

FUNNYFRIEND LIMITED
FINANCIAL STATEMENTS
30TH JUNE, 1997

3039621



FUNNYFRIEND LIMITED

Contents

Page 1.	Officers and Other Information
2.	Report of the Directors
3.	Report of the Auditors
4.	Profit and Loss Account
5.	Balance Sheet
6/8.	Notes on the Financial Statements

FUNNYFRIEND LIMITED

Registered No. 3039621

Directors

J. THODAY
R. ALLEN-TURNER
C. JONES

Secretary

R. ALLEN-TURNER

Registered Office

4a Exmoor Street
London
W10 6BD

Auditors

MGI MIDGLEY SNELLING,
Chartered Accountants,
Brettenham House,
Lancaster Place,
London. WC2E 7EW

FUNNYFRIEND LIMITED

REPORT OF THE DIRECTORS

The directors present the financial statements of the company for the year ended 30th June, 1997 and report as follows:-

PRINCIPAL ACTIVITY

The principal activity of the company throughout the year was the provision of the services of performers in the entertainment industry.

RESULTS AND DIVIDEND

The result for the year is as set out on Page 4.

The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The directors are satisfied with the results achieved and are optimistic for the future.

DIRECTORS

The names of the directors who held office during the year and their beneficial interests in the Share Capital of the company, which remained unchanged throughout the year were as follows:-

	Ordinary Shares of £1 each
J. THODAY	80
R. ALLEN-TURNER	20

C.Jones was appointed a director of the company on 1st January 1999.

YEAR 2000

The directors have assessed the potential impact of the Year 2000 issue. They do not anticipate that this will have any significant impact on the company's activities.

COMPANY STATUS

The company is a close company as defined by Section 414 I.C.T.A. 1988.

AUDITORS

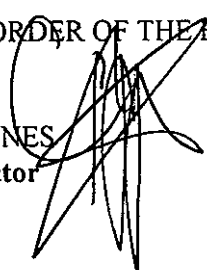
The auditors, MGI Midgley Snelling, who were appointed during the period, have indicated their willingness to continue in office. A resolution proposing their re-appointment will be put before the members at the Annual General Meeting.

4a Exmoor Street
London W10 6BD

5th July 1999

BY ORDER OF THE BOARD

C. JONES
Director



REPORT OF THE AUDITORS

TO THE MEMBERS OF FUNNYFRIEND LIMITED

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND AUDITORS

As described on page 2, the company's director is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 director in the preparation of the financial statements and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and 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 mis-statement, whether caused by fraud or other irregularity or error. However the evidence available to us was limited because the company was not subject to an audit for the period ended 30th June 1996, and no audit opinion was formed on the opening balances for the current year. Any adjustment could have a consequential significant effect on the result for the year ended 30th June 1997. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

QUALIFIED OPINION ARISING FROM LIMITATION IN AUDIT SCOPE

Except for any adjustment that might have been found necessary had we been able to obtain sufficient evidence concerning the opening balance sheet, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30th June 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Brettenham House
Lancaster Place
London WC2E 7EW

5th July 1999


Chartered Accountants and
Registered Auditors

FUNNYFRIEND LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE, 1997

	Notes		1996 (unaudited)
TURNOVER	(2)	414,344	290,075
Cost of sales		187,709	153,719
GROSS PROFIT		226,635	136,356
Interest received	(3)	4,359	490
		230,994	136,846
Administrative expenses		231,645	163,082
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	(4)	(651)	(26,236)
TAXATION	(5)	-	-
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(651)	(26,236)
ACCUMULATED LOSS BROUGHT FORWARD		(26,236)	-
ACCUMULATED LOSS CARRIED FORWARD		£ (26,887)	£ (26,236)

The turnover and loss on ordinary activities after taxation since the company commenced trading is attributable to continuing operations in the period. The only loss recognised in this period was the loss for the period.

There was no difference between the reported loss and the historical cost loss on ordinary activities before taxation.

FUNNYFRIEND LIMITED

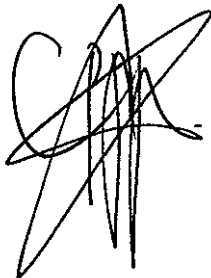
BALANCE SHEET

30TH JUNE, 1997

	Notes		1996 (unaudited)
CURRENT ASSETS			
Debtors	(6)	47,918	47,119
Cash at bank		141,648	4,751
		189,566	51,870
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
	(7)	216,353	78,006
NET CURRENT LIABILITIES		£ (26,787)	£ (26,136)
CAPITAL AND RESERVES			
Called up share capital	(8)	100	100
Profit and loss account		(26,887)	(26,236)
DEFICIT ON SHAREHOLDERS' FUNDS	(9)	£ (26,787)	£ (26,136)

The financial statements were approved on 5th July 1997 and signed on its behalf by:-

C. JONES



DIRECTOR

The notes on pages 6 to 8 form part of these financial statements.

FUNNYFRIEND LIMITED

NOTES ON THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from producing a cash flow statement, on the basis that it meets the "small company" limits for filing abbreviated accounts as defined by the Companies Act 1985.

(b) Turnover

Turnover represents the total amount receivable for services rendered net of Value Added Tax.

2. TURNOVER

Turnover is wholly attributable to the company's principal activity namely the provision of the services of performers in the entertainment industry.

3. INTEREST RECEIVED	1997	1996 (unaudited)
Bank interest	£ 4,359	£ 490
	<u> </u>	<u> </u>
4. LOSS ON ORDINARY ACTIVITIES BEFORE AND AFTER TAXATION		

The loss on ordinary activities before taxation is stated after charging:-

Directors' remuneration	-	-
Auditors remuneration	1,200	-
	<u> </u>	<u> </u>

5. TAXATION

No provision has been made for United Kingdom corporation tax in respect of the year ended 30th June, 1997 as the company has made a loss for taxation purposes.

6. DEBTORS

Trade debtors	17,880	18,771
Other debtors	30,038	13,600
Prepayments and accrued income	-	14,748
	<u> </u>	<u> </u>
	£ 47,918	£ 47,119
	<u> </u>	<u> </u>

FUNNYFRIEND LIMITED

NOTES ON THE FINANCIAL STATEMENTS

7.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997	1996 (unaudited)
	Bank overdraft	-	41,415
	Trade creditors	189,264	-
	Accruals	27,088	36,591
		£ 216,353	£ 78,006
8.	SHARE CAPITAL		
	Authorised		
	1,000 Ordinary Shares of £1 each	£ 1,000	£ 1,000
	Issued and Fully Paid		
	100 Ordinary Shares of £1 each	£ 100	£ 100
9.	RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS		
	Deficit on opening shareholders funds	(26,136)	0
	Issue of share capital	-	100
	Loss for the year	(651)	(26,236)
	Closing deficit on shareholders' funds	£ (26,787)	£ (26,136)
10.	TRANSACTIONS WITH RELATED PARTIES		

(a) **Avalon Promotions Limited**

Avalon Promotions Limited is a company with common directors and shareholders. In the year ended 30th June 1997 the following transactions took place:-

- i The company purchased the services of artists' who were under the management of Avalon Promotions Limited. The amounts invoiced by Avalon Promotions Limited totalled £49,364 net (1996: £52,085 net) and no amounts remained outstanding at the balance sheet date in respect of these services.
- ii The company made sales to Avalon Promotions Limited totalling £297 gross (1996: £Nil). This amount remained outstanding at the balance sheet date and is included in trade debtors.
- iii Avalon Promotions Limited incurred expenses totalling £176,436 net (1996: £82,383 gross) during the period on the company's behalf. At the balance sheet date £204,495 gross (1996: £Nil) remained outstanding and is included in creditors.
- iv Included in other debtors is an additional balance of £2,677 (1996: £Nil) owed to the company by Avalon Promotions Limited.

FUNNYFRIEND LIMITED

NOTES ON THE FINANCIAL STATEMENTS

10. TRANSACTIONS WITH RELATED PARTIES – continued

(b) Avalon Television Limited

Avalon Television Limited is a company with common directors and shareholders.

In the year ended 30th June 1997 the company made sales to Avalon Television Limited totalling £15,275 gross (1996: £Nil). This amount remained outstanding at the balance sheet date and is included in trade debtors.

11. CONTROL

The company is controlled by J. Thoday, director, who owns 80% of the issued ordinary share capital of the company.
