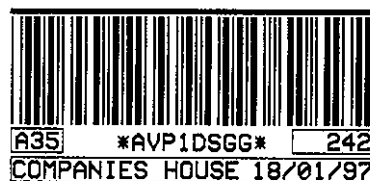


Alomo Productions Limited

Directors' report and financial statements

31 March 1996

Registered number 2203843



Alomo Productions Limited

Directors' report and financial statements

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Alomo Productions Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

Principal activity

The principal activity of the company is the production of television shows.

SelecTV Limited

On 1 March 1996 the shareholders of SelecTV PLC, the parent of the company, accepted an offer for the entire share capital of SelecTV PLC from Thames Television Holdings Limited, a subsidiary of Pearson plc.

On 23 August 1996 SelecTV PLC re-registered as a private company and changed its name to SelecTV Limited.

Results and dividends

The results for the year are set out in the profit and loss account on page 5.

The directors do not recommend payment of a dividend.

Directors and directors' interests

The directors who served during the year are listed below:

| | |
|------------|--------------------------|
| AJ McKeown | (resigned 1 March 1996) |
| AR Charles | |
| M Gran | |
| C Hinson | |
| L Marks | |
| RJ Hambley | (appointed 1 March 1996) |

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

No rights to subscribe for shares in the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

At 31 March 1996 Mr L Marks held options over 2,350,000 (*1 April 1995: 2,350,000*) ordinary 1p shares in SelecTV Limited. These were granted on 1 February 1995 under the SelecTV Share Option Scheme at 21.15p per share. At 31 March 1996 Mr M Gran held options over 2,350,000 (*1 April 1995: 2,350,000*) ordinary 1p shares in SelecTV Limited. These were granted on 1 February 1995 under the SelecTV Share Option Scheme at 21.15p per share. At 31 March 1996 Ms C Hinson held options over 375,000 (*1 April 1995: 375,000*) ordinary 1p shares in SelecTV Limited. These shares were granted on 17 August 1994 under the SelecTV 1989 Share Option Scheme at 25.625p per share.

Alomo Productions Limited

Directors' report

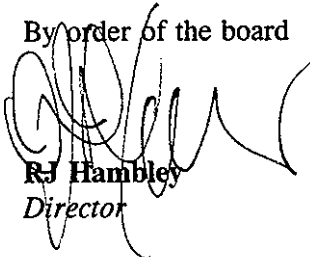
Directors' interests in contracts

Mr L Marks and Mr M Gran, trading as a partnership, performed script editing and writing services in respect of certain of the company's shows. These arrangements were entered into at arm's length and in the ordinary course of business. The total value of such services provided in the year ended 31 March 1996 was £79,500 (1995:£380,863).

Fixed assets

Movements in fixed assets during the year are set out in note 9 to the financial statements.

By order of the board



RJ Hambley
Director

14 January 1997

45 Foubert's Place
London
W1V 2DN

Alomo Productions Limited

Statement of 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 maintaining 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Auditors' report to the members of Alomo Productions Limited

We have audited the financial statements on pages 5 to 14.

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 as at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG
Chartered Accountants
Registered Auditors

14 June 1997

Alomo Productions Limited

Profit and loss account

for the year ended 31 March 1996

| | <i>Note</i> | 1996 £ | 1995 £ |
|--|-------------|----------------|----------------|
| Turnover | 2 | 2,991,622 | 6,160,635 |
| Cost of sales | | (2,560,427) | (5,449,928) |
| Gross profit | | 431,195 | 710,707 |
| Administrative expenses | | (436,912) | (441,421) |
| Other operating income | | 189,571 | 206,563 |
| Operating profit | 3 | 183,854 | 475,849 |
| Interest receivable | 4 | 1,984 | 2,974 |
| Interest payable | 5 | - | (33,780) |
| Profit on ordinary activities before taxation | | 185,838 | 445,043 |
| Taxation | 8 | (80,076) | (123,308) |
| Profit for the financial year | 16 | 105,762 | 321,735 |

The profit for the financial year for the current and prior periods is derived from continuing operations.

There were no recognised gains and losses other than the profits for each financial year.

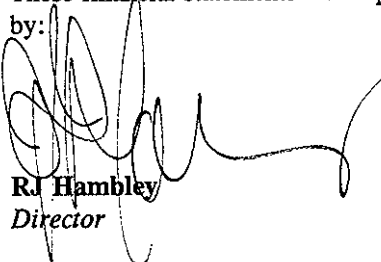
The notes on pages 7 to 14 form part of these financial statements.

Alomo Productions Limited

Balance sheet at 31 March 1996

| | Note | 1996 £ | £ | 1995 £ | £ |
|---|------|--------------------|------------------|--------------------|----------------|
| Fixed assets | | | | | |
| Tangible assets | 9 | | 20,480 | | 30,703 |
| Current assets | | | | | |
| Stocks | 10 | - | | 15,352 | |
| Debtors | 11 | 2,615,505 | | 1,401,910 | |
| Cash at bank and in hand | 12 | 65,206 | | 380,876 | |
| | | | <u>2,680,711</u> | <u>1,798,138</u> | |
| Creditors: amounts falling due within one year | 13 | <u>(2,173,833)</u> | | <u>(1,407,245)</u> | |
| Net current assets | | | <u>506,878</u> | | <u>390,893</u> |
| Net assets | | | <u>527,358</u> | | <u>421,596</u> |
| Capital and reserves | | | | | |
| Called up share capital | 14 | | 100 | | 100 |
| Profit and loss account | 16 | | <u>527,258</u> | | <u>421,496</u> |
| Equity shareholders' funds | 15 | | <u>527,358</u> | | <u>421,596</u> |

These financial statements were approved by the board of directors on 14 January 1997 and were signed on its behalf by:


R.J. Hambley
Director

The notes on pages 7 to 14 form part of these financial statements.

Alomo Productions Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items that are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under historical cost accounting rules.

Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities excluding value added tax. Turnover and profit attributable to the production of television shows are recognised in the profit and loss account to the extent that the shows are complete. Distribution income is recognised when the contract is signed by the distributing agent.

Tangible fixed assets

Tangible fixed assets are depreciated on a straight line basis so as to write them down to their estimated residual value over their estimated useful economic lives as follows:

| | | |
|------------------------|---|---------|
| Furniture and fittings | - | 5 years |
| Office equipment | - | 3 years |

Stock valuation

Work in progress is valued at the lower of cost and net realisable value. The amount of work in progress has been reduced by progress payments.

Development costs

Costs of developing new programme material are written off as incurred.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred taxation only to the extent that it is probable that an actual liability will crystallise.

Alomo Productions Limited

Notes (continued)

1 Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains and losses on translation are included in the profit and loss account.

2 Analysis of operations

Turnover and operating profit are attributable to the production of television shows carried out entirely within the United Kingdom and the company's share of income from international distribution of those shows.

3 Operating profit

| | 1996 £ | 1995 £ |
|---|----------------|---------------|
| <i>Operating profit is stated after charging:</i> | | |
| Depreciation | 12,637 | 16,579 |
| Amounts payable to auditors in respect of: | | |
| - audit | 8,000 | 8,000 |
| - other | - | 2,750 |
| Loss on disposal of fixed assets | 109 | - |
| Development costs | <u>206,783</u> | <u>10,450</u> |

4 Interest receivable

| | 1996 £ | 1995 £ |
|---------------|--------------|--------------|
| Bank deposits | <u>1,984</u> | <u>2,974</u> |

Alomo Productions Limited

Notes (continued)

5 Interest payable

| | 1996 | 1995 |
|------------------------------|----------|---------------|
| | £ | £ |
| Payable to group undertaking | <u>-</u> | <u>33,780</u> |

6 Staff numbers and costs

| | 1996 | 1995 |
|-----------------------|----------------|----------------|
| | £ | £ |
| Employee costs: | | |
| Salaries | 202,845 | 184,092 |
| Social security costs | 19,931 | 17,665 |
| Other pension costs | 34,906 | 34,881 |
| | <u>257,682</u> | <u>236,638</u> |

Number of employees

| 1996 | 1995 |
|------|------|
|------|------|

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

| | | |
|-----------------------|----------|----------|
| Office and management | <u>6</u> | <u>6</u> |
|-----------------------|----------|----------|

7 Directors' remuneration

| | 1996 | 1995 |
|--------------------------------------|----------------|----------------|
| | £ | £ |
| Emoluments for services as directors | <u>180,882</u> | <u>155,239</u> |

Alomo Productions Limited

Notes (continued)

7 Directors' remuneration (continued)

| | 1996 | 1995 |
|-------------------------------|---------------|---------------|
| | £ | £ |
| Chairman: | | |
| Salary | - | - |
| Highest paid director: | | |
| Salary | <u>60,033</u> | <u>53,750</u> |

Bands of emoluments of directors, excluding pension contributions:

| | Number of directors | |
|-------------------|---------------------|------|
| | 1996 | 1995 |
| £0 - £ 5,000 | 3 | 2 |
| £35,001 - £40,000 | - | 2 |
| £40,001 - £45,000 | 2 | - |
| £50,001 - £55,000 | - | 1 |
| £60,001 - £65,000 | 1 | - |

8 Taxation

| | 1996 | 1995 |
|--|---------------|-----------------|
| | £ | £ |
| Taxation is based on the profits for the year and comprises: | | |
| Corporation tax at 33% (1995:33%) | 66,350 | 153,099 |
| Adjustment relating to an earlier year | <u>13,726</u> | <u>(29,791)</u> |
| | <u>80,076</u> | <u>123,308</u> |

It is expected that the corporation tax liability will be settled by means of a payment for group relief to fellow subsidiary undertakings.

Alomo Productions Limited

Notes (continued)

9 Tangible fixed assets

| | Furniture and fittings £ | Office equipment £ | Total £ |
|-----------------------|--------------------------------|--------------------------|------------|
| <i>Cost:</i> | | | |
| At 1 April 1995 | 38,607 | 84,662 | 123,269 |
| Additions | - | 2,773 | 2,773 |
| Disposals | - | (11,900) | (11,900) |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 1996 | 38,607 | 75,535 | 114,142 |
| | <hr/> | <hr/> | <hr/> |
| <i>Depreciation</i> | | | |
| At 1 April 1995 | 16,432 | 76,134 | 92,566 |
| Charge for the year | 6,615 | 6,022 | 12,637 |
| On disposals | - | (11,541) | (11,541) |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 1996 | 23,047 | 70,615 | 93,662 |
| | <hr/> | <hr/> | <hr/> |
| <i>Net book value</i> | | | |
| At 31 March 1996 | 15,560 | 4,920 | 20,480 |
| | <hr/> | <hr/> | <hr/> |
| At 31 March 1995 | 22,175 | 8,528 | 30,703 |
| | <hr/> | <hr/> | <hr/> |

10 Stock

| | 1996 £ | 1995 £ |
|------------------|-----------|-----------|
| Work in progress | - | 15,352 |
| | <hr/> | <hr/> |

Alomo Productions Limited

Notes (continued)

11 Debtors: due within one year

| | 1996 £ | 1995 £ |
|---|------------------|------------------|
| Trade debtors | 453,602 | 511,087 |
| Amounts owed by parent and fellow subsidiary undertakings | 2,106,390 | 87,101 |
| Other debtors | 55,513 | 47,548 |
| Prepayments and accrued income | - | 15,663 |
| | <u>2,615,505</u> | <u>661,399</u> |
| Due after one year: | | |
| Amounts owed by parent and fellow subsidiary undertakings | - | 740,511 |
| | <u>2,615,505</u> | <u>1,401,910</u> |

12 Cash at bank and in hand

Bank balances include £65,206 (1995:£347,230) held in bank trust accounts. This amount represents sums advanced to the company in respect of programme production and may be applied only for that purpose.

13 Creditors: amounts falling due within one year

| | 1996 £ | 1995 £ |
|---|------------------|------------------|
| Bank loans and overdrafts | 1,207 | - |
| Payments received on account | 64,161 | 123,342 |
| Trade creditors | 812,055 | 703,812 |
| Amounts owed to parent and fellow subsidiary undertakings | 1,225,213 | 420,041 |
| Corporation tax | - | 126,958 |
| Social security and other taxation | 8,739 | 13,686 |
| Other creditors | 12,158 | 6,728 |
| Accruals and deferred income | 50,300 | 12,678 |
| | <u>2,173,833</u> | <u>1,407,245</u> |

Alomo Productions Limited

Notes (continued)

14 Share capital

| | 1996 £ | 1995 £ |
|--|------------|------------|
| <i>Authorised:</i> | | |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> |
| <i>Allotted, called up and fully paid:</i> | | |
| Ordinary shares of £1 each | <u>100</u> | <u>100</u> |

15 Reconciliation of movements in shareholders' funds

| | 1996 £ | 1995 £ |
|-------------------------------|----------------|----------------|
| Profit for the financial year | 105,762 | 321,735 |
| Opening shareholders' funds | <u>421,596</u> | <u>99,861</u> |
| Closing shareholders' funds | <u>527,358</u> | <u>421,596</u> |

Shareholders' funds are entirely attributable to equity interests.

16 Profit and loss account

| | £ |
|------------------------------|----------------|
| At 1 April 1995 | 421,496 |
| Retained profit for the year | <u>105,762</u> |
| At 31 March 1996 | <u>527,258</u> |

Alomo Productions Limited

Notes *(continued)*

17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The largest group in which the results of the company are consolidated is that headed by Pearson plc registered in England and Wales. The smallest group in which they are consolidated is that headed by SelecTV Limited. The consolidated accounts of these groups are available to the public and may be obtained from The Registrar of Companies, Crown Way Cardiff.

18 Cash flow statement

The company is exempt from including a cashflow statement as part of its financial statements because at 31 March 1996 it was a wholly owned subsidiary undertaking of SelecTV Limited whose consolidated financial statements include a consolidated cash flow statement dealing with the cash flows of the group.