

COMPANY NUMBER: 1540374

QUICK ON THE DRAW ENTERPRISES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995



QUICK ON THE DRAW ENTERPRISES LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

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QUICK ON THE DRAW ENTERPRISES LIMITED

DIRECTORS' REPORT

The directors submit their report and the audited financial statements for the year ended 31st March 1995.

STATEMENTS OF 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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgments and estimates that are reasonable and prudent;
- c) 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 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 financial statements comply with the Companies Act 1985. The directors 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.

ACTIVITIES

The principal activities of the company was that of a parent company for subsidiary undertakings involved in the production of advertising commercials for radio, television and cinema, the production of promotional films and graphic design and press advertising, primarily on behalf of the recording industry.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The company had a reasonable year and should maintain this position in the forthcoming financial year. The company will continue with its policy of seeking to make profitable investments.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £311,164 and is dealt with on page 4.

A final dividend was declared at the rate of £0.15 per share.

FIXED ASSETS

Details of changes in tangible fixed assets are as set out in note 10 to the financial statements.

QUICK ON THE DRAW ENTERPRISES LIMITED

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The directors and their interests, as defined by the Companies Act, in the shares of the company at 31st March 1995 and which have remained unchanged during the year under review were as follows:

	<u>Ordinary shares of 5p each</u>
P.J. Michau	160,000
W.M. Cellier	640,000
D. Wharin	200,000

These interests are beneficially held.

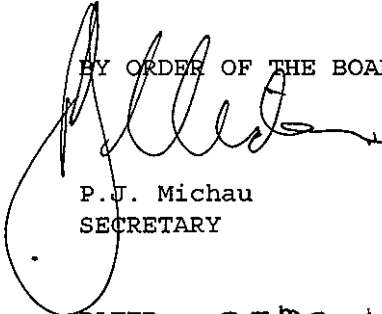
CHARITABLE CONTRIBUTIONS

During the year the company has made contributions to UK charitable organisations amounting to £1,831 (1994 - £2,860).

AUDITORS

In accordance with Section 386 of the Companies Act 1985, the company has elected to dispense with the obligation to appoint auditors annually and such election remains in force. Accordingly Casson Beckman, Chartered Accountants, remain as auditors of the company.

BY ORDER OF THE BOARD



P.J. Michau
SECRETARY

DATED: 27th September 1995

REGISTERED OFFICE: 14 Greek Street
London W1V 5LG

AUDITORS' REPORT TO THE MEMBERS OF QUICK ON THE DRAW ENTERPRISES LIMITED

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies as set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the directors' report, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to shareholders.

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, are consistently applied and are 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 that 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 the company's affairs at 31st March 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled for the year ended 31st March 1995 to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group financial statements.



CASSON BECKMAN
Chartered Accountants
and Registered Auditors
London

DATED: 27th September 1995

QUICK ON THE DRAW ENTERPRISES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST MARCH 1995

	Notes	<u>1995</u> £	<u>1994</u> £
Turnover	2	830,458	898,483
Administrative expenses	3	(863,276)	(900,488)
Other operating income	4	10,529	1,320
Operating loss		(22,289)	(685)
Interest payable	5	(218)	(228)
Interest receivable		3	7
Income from shares in group undertakings		356,000	476,688
Profit on ordinary activities before exceptional item and taxation		333,496	475,782
Exceptional item	7	(11,963)	(37,378)
Profit on ordinary activities after exceptional item and before taxation		321,533	438,404
Taxation	8	(10,369)	(10,245)
Profit on ordinary activities after taxation		311,164	428,159
Dividends	9	(150,000)	(400,000)
*Retained profit for the year	18	£161,164 =====	£ 28,159 =====

Note of historical cost profits and losses

	£	£
Reported profit on ordinary activities before tax	321,533	438,404
Difference between historical cost depreciation and actual charge on revalued amount of fixed assets	1,970	1,970
Historical cost profit on ordinary activities before taxation	£323,503 =====	£440,374 =====
Historical cost profit for the period retained after taxation and dividends	£163,134 =====	£30,129 =====

There are no recognised gains or losses other than the profit for the financial year.

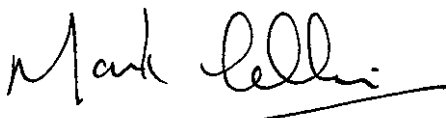
Turnover and operating loss all derive from continuing operations.

QUICK ON THE DRAW ENTERPRISES LIMITED

BALANCE SHEET

AT 31ST MARCH 1995

	Notes	<u>1995</u>		<u>1994</u>	
		£	£	£	£
Fixed assets					
Tangible assets	10		605,891		669,469
Investments	11		522,130		286,031
			<hr/>		<hr/>
			1,128,021		955,500
Current assets					
Debtors	12	81,095		112,715	
Investments	13	-		22,619	
Cash at bank and in hand		76,794		340,817	
		<hr/>		<hr/>	
		157,889		476,151	
Creditors: Amounts falling due within one year	14	(107,218)		(411,992)	
		<hr/>		<hr/>	
Net current assets			50,671		64,159
			<hr/>		<hr/>
Total assets less current liabilities			1,178,692		1,019,659
Provision for liabilities and charges	15		-		(2,131)
			<hr/>		<hr/>
			£1,178,692		£1,017,528
			=====		=====
Capital and reserves					
Called up share capital	17		50,000		50,000
Revaluation reserve	18		124,865		126,835
Merger reserve	18		191,004		191,004
Profit and loss account	18		812,823		649,689
			<hr/>		<hr/>
			£1,178,692		£1,017,528
			=====		=====



W.M. CELLIER - Director

QUICK ON THE DRAW ENTERPRISES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST MARCH 1995

	Notes	<u>1995</u>		<u>1994</u>	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	16		(271,347)		180,100
Returns on investments and servicing of finance:					
Interest received		3		7	
Interest paid		(218)		(228)	
Dividends paid		(150,000)		(400,000)	
Dividends received		356,372		476,688	
			206,157		76,467
Corporation tax paid (including ACT)			(15,625)		(15,625)
Investing activities					
Purchase of fixed asset investments		(236,099)		(68,901)	
Purchase of short term investments		(39,761)		(22,619)	
Payments to acquire tangible fixed assets		-		(5,684)	
Receipts from disposal of tangible fixed assets		-		7,515	
Loan to subsidiary undertaking		20,115		(38,878)	
Receipts from disposal of short term investments		72,537		-	
			(183,208)		(128,567)
Increase in cash and cash equivalents	16		£(264,023)		£112,375
			=====		=====

QUICK ON THE DRAW ENTERPRISES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

1. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the financial statements.

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention with the exception of land and buildings which are stated at revalued amounts.

(b) Turnover

Turnover represents amounts invoiced by the company in respect of goods sold and services rendered during the year stated net of value added tax.

(c) Tangible fixed assets

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value of each asset over the expected useful life as follows:

Plant and machinery	- 15% per annum on cost.
Fixtures and fittings	- 15% per annum on cost.
Freehold buildings	- 1% per annum on valuation.
Short leasehold property	- over remaining life of lease
Motor vehicles	- 25% per annum on cost

(d) Investments

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

Investments held as current assets are stated at the lower of cost and net realisable value.

(e) Pensions

The company makes contributions under a defined contribution scheme to the pension policies of certain of its employees which are charged to the profit and loss account in the period in which they fall.

(f) Deferred taxation

Deferred taxation is calculated on the liability method. It is provided to the extent that it is considered, with reasonable probability, that a liability will become payable within the foreseeable future.

(g) Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the profit and loss account.

QUICK ON THE DRAW ENTERPRISES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

2. Turnover and company profit

The turnover of the company during the year was made in the same geographical area.

The turnover and profit of the company for the year derive from the same class of business as noted in the directors' report.

3. Administrative expenses 1995 1994
£ £

Administrative expenses include:-

Auditors' emoluments	3,000	3,000
Depreciation	63,578	68,516
Loss on disposal of tangible fixed assets	-	2,820
Rentals under operating leases:		
Hire of plant and machinery	1,542	927
	=====	=====

4. Other operating income 1995 1994
£ £

Profit on disposal of investments	10,157	1,076
Dividends receivable	372	244
	-----	-----
	£10,529	£1,320
	=====	=====

5. Interest payable 1995 1994

Bank loans, overdrafts and other loans wholly repayable within five years	£ 218	£ 228
	=====	=====

6. Employees and directors 1995 1994
£ £

Staff costs including executive directors during the year amounted to:-

Wages and salaries	204,611	189,335
Social security costs	20,870	19,560
Other pension costs	40,000	40,000
Payments in lieu of notice	-	7,515
	-----	-----
	£265,481	£256,410
	=====	=====

The average weekly number of employees of the company during the year was:-

Office and management	8	8
	=====	=====

QUICK ON THE DRAW ENTERPRISES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

<u>6. Employees and directors (continued)</u>	<u>1995</u>	<u>1994</u>
Directors' remuneration of the company		
Directors' emoluments	£91,940 =====	£92,344 =====
The directors' remuneration disclosed above included amounts paid to:		
The chairman and highest paid director	£62,507 =====	£62,911 =====
The number of other directors who received remuneration in the following ranges were:-		
£ Nil - £ 5,000	2 ==	2 ==

7. Exceptional item

This relates to the write-off of a loan made to Quick On The Draw Corporation Limited, a 100% owned subsidiary operating in the USA.

<u>8. Taxation</u>	<u>1995</u>	<u>1994</u>
	£	£
The taxation charge which is based on the results of the year is made up as follows:-		
Current year		
Corporation tax	12,500	15,625
Deferred taxation	(2,131)	(5,380)
	-----	-----
	£10,369 =====	£10,245 =====

United Kingdom corporation tax has been computed at 25% (1994 - 25%).

<u>9. Dividends</u>	<u>1995</u>	<u>1994</u>
	£	£
Interim		
Paid at the rate of £ Nil (1994 - £0.10) per ordinary share of 5p	-	100,000
Final		
Paid at the rate of £0.15 (1994 - £0.30) per ordinary share of 5p	150,000	300,000
	-----	-----
	£150,000 =====	£400,000 =====

QUICK ON THE DRAW ENTERPRISES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

10. Tangible fixed assets

	<u>Short leasehold</u>	<u>Freehold property</u>	<u>Plant and machinery</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
	£	£	£	£	£	£
<u>Cost or valuation</u>						
At 1st April 1994 and 31st March 1995	345,425	369,761	129,039	173,039	77,621	1,094,885
=====						
<u>Depreciation</u>						
At 1st April 1994	149,802	20,058	73,876	153,645	28,035	425,416
Charge for the year	17,772	3,696	15,599	7,095	19,416	63,578
At 31st March 1995	167,574	23,754	89,475	160,740	47,451	488,994
=====						
<u>Net book value</u>						
At 31st March 1995	£177,851	£346,007	£39,564	£12,299	£30,170	£605,891
=====						
At 31st March 1994	£195,623	£349,703	£55,163	£19,394	£49,586	£669,469
=====						

The freehold property was revalued to £160,000 in the financial statements for the year ended 31st March 1988 by the directors at current market value. The historical cost of the property was £20,541. The accumulated depreciation on a historical cost basis amounts to £2,073.

QUICK ON THE DRAW ENTERPRISES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

11. <u>Fixed asset investments</u>	<u>Subsidiary</u> <u>undertakings</u>	<u>Associated</u> <u>Undertakings</u>	<u>Other</u> <u>loans</u>	<u>Total</u>
<u>Cost and net book value</u>	£	£	£	
At 1st April 1994	215,630	-	70,401	286,031
Additions	1,500	305,000	-	306,500
Disposals	-	-	(70,401)	(70,401)
	-----	-----	-----	-----
At 31st March 1995	£217,130	£305,000	£ Nil	£522,130
	=====	=====	=====	=====

The company holds more than 10% of the equity of the following companies:-

Name of company	Holding	Proportion held	Nature of business
<u>Subsidiary undertakings</u>			
Quick on the Draw (Management) Limited	100 Ordinary £1 shares	100%	Dormant
Quick on the Draw (Productions) Limited	6,000 'A' ordinary £1 shares 6,000 'B' ordinary £1 shares	100%	Production of advertis- ing commercials for radio, T.V. and cinema and production of music promotional films
Quick on the Draw (Design) Limited	20,000 Ordinary £1 shares	100%	Graphic design and press advertising
Quick on the Draw Corporation Limited	10,000 Ordinary £1 shares	100%	Production of music promotional films, advertising commercials for T.V. and graphic design
<u>Associated undertaking</u>			
Trumps Studios & Printing Limited	5,000 Ordinary £1 shares	50%	Lithographic reproduction, colour separation and printing.

All the above companies are registered in England.

The company has not produced group accounts in respect of its subsidiary undertakings since the group which the company heads qualifies as a medium sized group.

The aggregate amount of the total investment in the shares of subsidiary and associated undertakings stated by way of the equity method is £765,551 (1994 - £167,291).

12. <u>Debtors</u>	<u>1995</u>	<u>1994</u>
	£	£
Amounts falling due within one year:-		
Trade debtors	911	1,564
Amounts owed by subsidiary undertakings	45,733	77,811
Other debtors	3,817	11,825
Prepayments	30,634	21,515
	-----	-----
	£81,095	£112,715
	=====	=====

QUICK ON THE DRAW ENTERPRISES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

13. <u>Current asset investments</u>	<u>1995</u>	<u>1994</u>
Listed investments	£ Nil	£22,619
	=====	=====

14. <u>Creditors: Amounts falling due within one year</u>	<u>1995</u>	<u>1994</u>
	£	£
Trade creditors	5,784	43,898
Corporation tax	12,500	15,625
Other taxation and social security costs	8,863	7,680
Accruals and deferred income	34,498	19,866
Directors' loan accounts	45,573	324,923
	-----	-----
	£107,218	£411,992
	=====	=====

15. Provision for liabilities and charges

The provision and full potential liability for deferred taxation on the liability method at 33% (1994 - 33%) is:-

	<u>1995</u>	<u>1994</u>
Excess capital allowances	£ Nil	£2,131
	=====	=====

16. Notes to the cash flow statement

Reconciliation of operating loss to net cash (outflow)/inflow from operating activities:

Operating loss	(22,289)	(685)
Depreciation	63,578	68,516
Profit on sale of short term investments	(10,157)	-
Dividends received on short term investments	(372)	-
Loss on sale of tangible fixed assets	-	2,820
Increase in debtors	(458)	(45,938)
(Decrease)/increase in creditors	(301,649)	155,387
	-----	-----
Net cash (outflow)/inflow from operating activities	£(271,347)	£180,100
	=====	=====

Analysis of changes in cash and cash equivalents during the year:-

Balance at 1st April 1994	340,817	228,442
Net cash (outflow)/inflow	(264,023)	112,375
	-----	-----
Balance at 31st March 1995	£ 76,794	£340,817
	=====	=====

Analysis of the balance of cash and cash equivalents as shown in the balance sheet:

	<u>1995</u>	<u>1994</u>	<u>Change in year</u>
Cash at bank and in hand	£76,794	£340,817	£264,023
	=====	=====	=====

QUICK ON THE DRAW ENTERPRISES LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 1995

17. <u>Share capital</u>	<u>1995</u>	<u>1994</u>
Authorised:		
2,000,000 Ordinary shares of 5p each	£100,000	£100,000
	=====	=====
Allotted, issued and fully paid:		
1,000,000 Ordinary shares of 5p each	£50,000	£50,000
	=====	=====

Under the company's Executive Share Option scheme the following options to subscribe for a total of 31,900 ordinary shares have been granted and are currently outstanding.

<u>Dates granted</u>	<u>Number of ordinary shares</u>	<u>Subscription price</u>
30th November 1989	6,800	£1.25
30th November 1990	5,300	£1.30
30th November 1991	6,450	£0.80
30th November 1992	3,000	£0.90
30th November 1993	6,000	£1.70
30th November 1994	4,350	£1.85

The options are exercisable in the event of either control of the company passing to a third party or on a Stock Exchange listing of the whole or part of the company's shares.

18. Reserves and reconciliation of movement in Shareholders' Funds

	<u>Share Capital</u>	<u>Merger Reserve</u>	<u>Revaluation Reserve</u>	<u>Profit and loss account</u>	<u>Total Shareholders' Funds</u>
	£	£	£	£	£
Opening shareholders' funds	50,000	191,004	126,835	649,689	1,017,528
Profit for the year	-	-	-	311,164	311,164
Dividends	-	-	-	(150,000)	(150,000)
Adjustment for depreciation on revalued assets	-	-	(1,970)	1,970	-
Closing shareholders' funds	£50,000	£191,004	£124,865	£812,823	£1,178,692
	=====	=====	=====	=====	=====

19. Contingent liabilities

The company has issued an unlimited debenture in favour of the bank over all the assets of the company, both present and future.

Additionally, the company has given an unlimited guarantee in respect of any liabilities due to the bank from certain of its subsidiary undertakings and a limited guarantee of £125,000 in respect of any liabilities due to the bank from its associated undertaking.

At the balance sheet date the outstanding amounts guaranteed amounted to £79,530 (1994: £ Nil).

20. Approval of financial statements

These financial statements were formally approved by the board of directors on 27th September 1995.