



ARTHUR ANDERSEN

# Brookside Productions Limited

Accounts 30 September 1999

together with directors' and auditors' reports

Registered number: 1532805



## Directors' report

For the year ended 30 September 1999

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 1999.

### 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 £16,041 (1998 - £364,444).

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 1998	490,183
Profit for the financial year	16,041
Dividends	(500,000)
Retained profit at 30 September 1999	<u>6,224</u>

## 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	
Andrew Gossage	(Appointed 24 November 1999)

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

During the year the company has successfully implemented its Year 2000 plan with the associated costs of this work being charged to the profit and loss account as incurred.

There have been no significant problems detected since the balance sheet date.

### 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

10 February 2000

## Auditors' report

### **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. In accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

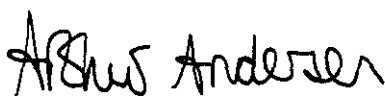
### **Basis of opinion**

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 1999 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

10 February 2000

## Profit and loss account

For the year ended 30 September 1999

	Notes	1999 £	1998 £
<b>Production income</b>	2	2,377,910	1,474,664
Administrative expenses		(2,492,440)	(1,042,240)
<b>Operating (loss) profit</b>		(114,530)	432,424
Investment income	3	135,417	96,766
Interest payable and similar charges	4	(133)	-
<b>Profit on ordinary activities before taxation</b>	5	20,754	529,190
Tax on profit on ordinary activities	7	(4,713)	(164,746)
<b>Profit for the financial year</b>		16,041	364,444
Dividends paid and proposed	8	(500,000)	-
<b>Retained (loss) profit for the financial year</b>		(483,959)	364,444
<b>Retained profit, beginning of year</b>		490,183	125,739
<b>Retained profit, end of year</b>		6,224	490,183

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 1999

	Notes	1999 £	1998 £
<b>Fixed assets</b>			
Tangible assets	9	72,975	75,211
<b>Current assets</b>			
Debtors	10	2,136,126	1,530,677
Cash at bank and in hand		473,425	1,507,487
		2,609,551	3,038,164
<b>Creditors: Amounts falling due within one year</b>	11	(2,666,302)	(2,613,192)
<b>Net current (liabilities) assets</b>		(56,751)	424,972
<b>Net assets</b>		16,224	500,183
<b>Capital and reserves</b>			
Called-up share capital	12	10,000	10,000
Profit and loss account		6,224	490,183
<b>Total equity shareholders' funds</b>		16,224	500,183

Signed on behalf of the Board

Phil Redmond



) Directors

Alexis Redmond



10 February 2000

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

## Notes to accounts

30 September 1999

### 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
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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.

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.

The company also operates a personal pension plan for its employees. The amount charged to the profit and loss account in respect of pension costs is the contributions payable in the year.

## Notes to accounts (continued)

### 2 Production income

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

### 3 Investment income

	1999 £	1998 £
Interest receivable and similar income	106,778	69,219
Facility fees	28,639	27,547
	<u>135,417</u>	<u>96,766</u>

### 4 Interest payable and similar charges

	1999 £	1998 £
Bank overdrafts	<u>133</u>	<u>-</u>

### 5 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

	1999 £	1998 £
Depreciation of tangible fixed assets	2,236	2,236
Auditors' remuneration - audit	10,000	10,000
- non audit	2,000	15,492
NIC refund	<u>(431,861)</u>	<u>-</u>

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

	1999 £	1998 £
Hire of equipment	227,728	211,940
Staff costs	<u>4,326,773</u>	<u>3,747,893</u>



## Notes to accounts (continued)

### 6 Staff costs

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

	1999 £	1998 £
Employee costs during the year amounted to:		
Wages and salaries	3,743,424	3,446,885
Social security costs	332,554	301,008
Pension costs	250,795	-
	<u>4,326,773</u>	<u>3,747,893</u>

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

	1999 Number	1998 Number
Technical and production	95	110
Administration	45	40
	<u>140</u>	<u>150</u>

### Directors' remuneration

#### Remuneration

The remuneration of the directors was as follows:

	1999 £	1998 £
Emoluments	<u>-</u>	<u>57,711</u>

#### Pensions

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

	1999 Number	1998 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:

	1999 £	1998 £
Corporation tax	<u>4,713</u>	<u>164,746</u>

There is no provided or unprovided deferred taxation (1998 - £Nil).

### 8 Dividends proposed

	1999 £	1998 £
Ordinary		
- final proposed of £50 (1998 - £Nil) per share	<u>500,000</u>	<u>-</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	36,810
Charge	<u>2,236</u>
End of year	<u>39,046</u>
<b>Net book value</b>	
Beginning of year	<u>75,211</u>
End of year	<u>72,975</u>

## Notes to accounts (continued)

### 10 Debtors

Amounts falling due within one year:

	1999 £	1998 £
Trade debtors	1,247,514	613,918
Amounts owed by other group undertakings	253,707	440,218
Amounts owed by related undertakings	25,739	19,682
Other debtors and prepayments	609,166	456,859
	<u>2,136,126</u>	<u>1,530,677</u>

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

	1999 £	1998 £
Trade creditors	121,066	35,762
Amounts owed to other group undertakings	723,996	211,774
Amounts owed to related undertakings	-	737,731
Other creditors		
- UK corporation tax payable	4,659	164,746
- VAT	183,380	316,234
- social security and PAYE	117,544	119,460
Accruals and deferred income	1,515,657	1,027,485
	<u>2,666,302</u>	<u>2,613,192</u>

### 12 Called-up share capital

	1999 £	1998 £
<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 (1998 - £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 £2,490,000 (1998 - £1,203,281) for various administrative services.

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

	1999 £	1998 £
Profit for the financial year	16,041	364,444
Dividends proposed	(500,000)	-
Net (reduction) addition to equity shareholders' funds	(483,959)	364,444
Opening equity shareholders' funds	500,183	135,739
Closing equity shareholders' funds	16,224	500,183

### 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.