



## Brookside Productions Limited

Accounts 30 September 1998  
together with directors' and auditors' reports

Registered number: 1532805



## Directors' report

For the year ended 30 September 1998

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 30 September 1998.

### Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are 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 accounts comply with the Companies Act 1985. They are 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.

### Principal activities and business review

The principal activity of the company continues to be the production of television programmes, principally the serial "BROOKSIDE" for the Channel Four Television Corporation. This year the profit of the company attributable to ordinary shareholders was £364,444 (1997 - £195,158).

The directors expect the general level of activity to continue in the coming year.

### Results and dividends

Results, dividends and recommended transfers to reserves are as follows:

	£
Retained profit at 30 September 1997	125,739
Profit for the financial year	364,444
Retained profit at 30 September 1998	<u>490,183</u>

The directors do not recommend the payment of a dividend.

## Directors' report (continued)

### Directors and their interests

The directors who served during the year are as shown below:

Phil Redmond	(Chairman)
Alexis Redmond	
Leon Rhys Morgan	
Terry Sweeney	(Resigned 3 July 1998)

No director has any beneficial interest in the shares of the company. The interests of the directors in the shares of the holding company are disclosed in the consolidated accounts of that company.

Details of transactions with related parties are given in note 14.

The directors have no other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

### Year 2000

The company is reliant upon computers for the day to day running and control of its business.

The directors are very aware of the importance of the Year 2000 issue and a timetable has been drawn up to achieve Year 2000 compliance for any hardware or software which is not already compliant. The costs associated with this work are charged to the profit and loss account as incurred.

### Auditors

The directors will place a resolution before the annual general meeting to reappoint Arthur Andersen as auditors for the ensuing year.

By order of the Board,



Joanne Bibby  
Secretary

Campus Manor  
Childwall Abbey Road  
Liverpool  
L16 0JP

12 July 1999

# ARTHUR ANDERSEN

## Auditors' report

Manchester

### To the Shareholders of Brookside Productions Limited:

We have audited the accounts on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

### Opinion

In our opinion the accounts give a true and fair view of the company's state of affairs at 30 September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House  
9 Charlotte Street  
Manchester  
M1 4EU

12 July 1999

## Profit and loss account

For the year ended 30 September 1998

	Notes	1998 £	1997 £
Production income	2	1,474,664	1,201,669
Administrative expenses		(1,042,240)	(1,000,127)
<b>Operating profit</b>		<b>432,424</b>	<b>201,542</b>
Investment income	3	96,766	87,220
Interest payable and similar charges	4	-	(603)
<b>Profit on ordinary activities before taxation</b>	5	<b>529,190</b>	<b>288,159</b>
Tax on profit on ordinary activities	7	(164,746)	(93,001)
<b>Profit for the financial year</b>		<b>364,444</b>	<b>195,158</b>
Dividends paid and proposed		-	(100,000)
<b>Retained profit for the financial year</b>		<b>364,444</b>	<b>95,158</b>
<b>Retained profit, beginning of year</b>		<b>125,739</b>	<b>30,581</b>
<b>Retained profit, end of year</b>		<b>490,183</b>	<b>125,739</b>

All activity has arisen from continuing operations. The company has no recognised gains or losses in either year other than the profit for the year.

The accompanying notes are an integral part of this profit and loss account.

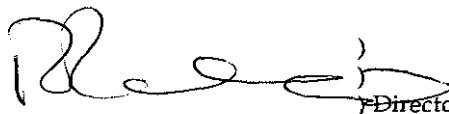
## Balance sheet

30 September 1998

	Notes	1998 £	1997 £
<b>Fixed assets</b>			
Tangible assets	9	75,211	77,447
<b>Current assets</b>			
Debtors	10	1,530,677	1,603,716
Cash at bank and in hand		1,507,487	862,019
		3,038,164	2,465,735
<b>Creditors: Amounts falling due within one year</b>	11	(2,613,192)	(2,407,443)
<b>Net current assets</b>		424,972	58,292
<b>Net assets</b>		500,183	135,739
<b>Capital and reserves</b>			
Called-up share capital	12	10,000	10,000
Profit and loss account		490,183	125,739
<b>Total equity shareholders' funds</b>		500,183	135,739

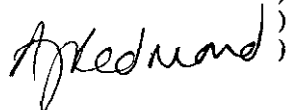
Signed on behalf of the Board

Phil Redmond



Directors

Alexis Redmond



12 July 1999

The accompanying notes are an integral part of this balance sheet.

## Notes to accounts

30 September 1998

### 1 Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

#### *a) Basis of accounting*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *b) Tangible fixed assets*

Tangible fixed assets are stated at cost net of depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Freehold land and buildings	50 years
-----------------------------	----------

Residual value is calculated on prices prevailing at the date of acquisition. Profits or losses on the disposal of fixed assets are included in the calculation of operating profit.

#### *c) Taxation*

Corporation tax payable is provided on taxable profits at the current rate.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured. Credit is taken for advance corporation tax written off in previous years when it is recovered against corporation tax liabilities.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

#### *d) Cash flow statement*

Under the provisions of Financial Reporting Standard No. 1 (Revised), the company has not prepared a cash flow statement because its parent undertaking, The Mersey Television Company Limited, which is incorporated in England and Wales, has prepared consolidated accounts which include the accounts of the company for the year and which contain a consolidated cash flow statement.

#### *e) Pensions*

The company provides pensions to one of the directors through a separately administered defined contribution pension scheme. The amounts charged to the profit and loss account is the contribution payable in the year.

### 2 Production income

Production income is stated net of production costs and has arisen wholly in the UK from the company's principal activity.

## Notes to accounts (continued)

### 3 Investment income

	1998 £	1997 £
Interest receivable and similar income	69,129	59,968
Facility fees	27,547	27,252
	<u>96,676</u>	<u>87,220</u>

### 4 Interest payable and similar charges

	1998 £	1997 £
Bank overdrafts	<u>-</u>	<u>603</u>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging:

	1998 £	1997 £
Depreciation of tangible fixed assets	2,236	2,236
Auditors' remuneration - audit	10,000	10,000
- non audit	15,492	14,895
	<u>27,728</u>	<u>27,131</u>

Production costs, which are reimbursed by Channel Four Television Corporation, include the following:

	1998 £	1997 £
Hire of equipment	211,940	274,153
Staff costs (see note 6)	<u>3,747,893</u>	<u>3,353,028</u>



## Notes to accounts (continued)

### 6 Staff costs

Particulars of employees (including executive directors) are as shown below:

	1998 £	1997 £
Employee costs during the year amounted to:		
Wages and salaries	3,446,885	3,100,111
Social security costs	301,008	252,917
	<u>3,747,893</u>	<u>3,353,028</u>

The average monthly number of persons employed by the company during the year was as follows:

	1998 Number	1997 Number
Technical and production	110	89
Administration	40	41
	<u>150</u>	<u>130</u>

### Directors' remuneration

#### Remuneration

The remuneration of the directors was as follows:

	1998 £	1997 £
Emoluments	57,711	88,956
Company contributions to separately administered money purchase pension schemes	<u>-</u>	<u>-</u>

#### Pensions

The number of directors who were members of pension schemes was as follows:

	1998 Number	1997 Number
Money purchase schemes (separately administered)	<u>1</u>	<u>1</u>

## Notes to accounts (continued)

### 7 Tax on profit on ordinary activities

The tax charge is based on the profit for the year and comprises:

	1998 £	1997 £
Corporation tax at 31% (1997 - 32%)	164,746	92,918
Adjustment in respect of prior years	-	83
	<u>164,746</u>	<u>93,001</u>

There is no provided or unprovided deferred taxation (1997 - £Nil).

### 8 Dividends paid and proposed

	1998 £	1997 £
Ordinary		
- final paid of £nil (1997 - £10) per share	<u>-</u>	<u>100,000</u>

### 9 Tangible fixed assets

The movement in the year was as follows:

	Freehold land and buildings £
<b>Cost</b>	
Beginning and end of year	<u>112,021</u>
<b>Depreciation</b>	
Beginning of year	34,574
Charge	<u>2,236</u>
End of year	<u>36,810</u>
<b>Net book value</b>	
Beginning of year	<u>77,447</u>
End of year	<u>75,211</u>

## Notes to accounts (continued)

### 10 Debtors

	1998 £	1997 £
Trade debtors	613,918	1,151,992
Amounts owed by other group undertakings	440,218	73,217
Amounts owed by related undertakings	19,682	-
Other debtors and prepayments	456,859	378,507
	<u>1,530,677</u>	<u>1,603,716</u>

### 11 Creditors: Amounts falling due within one year

	1998 £	1997 £
Trade creditors	35,762	124,545
Amounts owed to other group undertakings	211,774	128,764
Amounts owed to related undertakings	737,731	847,530
Other creditors		
- UK corporation tax payable	164,746	67,918
- VAT	316,234	97,623
- social security and PAYE	119,460	112,883
ACT payable	-	25,000
Accruals and deferred income	1,027,485	1,003,180
	<u>2,613,192</u>	<u>2,407,443</u>

### 12 Called-up share capital

	1998 £	1997 £
<i>Authorised</i>		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Allotted, called-up and fully-paid</i>		
10,000 ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

## Notes to accounts (continued)

### 13 Guarantees and other financial commitments

#### a) Capital commitments

At the end of the year there were no capital commitments (1997 - £Nil).

#### b) Channel Four Television Corporation

Channel Four Television Corporation has a charge over certain of the assets of the company.

### 14 Transactions with related parties

The Publishing and Licensing Agency Limited, a company related by common ownership, charged Brookside Production Limited £1,203,281 (1997 - £1,059,454) for various administrative services.

### 15 Reconciliation of movements in equity shareholders' funds

	1998 £	1997 £
Profit for the financial year	364,444	195,158
Dividends paid	-	(100,000)
Net addition to equity shareholders' funds	364,444	95,158
Opening equity shareholders' funds	135,739	40,581
Closing equity shareholders' funds	500,183	135,739

### 16 Ultimate parent company

The company is a wholly-owned subsidiary of The Mersey Television Company Limited, a company registered in England and Wales. This company heads the only group in which the results of Brookside Productions Limited are consolidated.