

Company Registration No. 2582911 (England and Wales)

VGI ENTERTAINMENT LIMITED
ABBREVIATED ACCOUNTS
FOR THE PERIOD ENDED 31 DECEMBER 2003



VGI ENTERTAINMENT LIMITED

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VGI ENTERTAINMENT LIMITED

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

We have examined the abbreviated accounts set out on pages 2 to 5, together with the financial statements of the company for the period ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company's members, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

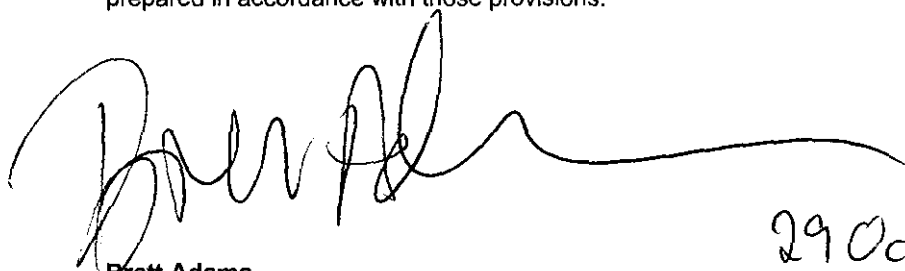
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (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 audit 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 did not include examining or dealing with events after the date of our report on the 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 are properly prepared in accordance with those provisions.



Brett Adams

Chartered Accountants
Registered Auditor

29 October 2004

25 Manchester Square
London
W1U 3PY

VGI ENTERTAINMENT LIMITED

ABBREVIATED BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
Fixed assets					
Intangible assets	2	104,068		491,563	
Tangible assets	2	388,075		416,913	
Investments	2	1		-	
		
		492,144		908,476	
Current assets					
Stocks		-		90,156	
Debtors		441,727		847,584	
Cash at bank and in hand		122,159		811,741	
		
		563,886		1,749,481	
Creditors: amounts falling due within one year		(901,323)		(2,442,067)	
		
Net current liabilities		(337,437)		(692,586)	
		
Total assets less current liabilities		154,707		215,890	
		
Capital and reserves					
Called up share capital	3	167		167	
Profit and loss account		154,540		215,723	
		
Shareholders' funds		154,707		215,890	
		

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 28 October 2004


S A Corner
Director

VGI ENTERTAINMENT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS FOR THE PERIOD ENDED 31 DECEMBER 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts. Revenue is recognised in the period in which film materials are supplied. Revenue is deferred in all cases where goods are invoiced in advance of supply.

1.3 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 and buildings Freehold	2% on cost
Fixtures, fittings & equipment	20% straight line
Motor vehicles	25% reducing balance

The carrying value of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate that the carrying value not be recoverable.

1.4 Investments

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

1.5 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.

1.6 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a small-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

VGI ENTERTAINMENT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2003

2 Fixed assets

	Intangible assets £	Tangible assets £	Investments £	Total £
Cost				
At 1 July 2002	1,748,282	579,263	-	2,327,545
Additions	-	17,003	12,001	29,004
Disposals	(526,285)	(24,600)	-	(550,885)

At 31 December 2003	1,221,997	571,666	12,001	1,805,664

Depreciation				
At 1 July 2002	1,256,719	162,350	-	1,419,069
On disposals	(490,997)	(14,421)	-	(505,418)
Charge for the period	352,207	35,662	12,000	399,869

At 31 December 2003	1,117,929	183,591	12,000	1,313,520

Net book value				
At 31 December 2003	104,068	388,075	1	492,144

At 30 June 2002	491,563	416,913	-	908,476

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	Shares held Class	%
Subsidiary undertakings			
Rag Pack Limited	England & Wales	Ordinary	100
Century 21 Limited	England & Wales	Ordinary	100
Century 22 Limited	England & Wales	Ordinary	100

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 2003 £	Profit for the year 2003 £
Rag Pack Limited	(42,450)	-
Century 21 Limited	(55,514)	-
Century 22 Limited	10,051	-

VGI ENTERTAINMENT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2003

3	Share capital	2003 £	2002 £
	Authorised		
	9,000 Ordinary 'A' shares of £1 each	9,000	9,000
	1,000 Ordinary 'B' shares of £1 each	1,000	1,000
	
		10,000	10,000
	
	Allotted, called up and fully paid		
	100 Ordinary 'A' shares of £1 each	100	100
	67 Ordinary 'B' shares of £1 each	67	67
	
		167	167
	

The Ordinary 'B' shares have no voting, capital or income rights.

4 Transactions with directors

	Amount outstanding 2003 £	2002 £	Maximum in period £
Ms V E Gubbay	261,760	-	413,093

Included in other debtors is an amount of £261,760(2002: £1,333 cr) due from V Gubbay. There are no terms as to interest or repayment in respect of this balance. The loan was repaid back on 5 July 2004.

VGI ENTERTAINMENT LIMITED
MANAGEMENT INFORMATION
FOR THE PERIOD ENDED 31 DECEMBER 2003

VGI ENTERTAINMENT LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 31 DECEMBER 2003

	Period ended 31 December 2003		Year ended 30 June 2002
	£	£	£
Turnover			
Sales	1,235,241		1,423,268
Performing rights	2,018		-

	1,237,259		1,423,268
Cost of sales			
Opening stock of finished goods	90,156	177,612	
Purchases	(4,134)	255,603	
Depreciation on intangible assets	352,207	483,081	
	
	438,229	916,296	
Closing stock of finished goods	-	(90,156)	
	
	(438,229)		(826,140)

Gross profit	799,030		597,128
Administrative expenses	(578,916)		(413,358)

Operating profit	220,114		183,770
Other interest receivable and similar income			
Bank interest received	9,341		9,462
Amounts written off investments			
Permanent diminution in value of F.A.	(12,000)		-
Interest payable			
Bank interest paid	(88)		-

Profit before taxation	217,367		193,232

VGI ENTERTAINMENT LIMITED

SCHEDULE OF ADMINISTRATIVE EXPENSES FOR THE PERIOD ENDED 31 DECEMBER 2003

	Period ended 31 December 2003 £	Year ended 30 June 2002 £
Administrative expenses		
Wages and salaries (excl. N.I.)	181,420	84,007
Directors' remuneration	234,773	47,972
Employer's N.I. contributions	40,769	12,419
Directors' pension costs	4,833	3,222
Commissions payable	635	3,816
Rates	17,103	11,441
Insurance	5,753	902
Light and heat	3,733	2,553
Cleaning	2,621	2,429
Repairs and maintenance	9,423	4,742
Printing, postage and stationery	15,426	9,997
Advertising	139,104	82,593
Telephone	15,520	9,055
Computer running costs	3,075	14,289
Hire of equipment	-	200
Motor running expenses	6,516	4,424
Travelling expenses	51,582	10,381
Entertaining	37,691	22,330
Legal and professional fees	15,873	15
Consultancy fees	40,880	48,163
Accountancy	9,477	2,645
Audit fees	4,000	6,000
Bank charges	1,999	1,278
Credit card charges	910	476
Bad and doubtful debts	-	3,201
Profit/loss on foreign currency	(332,649)	(22,504)
Staff welfare	2,518	1,479
Sundry expenses	732	3,127
Charitable donations - other	5,600	13,026
Subscriptions	1,470	1,751
Depreciation on freehold property	11,580	7,720
Depreciation on Fixtures & fittings	21,188	14,243
Depreciation on motor vehicles	2,894	5,966
Profits/losses on disp of intangibles	15,288	-
Profits/losses on disp of tangibles	7,179	-

	578,916	413,358

