

THE ARTIFICIAL EYE FILM COMPANY LIMITED
REPORT OF THE DIRECTORS

ACCOUNTS OF THE COMPANY

The Directors have pleasure in submitting the audited Balance Sheet and Profit and Loss Account for the year ended 31st August 1982.

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 Loss for the year after taxation adjustment amounted to £10,939. This amount is aggregated to the balance forward at 31st August 1981 to show a total deficit of £55,209.

DIRECTORS

The names of the Directors who held office at 31st August 1982 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 1981</u>	<u>31st August 1982</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

Pomare Engel
Director

1st August
.....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 seven 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 1982 and of its loss and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 to 1981.

Lodge Brisley Mommals

Chartered Accountants

2 Bow Street
London WC2E 7BA

29th July 1983

THE ARTIFICIAL EYE FILM COMPANY LIMITEDBALANCE SHEET AS AT 31ST AUGUST 1982

		<u>1982</u>		<u>1981</u>	
	<u>NOTES</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>FIXED ASSETS</u> (At Cost Less Depreciation)	1(a)				
Alterations to Leasehold Premises			10,583		11,251
Cinema Fixtures and Equipment			3,023		3,745
Cinema Furnishing			464		588
Office Furniture and Equipment			<u>2,002</u>		<u>453</u>
			16,072		16,037
Film Rights	1(b)		50,506		50,094
Prints	1(b)		<u>13,125</u>		<u>18,274</u>
			79,703		84,405
<u>CURRENT ASSETS</u>					
Sundry Debtors and Prepayments		32,756		16,507	
Cash at Bank and in Hand		<u>30,448</u>		<u>19,154</u>	
		63,204		35,661	
		=====		=====	
<u>CURRENT LIABILITIES</u>					
Creditors and Accrued Charges		163,748		92,728	
Corporation Tax	2	-		151	
Bank Overdraft		<u>5</u>		<u>21,579</u>	
		163,753		114,458	
		=====		=====	
<u>EXCESS OF CURRENT ASSETS OVER</u> <u>CURRENT LIABILITIES - (Deficit)</u>			(100,549)		(78,797)
			(20,846)		5,608
			=====		=====
<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>			(55,209)		(44,270)
			(55,205)		(44,266)
<u>DIRECTORS LOAN ACCOUNT</u>	3		<u>34,359</u>		<u>49,874</u>
			(20,846)		5,608
			=====		=====

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} DIRECTORS

THE ARTIFICIAL EYE FILM COMPANY LIMITEDPROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST AUGUST 1982

	NOTES	£	1982	£	1981	£
<u>(LOSS) PROFIT FOR THE YEAR</u>				(11,090)		8,719
after charging:-						
Directors Emoluments	4	32,617			23,267	
Auditors Remuneration		1,857			3,000	
Hire of Equipment		799			1,281	
Depreciation of Fixed Assets	1(a)	2,581			5,516	
Bank Interest		1,996			3	
and including:-						
Bank Interest Received		721			379	
Profit on Disposal of Fixed Assets		—			148	
<u>TAXATION - (Recoverable)</u>	2			(151)		151
				(10,939)		8,568
<u>BALANCE BROUGHT FORWARD - (Deficit)</u>				(44,270)		(52,838)
<u>DEFICIT PER BALANCE SHEET</u>				(55,209)		(44,270)

NOTES TO THE ACCOUNTS1. ACCOUNTING POLICIES(a) Depreciation

The cost of the leasehold property is being amortised over the terms of the lease. Other fixed assets are being depreciated by equal instalments over their estimated working 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.

(c) Deferred Taxation

Deferred Taxation is the liability deferred calculated at the year end rate of corporation tax arising from the application of capital allowances in advance of the corresponding charges for depreciation in the accounts and stock appreciation relief less the value of the losses available for relief. No potential liability arises from these accounts as the value of the losses exceeds the amount deferred.

THE ARTIFICIAL EYE FILM COMPANY LIMITED
NOTES TO THE ACCOUNTS (CONTINUED)

2. TAXATION

No liability for Corporation Tax arises from these accounts. Relief for losses has been claimed against income arising in the preceding year and as a result the liability for the year ended 31st August 1981 amounting to £151 is repayable. The value at present tax rates of the losses available to carry forward is £21,444 (1981 - £18,334). Of this potential credit £2,086 (1981 - £1,914) has been provided against the deferred tax liability as follows:-

	<u>1982</u>	<u>1981</u>
Capital allowances and other timing differences	2,086	1,914
Losses available	<u>(2,086)</u>	<u>(1,914)</u>
	Nil	Nil
	=====	=====

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.

4. DIRECTORS EMOLUMENTS

The charge for directors remuneration is as follows:-

Management Salaries	26,992
Freelance Fees	<u>5,625</u>
	<u>£32,617</u>
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THE ARTIFICIAL EYE FILM COMPANY LIMITED
SCHEDULE OF FIXED ASSETS AT 31ST AUGUST 1982

	<u>1982</u>		<u>1981</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>ALTERATIONS TO LEASEHOLD PREMISES</u>				
At Cost Brought Forward		14,091		14,091
<u>Less: Provision for Depreciation</u>				
Brought Forward	2,840		2,172	
Current Year	<u>668</u>	<u>3,508</u>	<u>668</u>	<u>2,840</u>
		<u>10,583</u>		<u>11,251</u>
<u>CINEMA FIXTURES AND EQUIPMENT</u>				
At Cost Brought Forward		6,940		6,940
<u>Less: Provision for Depreciation</u>				
Brought Forward	3,195		2,473	
Current Year	<u>722</u>	<u>3,917</u>	<u>722</u>	<u>3,195</u>
		<u>3,023</u>		<u>3,745</u>
<u>OFFICE FURNISHING AND EQUIPMENT</u>				
At Cost Brought Forward		1,602		1,782
Additions at Cost		<u>2,125</u>		<u>190</u>
		3,727		1,972
<u>Less: Disposals</u>		<u>-</u>		<u>370</u>
		3,727		1,602
<u>Less: Provision for Depreciation</u>				
Brought Forward	1,149		918	
Current Year	<u>576</u>		<u>379</u>	
	1,725		1,297	
<u>Less: Disposals</u>	<u>-</u>	<u>1,725</u>	<u>148</u>	<u>1,149</u>
		<u>2,002</u>		<u>453</u>
<u>CINEMA FURNISHING</u>				
At Cost Brought Forward		18,474		18,413
Additions at Cost		<u>491</u>		<u>61</u>
		18,965		18,474
<u>Less: Provision for Depreciation</u>				
Brought Forward	17,886		14,139	
Current Year	<u>615</u>	<u>18,501</u>	<u>3,747</u>	<u>17,886</u>
		<u>464</u>		<u>588</u>

THE ARTIFICIAL EYE FILM COMPANY LIMITED
STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST AUGUST 1982

	<u>1982</u>		<u>1981</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
<u>SOURCE OF FUNDS</u>				
Net (Loss) Profit for the Year		(11,090)		8,719
Adjustment for items not involving the movement of funds:				
(Profit) on disposal of fixed assets	-		(148)	
Depreciation	2,581		5,516	
Expired Value of Prints	53,115		22,073	
Expired Value of Film Rights	<u>156,393</u>	<u>212,089</u>	<u>71,431</u>	<u>98,872</u>
 <u>TOTAL GENERATED FROM OPERATIONS</u>		200,999		107,591
 Proceeds from disposal of fixed assets		<u>-</u>		<u>370</u>
		200,999		107,961
 <u>DECREASE IN WORKING CAPITAL</u>				
(Increase) in Debtors	(16,250)		(9,585)	
Increase in Creditors	71,021		38,204	
Movement in net liquid funds:				
(Increase) Decrease in Cash and Bank Balances	(32,868)	<u>21,903</u>	<u>8,671</u>	<u>37,290</u>
		222,902		145,251
		<u>=====</u>		<u>=====</u>
 <u>APPLICATION OF FUNDS</u>				
Purchase of Fixed Assets		2,616		251
Purchase of Prints		47,966		26,989
Purchase of Film Rights		156,805		105,267
Repayment of Directors Loans		<u>15,515</u>		<u>12,744</u>
		222,902		145,251
		<u>=====</u>		<u>=====</u>