

PIPEDREAM PICTURES LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 1998

Company No. 3229624



PIPEDREAM PICTURES LIMITED

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PIPEDREAM PICTURES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST AUGUST 1998

The directors present their report together with the accounts for the year ended 31st August 1998.

Principal Activities and Review of Business

The company's principal activity continued to be that of productions of films and television programmes.

Results and Dividends

The results for the year are set out in the profit and loss account on page 2.

The directors consider the state of the company's affairs to be satisfactory and is currently in negotiation to finance a major film production.

The directors do not recommend a dividend.

Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary Shares	
	31st August 1998	1st September 1997
L. Thomas	1	2
J. McKay (appointed 05 February 1998)	1	-

Year 2000 Compliance


Many computer systems which express dates using only the last two digits of the year may malfunction due to the date change to the Year 2000. This risk to the business relates not only to the company's computer systems, but also to some degree on those of the company's customers and suppliers.

The company has reviewed its computer systems for the impact of the Year 2000 date change. The issue is complex, and no business can guarantee that there will be no Year 2000 problems. However, the directors believe that their plans and the resources allocated are appropriate and adequate to address the issue.

External costs to address the issue are not expected to be significant.

This report was approved by the board on 25.6.98, and signed on its behalf.

L. Thomas, Director



PIPEDREAM PICTURES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 1998

	Notes	1998 £	1997 £
Turnover	2	-	96,835
Cost of Sales		-	87,856
Gross Profit		-	8,979
Administrative Expenses		3,410	9,297
Operating Loss		(3,410)	(318)
Interest Receivable		1	251
Interest Payable and Similar Charges	3	(26)	-
Loss on Ordinary Activities before Taxation		(3,435)	(67)
Tax on loss on ordinary activities	5	-	-
Loss for the Financial Year		(3,435)	(67)
Loss Brought Forward		(67)	-
Loss Carried Forward		(3,502)	(67)

All amounts relate to continuing activities.

There were no recognised gains or losses other than those included in the profit and loss account.

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BALANCE SHEET

AS AT 31ST AUGUST 1998

	Notes	£	1998 £	£	1997 £
Current Assets					
Debtors	7		-		802
Cash at bank and in hand			1,668		4,226
			<u>1,668</u>		<u>5,028</u>
Creditors: Amounts Falling Due Within One Year	8		<u>5,168</u>		<u>5,093</u>
Total Assets Less Current Liabilities			<u>(3,500)</u>		<u>(65)</u>
Capital and Reserves					
Called up share capital	9		2		2
Profit and loss account			<u>(3,502)</u>		<u>(67)</u>
Equity Shareholders' Funds - Deficit	10		<u>(3,500)</u>		<u>(65)</u>

The directors are of the opinion that the company is entitled to exemption from audit conferred by Subsection 1 of Section 249A of the Companies Act 1985 for the year ended 31st August 1998.

The directors confirm that no member or members have requested an audit pursuant to Subsection 2 of Section 249B of the Companies Act 1985.

The directors confirm that they are responsible for:

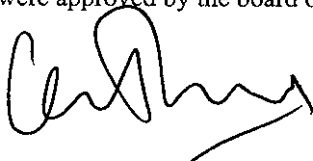
ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985,

and preparing accounts which give a true and fair view of the state of the affairs of the company as at the end of the financial year and of its results for the financial year in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

These accounts were approved by the board on 25.6.99

and signed on its behalf by:

L. Thomas
Director



PIPEDREAM PICTURES LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1998

1 Accounting Policies

Basis of Accounting

The Accounts have been prepared under the historical cost convention.

The company has taken advantage of the exemptions in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Productions in progress

Productions in progress consist of costs incurred in respect of incomplete productions. To the extent that payment received on account exceeds costs incurred, the net balance is included in creditors.

2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

3 Interest Payable and Similar Charges

	1998	1997
	£	£
Bank overdrafts and loans	26	-

4 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

	1998	1997
	£	£
Wages and salaries	1,000	4,909
Social security costs	-	649
	1,000	5,558

The average monthly number of employees, including directors, during the year was as follows:

	1998	1997
	Number	Number
Management	2	1
	2	1

5 Taxation

No provision in respect of corporation tax has been made due to the availability of loss relief.

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1998

6	Production in progress	1998	1997
		£	£
	Production costs incurred	17,613	-
	less production advances received	(19,800)	-
		(2,187)	-
	Taken to payments received on account	2,187	-
		-	-
7	Debtors	1998	1997
		£	£
	Other debtors	-	802
		-	802
8	Creditors: Amounts Falling Due Within One Year	1998	1997
		£	£
	Payments received on account	2,187	-
	Trade creditors	1,725	-
	Other taxes and social security	506	2,003
	Other creditors	-	3,090
	Accruals and deferred income	750	-
		5,168	5,093
9	Share Capital	1998	1997
		£	£
	Authorised		
	Equity Shares		
	1,000 Ordinary shares of £1.00 each	1,000	1,000
		1,000	1,000
	Allotted		
	Equity Shares		
	2 Allotted, called up and fully paid ordinary shares of £1.00 each	2	2
10	Reconciliation of Shareholders' Funds	1998	1997
		£	£
	Loss for the financial year	(3,435)	(67)
	Decrease in the shareholders' funds	(3,435)	(67)
	Opening shareholders' funds	(65)	2
	Closing shareholders' funds	(3,500)	(65)

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NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST AUGUST 1998

11 Related Parties

The company is ultimately controlled by the directors, L Thomas and J McKay.

During the year L Thomas charged the company rent of £1,280 (1997 - nil) and a producer's fee of £1,000 (1997 - nil). The producer's fee has been included as part of the costs of the production in progress. L Thomas was under contract by the company to act as an independent film producer, and both transactions were carried out in the normal course of business and at commercial rates.