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**VGI ENTERTAINMENT LIMITED**

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**ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED  
30 JUNE 1997**

Company Number: 2582911



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**AUDITORS' REPORT TO VGI ENTERTAINMENT LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

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We have examined the abbreviated accounts set out on pages 2 to 5 together with the financial statements of the company for the year ended 30 June 1997 prepared under section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated accounts on pages 2 to 5 have been properly prepared in accordance with those provisions.

**Brett Adams**

Chartered Accountants  
Registered Auditors  
24 Welbeck Way  
London  
W1M 7PE



28 APRIL 1998

VGI ENTERTAINMENT LIMITED

ABBREVIATED BALANCE SHEET  
As at 30 June 1997

	Note	£	1997 £	£	1996 £
<b>FIXED ASSETS</b>					
Intangible fixed assets	2		109,190		98,266
Tangible fixed assets	3		30,120		41,584
			<u>139,310</u>		<u>139,850</u>
Debtors due after more than one year			-		182,495
<b>CURRENT ASSETS</b>					
Debtors	4	400,589		566,947	
Cash at bank and in hand		686,713		195,879	
		<u>1,087,302</u>		<u>762,826</u>	
<b>CREDITORS: amounts falling due within one year</b>		<u>(1,177,840)</u>		<u>(1,128,889)</u>	
<b>NET CURRENT LIABILITIES</b>			<u>(90,538)</u>		<u>(366,063)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>£ 48,772</u>		<u>£ (43,718)</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	5		100		100
Profit and loss account			48,672		(43,818)
<b>SHAREHOLDERS' FUNDS - All equity</b>			<u>£ 48,772</u>		<u>£ (43,718)</u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated accounts were approved by the board on 28 April 1998 and signed on its behalf

Ms V E Gubbay

Director

The notes on pages 3 to 5 form part of these financial statements.

*CE Gubbay*

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**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 30 June 1997

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**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The financial statements have been prepared under 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 Financial Reporting Standard No.1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

**1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Motor vehicles	-	25%	Reducing balance
Fixtures and fittings	-	20%	Straight line
Office equipment	-	20%	Straight line

**1.4 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase 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.

**1.5 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

**1.6 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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**1.7 Deferred Taxation**

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, 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 near future.

**1.8 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

These contributions are invested separately from the company's assets

**1.9 Licence rights**

Licences for the distribution rights for films are capitalised and amortised over the period of the licence.

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**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 30 June 1997

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**2. INTANGIBLE ASSETS**

	£
<b>Cost</b>	
At 1 July 1996	143,884
Additions	41,150
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At 30 June 1997	185,034
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<b>Amortisation</b>	
At 1 July 1996	45,618
Charge for year	30,226
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At 30 June 1997	75,844
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<b>Net Book Value</b>	
At 30 June 1997	£ 109,190
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At 30 June 1996	£ 98,266
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**3. TANGIBLE ASSETS**

	£
At 1 July 1996	80,821
Additions	6,721
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At 30 June 1997	87,542
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<b>Depreciation</b>	
At 1 July 1996	39,237
Charge for year	18,185
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At 30 June 1997	57,422
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<b>Net Book Value</b>	
At 30 June 1997	£ 30,120
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At 30 June 1996	£ 41,584
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**4. DEBTORS**

Debtors include an amount of £NIL (1996 - £182,495) falling due after more than one year.

Included within debtors falling due after more than one year is a loan of £Nil (1996 - £145,996) to Ms V E Gubbay, a director. The maximum amount outstanding during the year was £Nil (1996: £159,371).

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**NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the year ended 30 June 1997**

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**5. CALLED UP SHARE CAPITAL**

	1997 £	1996 £
<b>Authorised</b>		
10,000 ordinary shares of £1 each	£ 10,000	£ 10,000
<b>Allotted, called up and fully paid</b>		
100 ordinary shares of £1 each	£ 100	£ 100

**6. TRANSACTIONS WITH DIRECTORS**

During the year the company paid rent of £37,950 (1996: £37,950) to Ms V E Gubbay for the business use of a property owned personally by her and paid council tax, water rates, service charges and light and heat expenses relating to the property during the year. The total of these expenses amounted to £11,372.