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MEDIABILITY LIMITED
ABBREVIATED FINANCIAL STATEMENTS

31 MARCH 1998

Registered number: 2064310



BARLOW ANDREWS
CHARTERED ACCOUNTANTS
BOLTON

MEDIABILITY LIMITED
ABBREVIATED FINANCIAL STATEMENTS
for the year ended 31 March 1998

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MEDIABILITY LIMITED
COMPANY INFORMATION

31 March 1998

NUMBER	2064310
DIRECTORS	Mr A Grundy
SECRETARY	Mrs A Grundy
REGISTERED OFFICE	Langley House Stanneylands Road WILMSLOW Cheshire
BANKERS	National Westminster Bank plc 4 Grove Street WILMSLOW Cheshire
AUDITORS	Barlow Andrews Chartered Accountants Carlyle House 78 Chorley New Road BOLTON

MEDIABILITY LIMITED**DIRECTOR'S REPORT****31 March 1998**

The director presents his report and the abbreviated financial statements for the year ended 31 March 1998.

Principal activity

The principal activity of the company is that of an advertising agency.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £123,054.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. An ordinary dividend amounting to £550,000 has been proposed and paid.

Year 2000 problem

The director has prepared, and is implementing, plans to replace and modify, as appropriate, the company's systems and equipment; and, where necessary identify alternative customers, suppliers and service providers to ensure that there is no significant disruption to the company's operations.

The director has also taken steps to monitor compliance with the plans and to ensure that they are carried out in accordance with the timetable that he has set down.

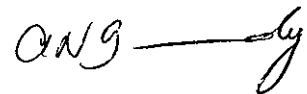
Directors

The Director holding office during the year was Mr A Grundy and, together with his family, he held all of the shares in the Company at the beginning and end of the year.

Auditors

Barlow Andrews have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



Mrs A Grundy
Secretary

Langley House
Stanneylands Road
WILMSLOW
Cheshire

11 September 1998

MEDIABILITY LIMITED**STATEMENT OF DIRECTOR'S RESPONSIBILITIES**

Company law requires the director 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 director is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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. He is 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.

MEDIABILITY LIMITED**Auditors' report to
Mediability Limited
under section 247B of the Companies Act 1985**

We have examined the abbreviated financial statements set out on pages 5 to 13, together with the financial statements of the company for the year ended 31 March 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The director is responsible for preparing the abbreviated financial statements in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

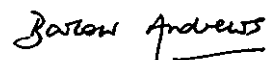
Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages 5 to 13 are properly prepared in accordance with those provisions.

BOLTON
11 September 1998



Barlow Andrews
Registered Auditors
Chartered Accountants

MEDIABILITY LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1998

	Note	1998 £	1997 £
Gross profit		978,013	565,085
Net operating expenses			
Administrative expenses		(560,096)	(481,014)
Other operating income		55,010	44,798
Profit on ordinary activities before taxation		472,927	128,869
Taxation	5	(105,030)	(47,884)
Profit on ordinary activities after taxation		367,897	80,985
Dividends	6	(550,000)	(41,666)
Retained (loss)/profit for the year	13	(182,103)	39,319

Movements in reserves are shown in note 13.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the (loss)/profit for the year.

MEDIABILITY LIMITED
ABBREVIATED BALANCE SHEET

at 31 March 1998

	Note	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	7		52,503		14,744
Current assets					
Debtors	8	1,398,698		848,182	
Cash at bank and in hand		442,373		799,947	
			<u>1,841,071</u>	<u>1,648,129</u>	
Creditors: amounts falling due within one year	9	(1,770,520)		(1,357,716)	
Net current assets			70,551		290,413
Total assets less current liabilities			<u>123,054</u>		<u>305,157</u>
Capital and reserves					
Called up share capital	12	10,000		10,000	
Profit and loss account	13	113,054		295,157	
Total shareholders' funds	11		<u>123,054</u>		<u>305,157</u>

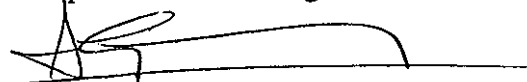
continued

MEDIABILITY LIMITED
ABBREVIATED BALANCE SHEET
(continued)

at 31 March 1998

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated financial statements on pages 5 to 13 were approved by the board of directors on 11 September 1998 and signed on its behalf by:

A handwritten signature in black ink, appearing to be 'A Grundy', written over a horizontal line.

Mr A Grundy
Director

MEDIABILITY LIMITED
CASH FLOW STATEMENT
for the year ended 31 March 1998

	Note	1998 £	1997 £
Net cash inflow from operating activities	14	353,275	192,034
Taxation			
Corporation tax paid		(93,644)	(1,142)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(59,205)	(620)
Sale of tangible fixed assets		17,000	-
		<u>(42,205)</u>	<u>(620)</u>
		217,426	190,542
Equity dividends paid		<u>(575,000)</u>	<u>(16,666)</u>
(Decrease)/increase in cash		<u><u>(357,574)</u></u>	<u><u>173,876</u></u>

MEDIABILITY LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****31 March 1998****1 Accounting policies****Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Tangible fixed assets

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Motor vehicles	25% per annum
Fixtures and fittings	20% per annum

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions**Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

MEDIABILITY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 March 1998

3 Operating profit

	1998 £	1997 £
Operating profit is stated after crediting		
Interest receivable	55,010	44,798
Profit on sale of assets	11,628	-
	<u> </u>	<u> </u>
and after charging		
Staff costs (note 4)	416,013	367,631
Auditors' remuneration	3,800	3,800
Auditors' remuneration - non-audit work	5,337	5,988
	<u> </u>	<u> </u>
Depreciation of tangible fixed assets (note 7)		
Owned assets	16,074	10,125
	<u> </u>	<u> </u>

4 Directors and employees

	1998 £	1997 £
Staff costs including director's emoluments		
Wages and salaries	269,940	272,225
Social security costs	17,876	16,380
Pension costs	128,197	79,026
	<u> </u>	<u> </u>
	416,013	367,631
	<u> </u>	<u> </u>
Average monthly number employed including executive directors:	Number	Number
	6	6
	<u> </u>	<u> </u>
Directors	£	£
Emoluments	140,254	127,630
Company contributions to money purchase pension schemes	128,197	79,026
	<u> </u>	<u> </u>
	268,451	206,656
	<u> </u>	<u> </u>

Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £128,197 (1997 £79,026).

MEDIABILITY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 March 1998

5 Taxation

	1998 £	1997 £
Corporation tax on profit on ordinary activities at 25% (1997 24%)	110,088	45,384
(Over)/under provision in earlier years	(5,058)	2,500
	<u>105,030</u>	<u>47,884</u>

6 Dividends

	1998 £	1997 £
Equity - ordinary/interim	<u>550,000</u>	<u>41,666</u>

7 Tangible fixed assets

Cost	Motor Vehicles £	Fixtures and Fittings £	Total £
1 April 1997	40,901	29,767	70,668
Additions	54,303	4,902	59,205
Disposals	(40,901)	(279)	(41,180)
31 March 1998	<u>54,303</u>	<u>34,390</u>	<u>88,693</u>
Depreciation			
1 April 1997	32,753	23,171	55,924
Charge for year	12,567	3,507	16,074
Disposals	(35,627)	(181)	(35,808)
31 March 1998	<u>9,693</u>	<u>26,497</u>	<u>36,190</u>
Net book amount			
31 March 1998	<u>44,610</u>	<u>7,893</u>	<u>52,503</u>
1 April 1997	<u>8,148</u>	<u>6,596</u>	<u>14,744</u>

MEDIABILITY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 March 1998

8 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	1,246,144	812,371
Other debtors	144,720	26,160
Prepayments and accrued income	7,834	9,651
	<u>1,398,698</u>	<u>848,182</u>

9 Creditors: amounts falling due within one year

	1998 £	1997 £
Trade creditors	1,260,847	775,264
Corporation tax	109,476	51,634
Other taxation and social security	6,303	5,271
Dividend	-	25,000
Accruals and deferred income	393,894	500,547
	<u>1,770,520</u>	<u>1,357,716</u>

10 Deferred taxation

Deferred taxation at 31 March 1998 amounted to an asset of £1,124 (1997 £12,387), being the total excess of depreciation over capital allowances and other short term timing differences. This has not been provided for in the accounts.

11 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	367,897	80,985
Dividends	(550,000)	(41,666)
Net (subtraction from)/addition to shareholders' funds	<u>(182,103)</u>	<u>39,319</u>
Opening shareholders' funds	305,157	265,838
Closing shareholders' funds	<u>123,054</u>	<u>305,157</u>

MEDIABILITY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 March 1998

12 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>
Allotted called up and fully paid				
Ordinary shares	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>	<u>10,000</u>

13 Profit and loss account

	1998 £
1 April 1997	295,157
Retained loss for the year	<u>(182,103)</u>
31 March 1998	<u>113,054</u>

14 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	1998 £	1997 £
Operating profit	472,927	128,869
Depreciation charges	16,074	10,125
Profit on sale of fixed assets	(11,628)	-
Increase in debtors	(504,060)	(318,271)
Increase in creditors	<u>379,962</u>	<u>371,581</u>
Net cash inflow from operating activities	<u>353,275</u>	<u>192,304</u>

MEDIABILITY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 March 1998

15 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash at bank and in hand	799,947	(357,574)	442,373
		<u>(357,574)</u>	
Total	<u>799,947</u>	<u>(357,574)</u>	<u>442,373</u>

Reconciliation of net cash flow to movement in net debt

	1998 £	1997 £
(Decrease)/increase in cash in the year	(357,574)	173,876
Change in net debt resulting from cash flows	(357,574)	173,876
Net debt at 1 April 1997	799,947	626,071
Net debt at 31 March 1998	<u>442,373</u>	<u>799,947</u>

16 Related parties

Control

The company is controlled by Mr A Grundy.