

MEDIABILITY LIMITED
ABBREVIATED FINANCIAL STATEMENTS

31 MARCH 1999

Registered number: 2064310



BARLOW ANDREWS
CHARTERED ACCOUNTANTS
BOLTON

MEDIABILITY LIMITED
ABBREVIATED FINANCIAL STATEMENTS
for the year ended 31 March 1999

CONTENTS

	Page
Company information	1
Director's report	2
Statement of director's responsibilities	3
Auditors' report	4
Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Cash flow statement	7
Notes on abbreviated financial statements	8 to 13

MEDIABILITY LIMITED
COMPANY INFORMATION

31 March 1999

NUMBER	2064310
DIRECTOR	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 Carlisle House 78 Chorley New Road BOLTON

MEDIABILITY LIMITED**DIRECTOR'S REPORT****31 March 1999**

The director presents his report and the audited financial statements for the year ended 31 March 1999.

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 £147,394.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. An ordinary dividend amounting to £26,600 has been paid and a final dividend of £300,000 has been proposed.

Year 2000 Issue

The director has undertaken an assesment of the risk that the company's business and operations will be adversely affected by what is known as the Year 2000 problem (or millennium bug). He has identified the primary areas of risk and assessed their potential effect on the business.

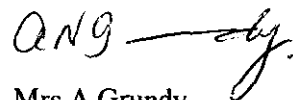
Directors

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

28 September 1999

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 directors are 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 him 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 1999 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.

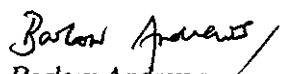
Basis of opinion

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
28 September 1999


Barlow Andrews
Registered Auditors
Chartered Accountants

MEDIABILITY LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1999

	Note	1999 £	1998 £
Gross profit		1,099,638	978,013
Net operating expenses			
Administrative expenses		(664,019)	(560,096)
Other operating income		49,556	55,010
Profit on ordinary activities before taxation		485,175	472,927
Taxation	5	(134,234)	(105,030)
Profit on ordinary activities after taxation		350,941	367,897
Dividends	6	(326,600)	(550,000)
Retained profit/(loss) for the year	13	24,341	(182,103)

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 1999 or 1998 other than the profit/(loss) for the year.

MEDIABILITY LIMITED
ABBREVIATED BALANCE SHEET

at 31 March 1999

	Note	1999 £	1998 £
Fixed assets			
Tangible assets	7	91,258	52,503
Current assets			
Debtors	8	1,483,710	1,398,698
Cash at bank and in hand		366,791	442,373
		<u>1,850,501</u>	<u>1,841,071</u>
Creditors: amounts falling due within one year	9	(1,794,365)	(1,770,520)
Net current assets		<u>56,136</u>	<u>70,551</u>
Total assets less current liabilities		<u>147,394</u>	<u>123,054</u>
Capital and reserves			
Called up share capital	12	10,000	10,000
Profit and loss account	13	137,394	113,054
Total shareholders' funds	11	<u>147,394</u>	<u>123,054</u>

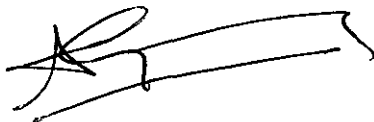
continued

MEDIABILITY LIMITED**ABBREVIATED BALANCE SHEET**
(continued)

at 31 March 1999

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 28 September 1999 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 1999

	Note	1999 £	1998 £
Net cash inflow from operating activities	14	126,998	353,275
Taxation			
Corporation tax paid		(110,792)	(93,644)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(65,188)	(59,205)
Sale of tangible fixed assets		-	17,000
		<u>(65,188)</u>	<u>(42,205)</u>
		(48,982)	217,426
Equity dividends paid		(26,600)	(575,000)
Decrease in cash		<u>(75,582)</u>	<u>(357,574)</u>

MEDIABILITY LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS****31 March 1999****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 1999

3 Operating profit

	1999 £	1998 £
Operating profit is stated after crediting:		
Interest receivable	49,556	55,010
Profit on sale of assets	-	11,628
	<u>49,556</u>	<u>66,638</u>
and after charging:		
Staff costs (note 4)	462,354	416,013
Auditors' remuneration	4,500	3,800
Auditors' remuneration - non-audit work	13,128	5,337
	<u>480,000</u>	<u>425,150</u>
Depreciation of tangible fixed assets (note 7):		
Owned assets	26,433	16,074
	<u>26,433</u>	<u>16,074</u>

4 Directors and employees

	1999 £	1998 £
Staff costs including directors' emoluments		
Wages and salaries	269,902	269,940
Social security costs	17,452	17,876
Pension costs	175,000	128,197
	<u>462,354</u>	<u>416,013</u>
Average monthly number employed including executive directors:	Number	Number
	<u>7</u>	<u>6</u>
Directors	£	£
Emoluments	91,810	140,254
Company contributions to money purchase pension schemes	175,000	128,197
	<u>266,810</u>	<u>268,451</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 £175,000 (1998 £128,197).

MEDIABILITY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 March 1999

5 Taxation

	1999 £	1998 £
Corporation tax on profit on ordinary activities at 21% (1998 21%)	134,234	110,088
Over provision in earlier years	-	(5,058)
	<u>134,234</u>	<u>105,030</u>

6 Dividends

	1999 £	1998 £
Equity - ordinary/interim	<u>326,600</u>	<u>550,000</u>

7 Tangible fixed assets

Cost	Motor Vehicles £	Fixtures and Fittings £	Total £
1 April 1998	54,303	34,390	88,693
Additions	-	65,188	65,188
31 March 1999	<u>54,303</u>	<u>99,578</u>	<u>153,881</u>
Depreciation			
1 April 1998	9,693	26,497	36,190
Charge for the year	13,572	12,861	26,433
31 March 1999	<u>23,265</u>	<u>39,358</u>	<u>62,623</u>
Net book amount			
31 March 1999	<u>31,038</u>	<u>60,220</u>	<u>91,258</u>
1 April 1998	<u>44,610</u>	<u>7,893</u>	<u>52,503</u>

MEDIABILITY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 March 1999

8 Debtors

	1999 £	1998 £
Amounts falling due within one year		
Trade debtors	1,056,915	1,246,144
Other debtors	385,838	144,720
Prepayments and accrued income	40,957	7,834
	<u>1,483,710</u>	<u>1,398,698</u>

9 Creditors: amounts falling due within one year

	1999 £	1998 £
Trade creditors	858,424	1,260,847
Corporation tax	132,919	109,476
Other taxation and social security	8,490	6,303
Accruals and deferred income	494,532	393,894
Other creditors - proposed dividend	300,000	-
	<u>1,794,365</u>	<u>1,770,520</u>

10 Deferred taxation

Deferred taxation at 31 March 1999 amounted to an asset of £10,378 (1998 £1,124), being the total excess of depreciation over capital allowances and other short term timing differences. This has not been provided for in the accounts.

MEDIABILITY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 March 1999

11 Reconciliation of movements in shareholders' funds

	1999 £	1998 £
Profit for the financial year	350,941	367,897
Dividends	(326,600)	(550,000)
Net addition to/(subtraction from) shareholders' funds	24,341	(182,103)
Opening shareholders' funds	123,053	305,157
Closing shareholders' funds	147,394	123,054

12 Called up share capital

	1999		1998	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares	10,000	10,000	10,000	10,000
Allotted, called up and fully paid				
Ordinary shares	10,000	10,000	10,000	10,000

13 Profit and loss account

	1999 £
1 April 1998	113,053
Retained profit for the year	24,341
31 March 1999	137,394

MEDIABILITY LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

31 March 1999

14 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	1999 £	1998 £
Operating profit	485,175	472,927
Depreciation charges	26,433	16,074
Profit on sale of fixed assets	-	(11,628)
Increase in debtors	(85,012)	(504,060)
(Decrease)/increase in creditors	(299,598)	379,962
Net cash inflow from operating activities	<u>126,998</u>	<u>353,275</u>

Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash at bank and in hand	442,373	(75,582)	366,791
Total	<u>442,373</u>	<u>(75,582)</u>	<u>366,791</u>

Reconciliation of net cash flow to movement in net debt

	1999 £	1998 £
Decrease in cash in the year	<u>(75,582)</u>	<u>(357,574)</u>
Change in net debt resulting from cash flows	(75,582)	(357,574)
Net debt at 1 April 1998	<u>442,373</u>	<u>799,947</u>
Net debt at 31 March 1999	<u>366,791</u>	<u>442,373</u>

16 Related parties

Control

The company is controlled by Mr A Grundy.