

THE ARTIFICIAL EYE FILM COMPANY LIMITEDREPORT OF THE DIRECTORSACCOUNTS OF THE COMPANY

The Directors have pleasure in submitting the audited Balance Sheet and Profit and Loss Account for the year ended 31st August 1981.

ACTIVITIES OF THE COMPANY

The principal activities of the Company during that period were the Distribution, Exhibition and Co-production of motion pictures.

DIVIDENDS PAID OR PROPOSED

No dividend has been paid or is recommended for the period.

PROFIT AND LOSS ACCOUNT

The Profit after tax for the year amounted to £8,568. This amount is deducted from the deficit forward at 31st August 1980 to show a total deficit of £44,270.

DIRECTORS

The names of the Directors who held office at 31st August 1981 and their interests as defined by the Companies Act 1967 in the shares of the Company were as follows:-

	<u>Shares of £1 Each</u>	
	<u>31st August 1980</u>	<u>31st August 1981</u>
V. Albrecht - Lauder (German)	1	1
A. Engel (German)	1	1
P. Engel (British)	1	1
C. Waldbauer (German)	1	1

Miss C. Waldbauer and Mr. V. Albrecht-Lauder resigned as directors of the company on 18th January 1983.

AUDITORS

Messrs. Lodge, Brisley, Morris & Co. have intimated their willingness to continue in office as Auditors and they will be proposed for re-election.

BY ORDER OF THE BOARD

Pamela Engel
Director

.....25/7.....1983

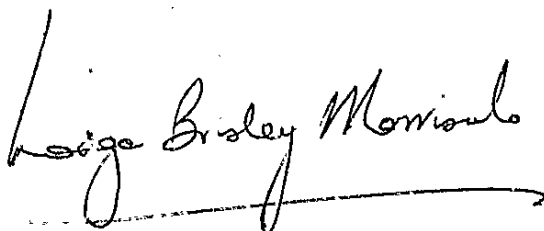
Registered Office:

211 Camden High Street
LONDON NW1



REPORT OF THE AUDITORS TO THE MEMBERS OF
THE ARTIFICIAL EYE FILM COMPANY LIMITED

We have audited the financial statements on pages three to six in accordance with approved Auditing Standards. In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company at 31st August 1981 and of its profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 to 1981.



Chartered Accountants

2 Bow Street
London WC2E 7EA

25th July 1983

THE ARTIFICIAL EYE FILM COMPANY LIMITEDBALANCE SHEETAS AT 31ST AUGUST 1981

	<u>NOTES</u>	<u>1981</u>	<u>1980</u>
		£	£
<u>FIXED ASSETS</u> (At Cost Less			
Depreciation)	1(a)		
Alterations to Leasehold Premises		11,251	11,919
Cinema Fixtures and Equipment		3,745	4,467
Cinema Furnishing		588	4,274
Office Furniture and Equipment		<u>453</u>	<u>864</u>
		16,037	21,524
Film Rights	1(b)	50,094	16,258
Prints	1(b)	<u>18,274</u>	<u>13,358</u>
		84,405	51,140
<u>CURRENT ASSETS</u>			
Sundry Debtors and Prepayments		16,507	6,922
Cash at Bank and in Hand		<u>19,154</u>	<u>6,246</u>
		35,661	13,168
<u>CURRENT LIABILITIES</u>			
Creditors and Accrued Charges		92,728	54,524
Corporation Tax	2	151	-
Bank Overdraft		<u>21,579</u>	<u>-</u>
		114,458	54,524
<u>EXCESS OF CURRENT ASSETS</u>			
<u>OVER CURRENT LIABILITIES</u>		(78,797)	(41,356)
		<u>5,608</u>	<u>9,784</u>
<u>Financed By:-</u>			
<u>SHARE CAPITAL</u>			
<u>Share of £1 Each</u>			
Authorised		<u>100</u>	<u>100</u>
Issued and Fully Paid		4	4
<u>PROFIT AND LOSS ACCOUNT - (Deficit)</u>		(44,270)	(52,838)
		(44,266)	(52,834)
<u>DIRECTORS LOAN ACCOUNT</u>	3	<u>49,874</u>	<u>62,618</u>
		<u>5,608</u>	<u>9,784</u>

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} DIRECTORS

THE ARTIFICIAL EYE FILM COMPANY LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31ST AUGUST 1981

	<u>NOTES</u>	<u>1981</u>	<u>1980</u>
		£	£
<u>PROFIT (LOSS) FOR THE YEAR</u>		8,719	(25,371)
After Charging:-			
Directors Remuneration		23,267	8,233
Auditors Remuneration		3,000	1,500
Depreciation of Fixed Assets	1(a)	5,516	5,484
Bank Interest		<u>3</u>	<u>97</u>
And Including:-			
Bank Interest Received		379	13
Profit on Disposal of Fixed Assets		<u>148</u>	<u>-</u>
<u>TAXATION</u>	2	<u>151</u>	<u>-</u>
<u>BALANCE BROUGHT FORWARD</u> - Deficit		8,568 <u>(52,838)</u>	(25,371) <u>(27,467)</u>
<u>DEFICIT PER BALANCE SHEET</u>		<u>(44,270)</u>	<u>(52,838)</u>

NOTES TO THE ACCOUNTS1. Accounting Policies(a) Depreciation

The cost of the leasehold property is being amortised over the term of the lease. Other fixed assets are being depreciated by equal instalments over their estimated useful lives which vary between five and ten years.

(b) Film Rights and Prints

The film rights and prints have varying useful lives and each is valued by the Directors by reference to the estimated residual value at the accounting date.

2. Taxation

Corporation tax has been charged at the rate of 40% on bank interest arising in the year. The value of the trading losses at 31st August 1981 at present rates of tax amounts to £18,334 (1980 - £23,903). No provision for this potential credit has been made in these accounts although the Directors believe that relief will be obtained.

The liability of £151 at 31st August 1981 was due for payment on 1st June 1982.

3. Loans

The loans do not carry any charge to interest and arrangements have been made for them to be fully repaid by 31st December 1983.

THE ARTIFICIAL EYE FILM COMPANY LIMITED

SCHEDULE OF FIXED ASSETS

AT 31ST AUGUST 1981

	<u>1981</u>		<u>1980</u>	
	£	£	£	£
<u>ALTERATIONS TO LEASEHOLD PREMISES</u>				
At Cost Brought Forward		14,091		14,091
<u>Less: Provision for Depreciation</u>				
Brought Forward	2,172		1,504	
Current Year	<u>668</u>	<u>2,840</u>	<u>668</u>	<u>2,172</u>
		11,251		11,919
		=====		=====
<u>CINEMA FIXTURES AND EQUIPMENT</u>				
At Cost Brought Forward		6,940		6,940
Additions at Cost		<u>-</u>		<u>-</u>
		6,940		6,940
<u>Less: Provision for Depreciation</u>				
Brought Forward	2,473		1,751	
Current Year	<u>722</u>	<u>3,195</u>	<u>722</u>	<u>2,473</u>
		3,745		4,467
		=====		=====
<u>OFFICE FURNITURE AND EQUIPMENT</u>				
At Cost Brought Forward		1,782		1,782
Additions at Cost		<u>190</u>		<u>-</u>
		1,972		1,782
Disposals		<u>370</u>		<u>-</u>
		1,602		1,782
<u>Less: Provision for Depreciation</u>				
Brought Forward	918		569	
Current Year	<u>379</u>		<u>349</u>	
	1,297		918	
Disposals	<u>148</u>	<u>1,149</u>	<u>-</u>	<u>918</u>
		453		864
		=====		=====
<u>CINEMA FURNISHINGS</u>				
At Cost Brought Forward		18,413		18,413
Additions at Cost		<u>61</u>		<u>-</u>
		18,474		18,413
<u>Less: Provision for Depreciation</u>				
Brought Forward	14,139		10,394	
Current Year	<u>3,747</u>	<u>17,886</u>	<u>3,745</u>	<u>14,139</u>
		588		4,274
		=====		=====

THE ARTIFICIAL EYE FILM COMPANY LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST AUGUST 1981

	<u>1981</u>		<u>1980</u>	
	£	£	£	£
<u>SOURCE OF FUNDS</u>				
Net Profit (Loss) for the Year		8,719		(25,371)
Adjustment for items not involving the movement of funds:				
(Profit) on disposal of fixed assets	(148)		-	
Depreciation	5,516		5,484	
Expired Value of Prints	22,073		23,537	
Expired Value of Film Rights	<u>71,431</u>	<u>98,872</u>	<u>44,657</u>	<u>73,678</u>
<u>TOTAL GENERATED FROM OPERATIONS</u>		107,591		48,307
Loans from Directors	-		10,908	
Proceeds from disposal of fixed assets	<u>370</u>	<u>370</u>	<u>-</u>	<u>10,908</u>
		107,961		59,215
<u>DECREASE IN WORKING CAPITAL</u>				
(Increase) Decrease in Debtors	(9,585)		4,931	
Increase (Decrease) in Creditors	38,204		5,813	
Movement in net liquid funds:				
Decrease (Increase) in Cash and Bank Balances	<u>8,671</u>	<u>37,290</u>	(<u>52</u>)	<u>10,692</u>
		<u>145,251</u>		<u>69,907</u>
<u>APPLICATION OF FUNDS</u>				
Purchase of Fixed Assets		251		-
Purchase of Prints		105,267		21,353
Purchase of Film Rights		26,989		48,554
Repayment of Directors Loans		<u>12,744</u>		<u>-</u>
		<u>145,251</u>		<u>69,907</u>