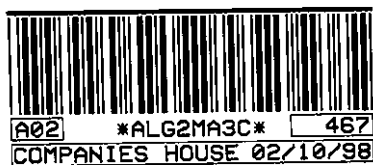


3013255

K2 Plant Hire Limited
Report and Unaudited Accounts
31 March 1998

MARTIN GREENE RAVDEN
Chartered Accountants
55 Loudoun Road
St John's Wood
London NW8 0DL

Company No. 3013255



K2 Plant Hire Limited

REPORT AND UNAUDITED ACCOUNTS **For the year ended 31 March 1998**

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K2 Plant Hire Limited

COMPANY INFORMATION

Directors	J Cauty W E Drummond
Secretary	W E Drummond
Business address	Mitchell Leys Farm Lower End Wingrave Bucks HP22 4PG
Registered office	55 Loudoun Road St John's Wood London NW8 0DL
Accountants	Martin Greene Ravden Chartered Accountants 55 Loudoun Road St John's Wood London NW8 0DL
Solicitors	The Simkins Partnership 45-51 Whitfield Street London W1P 6AA

K2 Plant Hire Limited

DIRECTORS' REPORT

For the year ended 31 March 1998

The directors present their report and the accounts for the year ended 31 March 1998.

Statement of directors' responsibilities

A statement of the directors' responsibilities in relation to the accounts is set out on page 3.

Principal activity

The principal activity of the company is that of a music company.

Directors and their interests

The directors who held office during the year and their beneficial interests in the company's share capital were as follows:

	Number of £1 Ordinary Shares at	
	1 April 1997	31 March 1998
J Cauty	50	50
W E Drummond	50	50

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

By order of the Board


W E Drummond
Secretary

9 September 1998

K2 Plant Hire Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES in relation to the accounts for the year ended 31 March 1998

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of the profit or loss 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;
- state whether applicable accounting standards have been followed, 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.

The directors confirm that the accounts comply with these requirements.

K2 Plant Hire Limited

PROFIT AND LOSS ACCOUNT For the year ended 31 March 1998

	Notes	1998 £	1997 £
Turnover		-	-
Administrative expenses		(20,595)	(25,330)
Operating loss	3	(20,595)	(25,330)
Interest receivable		42	-
Loss on ordinary activities before taxation		(20,553)	(25,330)
Taxation		-	-
Loss for the financial year		(20,553)	(25,330)
Balance brought forward		(76,183)	(50,853)
Balance carried forward		(96,736)	(76,183)

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

K2 Plant Hire Limited

BALANCE SHEET at 31 March 1998

	Notes	1998 £	1997 £
Fixed assets			
Tangible assets	4	4,612	6,150
Current assets			
Debtors	5	2,423	7,510
Cash at bank and in hand		838	4,048
		3,261	11,558
Creditors due within one year			
Trade and other creditors	6	(104,509)	(93,791)
Net current liabilities		(101,248)	(82,233)
Net liabilities		(96,636)	(76,083)
Capital and reserves			
Called up share capital	7	100	100
Profit and loss account		(96,736)	(76,183)
Shareholders' deficit		(96,636)	(76,083)

The Directors' Statement on page 6 forms part of the Balance Sheet.

K2 Plant Hire Limited

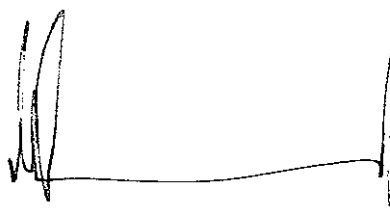
BALANCE SHEET (CONTINUED) at 31 March 1998

For the year ended 31 March 1998, the company was entitled to exemption from the requirement to have an audit under Section 249A(1) of the Companies Act 1985; and no notice has been deposited with the company under Section 249B(2) of that Act requiring an audit to be carried out.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985; and for preparing accounts which give a true and fair view of the state of the company's affairs at the end of its financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as they are applicable to the company.

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

The accounts were approved by the Board
on 9 September 1998 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'W E Drummond', written over a horizontal line.

J Cauty - Director

W E Drummond - Director

K2 Plant Hire Limited

NOTES TO THE ACCOUNTS

For the year ended 31 March 1998

1. FUNDAMENTAL ACCOUNTING CONCEPT

The company recorded a loss for the year ended 31 March 1998 and had a deficiency of assets at that year end.

The company continues to meet its day-to-day working capital requirements from the funds given by the connected undertaking. The company is therefore dependent on the support of the connected undertaking in order to continue as a going concern. The directors are satisfied that they can continue to finance the operations of the business in this matter and enable the company to achieve profitability. Accordingly, the directors consider it appropriate to prepare these accounts on a going concern basis.

The accounts do not reflect any adjustments which might have to be made should the company be unable to continue as a going concern. In the event that further finance is not made available, adjustments might have to be made to provide for any further liabilities which might arise.

2. ACCOUNTING POLICIES

2.1 Basis of accounting

The accounts are prepared under the historical cost convention.

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.

2.2 Turnover

Turnover would represent the invoiced value of music services supplied by the company net of value added tax.

2.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

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

Equipment	25% reducing balance
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2.4 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes to the extent that a liability to taxation is likely to crystallise.

3. OPERATING LOSS

The operating loss is stated after charging:
Depreciation of tangible fixed assets

1998
£

1997
£

1,538

2,050

K2 Plant Hire Limited

NOTES TO THE ACCOUNTS

For the year ended 31 March 1998

4. TANGIBLE FIXED ASSETS

	Equipment £
Cost	
At 1 April 1997 and at 31 March 1998	8,200
Depreciation	
At 1 April 1997	2,050
Charge for the year	1,538
At 31 March 1998	3,588
Net book value	
At 31 March 1998	4,612
At 31 March 1997	6,150

5. DEBTORS

	1998 £	1997 £
Due within one year		
Sundry debtors	2,423	7,510

6. CREDITORS

	1998 £	1997 £
Due within one year		
Sundry creditors	104,509	93,791

7. CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised		
100 Ordinary shares of £1 each	100	100
Allotted, called up and fully paid		
100 Ordinary shares of £1 each	100	100

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' DEFICIT

	1998 £	1997 £
Loss for the year	(20,553)	(25,330)
Opening shareholders' deficit	(76,083)	(50,753)
Closing shareholders' deficit	(96,636)	(76,083)

K2 Plant Hire Limited

NOTES TO THE ACCOUNTS

For the year ended 31 March 1998

9. TRANSACTIONS WITH DIRECTORS

During the year, the company purchased goods and services to the value of £5,845 (1997 - £9,586) from KLF Communications Residual, in which Mr J Cauty and Mr W E Drummond are materially interested. The purchases were made on normal commercial terms.

During the year, loans were received from KLF Communications Residual. At 31 March 1998, the balance in respect of the trade debt and loan was £103,572 (1997 - £92,201).

10. CONTROLLING PARTIES

The company is controlled by the directors by virtue of their shareholdings as shown in the directors' report.