend proposed	(30000)	(30000)	(25000)	(25000)
Other recognised gains and losses relating to the year	-	-	(33030)	(33030)
	-----	-----	-----	-----
Opening Shareholders' funds	50408	37684	32112	112241
	207518	137189	175406	24948
	-----	-----	-----	-----
Closing Shareholders' funds	257926	174873	207518	137189
	=====	=====	=====	=====

17. Contingent Liabilities

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