ARDENT COMMUNICATIONS LIMITED

(Registration number: 2972753)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 1997

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JOHN R NORMAN & CO

CHARTERED CERTIFIED ACCOUNTANTS

ARDENT COMMUNICATIONS LIMITED

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

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COMPANY INFORMATION AS AT 31 DECEMBER 1997

DIRECTORS

E.A.R.L. Windsor - Chairman
E.R. Foggitt - Managing Director
M.A.B. Eldridge - Financial Director

SECRETARY

M.A.B. Eldridge

REGISTERED OFFICE

Ariel House,
74a Charlotte Street,
London,
W1P 2DA

REGISTERED NUMBER

2972753

AUDITORS

John R. Norman & Co.
Chartered Certified Accountants
Pinner, Middlesex

BANKERS

Coutts & Co,
440 Strand,
London,
WC2R 0QS

The directors present their annual report with the financial statements of the company for the year ended 31 December 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of a corporate video production company.

DIRECTORS

The directors in office in the year are as shown below and have no beneficial interests in the issued share capital of the company. Their beneficial interests in the issued share capital of the ultimate holding company are as follows:

		Number of Shares	
		1997	1996
E.A.R.L. Windsor	Ordinary shares	205,000	205,000
E.R. Foggitt	Ordinary shares	30,000	30,000
M.A.B. Eldridge	Ordinary shares	3,000	3,000

The above are also directors of the ultimate parent company, Ardent Productions Limited.

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 as at the end of the financial year 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;
- comply with applicable Accounting Standards, 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 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.

AUDITORS

The auditors, Messrs. John R. Norman & Co., will be proposed for re-appointment in accordance with Section 385(2) of the Companies Act 1985.

SMALL COMPANY EXEMPTION

The directors have prepared this report in accordance with Part VII of the Companies Act 1985 relating to small companies.

Signed by order of the board :

.....

M.A.B. Eldridge
Secretary

21 April 1998

AUDITORS' REPORT TO THE MEMBERS OF ARDENT COMMUNICATIONS LIMITED

We have audited the financial statements on pages 5 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Directors' Report, 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 as to whether 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 affairs of the company as at 31 December 1997 and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

John R. Norman & Co.
Chartered Certified Accountants
Registered Auditors
Pinner, Middlesex.

4 August 1998

ARDENT COMMUNICATIONS LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997

	Notes	1997 £	1996 £
TURNOVER		6,652	23,857
Cost of sales		4,905	-
GROSS PROFIT		1,747	23,857
Administrative expenses		8,322	16,604
OPERATING LOSS	2	(6,575)	7,253
Investment income and interest receivable		66	21
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(6,509)	7,274
Taxation		-	-
ACCUMULATED LOSS FOR THE FINANCIAL YEAR		(6,509)	7,274
Retained profits brought forward		6,693	(581)
RETAINED PROFITS CARRIED FORWARD		184	6,693

Continuing operations
None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses
The company has no recognised gains or losses other than the profit or loss for the above two financial years.

Historical cost
The loss for the year, has been calculated on the historical cost basis.

The notes on pages 7 to 9 form part of these financial statements.

ARDENT COMMUNICATIONS LIMITED

BALANCE SHEET
AT 31 DECEMBER 1997

	Notes	1997 £	1997 £	1996 £	1996 £
CURRENT ASSETS					
Debtors	4	118		997	
Cash at bank and in hand		1,781		8,908	
		1,899		9,905	
CREDITORS: amounts falling due within one year	5	(715)		(2,212)	
NET CURRENT ASSETS			1,184		7,693
TOTAL ASSETS LESS CURRENT LIABILITIES			1,184		7,693
CAPITAL AND RESERVES					
Called up share capital	6		1,000		1,000
Profit and loss account			184		6,693
TOTAL SHAREHOLDERS' FUNDS	7		1,184		7,693

These financial statements 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 of directors on 21 April 1998 and signed on its behalf by:

E. Windsor
.....
E.A.R.L. Windsor
Director

The notes on pages 7 to 9 form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

Consolidation
The company forms part of a small group. The ultimate parent company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow statement
The company has taken advantage of the exemption, conferred by Financial Reporting Standard 1, from presenting a cash flow statement as it qualifies as a small company.

Turnover
Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Deferred taxation
Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

2. OPERATING LOSS

Operating loss is stated after charging:	1997	1996
	£	£
Management charges	6,000	14,000
Auditors' remuneration	350	350

The management charges are payable to the ultimate parent company.

3. TAX ON LOSS ON ORDINARY ACTIVITIES

It is anticipated that the company's trading activities during the year will not give rise to a corporation tax liability.

4. DEBTORS

	1997	1996
	£	£
Trade debtors	118	719
Prepayments	-	278
	118	997

5. CREDITORS: amounts falling due within one year

	1997	1996
	£	£
Trade creditors	109	662
Other taxes and social security costs	106	920
Accruals	500	630
	715	2,212

6. SHARE CAPITAL

	1997	1996
	£	£
Authorised:		
Equity interests:		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid:		
Equity interests:		
1,000 Ordinary shares of £1 each	1,000	1,000

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Loss for the financial year	(6,509)	7,274
Opening shareholders' funds	7,693	419
Closing shareholders' funds	1,184	7,693
Represented by:-		
Equity interests	1,184	7,693

8. ULTIMATE PARENT COMPANY

The ultimate parent company is Ardent Productions Limited, a company registered in England.