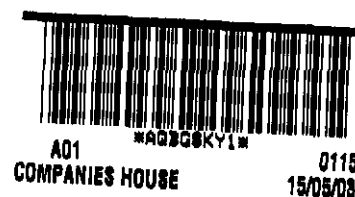


**Registered Number: 1801230**

## Directors' report and financial statements for the year ended 31 December 2002



# **Talkback Productions Limited**

## **Directors' report for the year ended 31 December 2002**

The directors present their report and the audited financial statements of the company for the year ended 31 December 2002.

### **Principal activity**

The company's principal activities during the year were the production of television programmes and the exploitation of television and other ancillary rights.

### **Business review and future developments**

The results of the company for the year ended 31 December 2002 are set out on page 4 of the financial statements. The results are in line with the expectations of the Directors.

The directors do not expect any significant changes in the company's operations for the foreseeable future. The company will continue to promote its principal activity for the foreseeable future.

### **Results and dividends**

The company's profit for the financial year was £3,255,887 (2001: profit £3,428,707).

The directors do not recommend the payment of a dividend (2001: Nil). The profit for the year has been transferred to reserves.

### **Directors and their interests**

The directors who held office during the year are given below:

AL Cohen	(resigned 18 July 2002)
AWB Lee	(resigned 15 February 2002)
G Rhys Jones	
MK Smith	
PA Fincham	
ME Brass	
SFH Tingay	(appointed 11 April 2002)

At no time during the year ended 31 December 2002 did any director have any interest which is required to be notified to the company under Section 324 of Companies Act 1985.

# Talkback Productions Limited

## Directors' report for the year ended 31 December 2002 (Continued)

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial period 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 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 financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining 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. 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.

### Auditors

Following the conversion of our auditors PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned on 14 February 2003 and the directors appointed its successor, PricewaterhouseCoopers LLP, as auditors. In accordance with section 386 of the Companies Act 1985, the Company has elected to dispense with the obligation to hold an annual general meeting.

By Order of the Board



H L Farnaby  
Secretary

1 Stephen Street  
London  
W1T 1AL

31 March 2003

## **Independent auditors' report to the members of Talkback Productions Limited**

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes.

### **Respective responsibilities of directors and auditors**

*The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.*

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

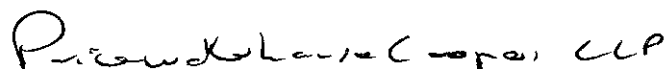
### **Basis of audit opinion**

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 directors 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 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 financial statements.

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PricewaterhouseCoopers LLP**  
Chartered Accountants and Registered Auditors  
London

# Talkback Productions Limited

## Profit and loss account for the year ended 31 December 2002

	Note	2002 £	2001 £
Turnover		37,385,593	29,822,934
Cost of sales		(28,338,792)	(22,577,252)
<b>Gross profit</b>		<b>9,046,801</b>	<b>7,245,682</b>
Administrative expenses		(5,447,995)	(4,870,155)
Other operating income	4	266,564	1,046,526
<b>Profit on ordinary activities before interest</b>	5	<b>3,865,370</b>	<b>3,422,053</b>
Interest receivable and similar income	6	1,653,443	1,208,782
Interest payable and similar charges	7	(1,657,065)	(1,253,958)
<b>Profit on ordinary activities before taxation</b>		<b>3,861,748</b>	<b>3,376,877</b>
Tax on profit on ordinary activities	8	(605,861)	51,830
<b>Retained profit for financial period</b>	20	<b>3,255,887</b>	<b>3,428,707</b>

The above results were derived entirely from continuing operations.

The company has no recognised gains or losses during the year other than those reflected in the profit and loss account above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the result as reported and its historical cost equivalent.

# Talkback Productions Limited

## Balance sheet as at 31 December 2002

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Tangible assets	9	8,103,999	7,665,297
Investments	10	4	2
		8,104,003	7,665,299
<b>Current assets</b>			
Stock	11	315,284	237,453
Debtors	12	5,204,978	6,769,843
Cash at bank and in hand	13	37,329,787	31,333,043
		42,850,049	38,340,339
Creditors – Amounts falling due within one year	14	(7,359,032)	(5,834,084)
<b>Net current assets</b>		35,491,017	32,506,255
<b>Total assets less current liabilities</b>		43,595,020	40,171,554
Creditors - Amounts falling due after more than one year	15	(33,831,780)	(33,778,801)
Provisions for liabilities and charges	17	(221,600)	(107,000)
<b>Net assets</b>		9,541,640	6,285,753
<b>Capital and reserves:</b>			
Called up share capital	18	134	134
Profit and loss account	19	9,541,506	6,285,619
<b>Equity shareholders' funds</b>	20	9,541,640	6,285,753

The financial statements on pages 4 to 19 were approved by the board of directors on **31** March 2003 and signed on its behalf by:

  
P.A. Fincham  
Director

# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002

### 1 Accounting policies

#### a) Basis of preparation

The financial statements are prepared under the historical cost convention, the accounting policies set out below and in accordance with applicable accounting standards.

The company is a wholly owned subsidiary of the RTL Group and is included in the financial statements of the RTL Group which are publicly available. Consequently, the company has taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts. Therefore, these accounts include financial information about the company as an individual undertaking rather than as a group.

#### b) Turnover

Income from the production of television programmes and commercials is recognised on the basis of the proportion of the services which have been produced and delivered by the balance sheet date, net of value added tax and other sales taxes, and excluding trade discounts and anticipated returns, provided to external customers and associated undertakings.

#### c) Stocks and work in progress

Stock and work in progress, representing completed programmes and productions in progress, include an attributable portion of overheads and are stated at the lower of cost and net realisable value, after deducting progress payments.

Production costs are amortised pro rata to future forecast revenues over the estimated period in which the related revenue is forecast to be earned. Estimates of total gross revenues are reviewed periodically, and amortisation is adjusted accordingly.

#### d) Pension cost

The regular cost of the UK defined benefit pension arrangements in which Talkback Productions Limited participates is charged to the profit and loss account in order to recognise the cost of pensions over the service lives of the employees in the arrangement. Variations from regular cost are apportioned over the expected service lives of current employees in the arrangement.

The pension cost charge of the defined contribution arrangements in which Talkback Productions Limited participate represents contributions payable by Talkback Productions Limited to these arrangements.

#### e) Tangible fixed assets

The cost of tangible fixed assets, with the exception of freehold land, is depreciated over estimated economic lives in equal amounts at the rates indicated below:

Freehold buildings	25 years
Video and recording equipment	5 years
Office equipment and fittings	between 3 and 5 years

Freehold land is not depreciated.

# **Talkback Productions Limited**

## **Notes to the financial statements for the year ended 31 December 2002 (Continued)**

### **1 Accounting policies (Continued)**

#### **f) Leases**

Finance lease rentals are capitalised at the total amount of rentals payable under the leasing agreement (excluding finance charges) and depreciated over estimated economic lives or over the life of the lease if shorter. Finance charges are written off over the period of the lease in reducing amounts in relation to the written down carrying cost. Operating lease rentals are expensed as incurred.

#### **g) Deferred taxation**

On adoption of FRS 19 "Deferred Tax" no adjustment was necessary to the results for the current or preceding periods.

The charge for taxation is based on the profit for the year end and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision is made for deferred taxation resulting from timing differences computed for taxation purposes and profits stated in the financial statements to the extent that there is an obligation to pay more tax in the future as a result of the reversal of those timing differences. Deferred tax assets are recognised to the extent that they are expected to be recoverable.

#### **h) Fixed asset investments**

Fixed asset investments are stated at cost less provisions for impairment.

### **2 Cash flow statement and related party disclosures**

The company is a wholly owned subsidiary of RTL Group and is included in the consolidated financial statements of RTL Group which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8, Related Party Disclosures, from disclosing related party transactions with entities that are members of the RTL Group.



# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002 (Continued)

### 3 Information on directors and employees

	2002 £	2001 £
<b>Staff costs</b>		
Wages and salaries	3,148,576	2,711,432
Pensions	149,035	106,106
Social security costs	291,129	281,916
	<u>3,588,740</u>	<u>3,099,454</u>

	2002 No.	2001 No.
The average number of employees during the year/period was made up as follows:		
Directors	3	3
Administrative	25	25
Productions	30	30
	<u>58</u>	<u>58</u>

#### Directors Emoluments

AL Cohen, AWB Lee, ME Brass and S Tingay did not receive any emoluments from the company since their duties are incidental to their main duties to other subsidiary undertakings of RTL Group. Their emoluments, share options and retirement benefit information are therefore excluded from the note below.

The emoluments of the remaining directors are summarised as follows:

	2002	2001
<b>Aggregate emoluments</b>	<u>485,760</u>	<u>297,708</u>
	<u>485,760</u>	<u>297,708</u>

#### Highest Paid Director

	2002	2001
Aggregate emoluments for qualifying services	<u>434,760</u>	<u>297,708</u>

No directors exercised share options in the year (2001: Nil).

# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002 (Continued)

### 4 Other operating income

Other operating income represents income generated from exploitation of certain intellectual property rights.

### 5 Profit/(loss) on ordinary activities before interest

	2002 £	2001 £
Profit/(loss) on ordinary activities before interest is stated after charging:		
Depreciation of tangible fixed assets – owned assets	561,884	268,337
Auditors' remuneration	8,548	5,100
Hire of equipment	150,089	165,549
Loss on disposal of fixed assets	-	26,000
Operating lease rentals – land and buildings	112,500	122,782

### 6 Interest receivable and similar income

	2002 £	2001 £
Bank interest on current accounts	56,601	126,071
Bank interest on restricted deposits	1,596,842	1,082,711
	1,653,443	1,208,782

### 7 Interest payable and similar charges

	2002 £	2001 £
Interest payable on bank loans and overdrafts	60,223	171,247
Finance lease interest payable	1,596,842	1,082,711
	1,657,065	1,253,958

# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002 (Continued)

### 8 Tax on profit on ordinary activities

	2002 £	2001 £
<b>a) Analysis of charge/(credit) in period</b>		
Current tax:		
UK group relief payable at 16% on the profit for the year	668,741	-
UK corporation tax at 30%	-	1,046,225
Adjustments in respect of previous periods	(57,480)	(1,110,055)
Total current tax (note 8 (b))	611,261	(63,830)
Deferred tax:		
Origination and reversal of timing differences	(5,400)	12,000
	605,861	(51,830)

	2002 £	2001 £
<b>b) Factors affecting tax charge for period</b>		
The tax for the period differs from the standard rate of corporation tax in the UK (30%). The differences are explained below:		
Profit on ordinary activities before tax	3,861,748	3,376,877
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2001:30%)	1,158,524	1,013,063
Effects of:		
Expenses not deductible for tax purposes	89,965	45,162
Group relief available at rate lower than standard UK rate	(585,148)	-
Adjustments to tax charge in respect of previous periods	(57,480)	(1,110,055)
Capital allowances in excess of depreciation	5,400	(12,000)
Current tax charge for period (note 8 (a))	611,261	(63,830)

### c) Factors that may affect future tax charges

The future availability of losses made elsewhere in the group to the company at less than the standard UK rate of corporation tax is uncertain.

No provision has been made for deferred tax on the sale of a property where a potentially taxable gain has been rolled over into the replacement asset. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided is £105,767. At present, it is not envisaged that any tax will become payable in the foreseeable future.

# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002 (Continued)

### 9 Tangible fixed assets

	Freehold land and buildings £	Video and recording equipment £	Office equipment and fittings £	Total £
<b>Cost</b>				
At 1 January 2002	6,553,354	145,790	1,839,460	8,538,604
Additions	559,283	52,992	388,311	1,000,586
<b>At 31 December 2002</b>	<b>7,112,637</b>	<b>198,782</b>	<b>2,227,771</b>	<b>9,539,190</b>
<b>Depreciation:</b>				
At 1 January 2002	32,779	85,877	754,651	873,307
Charge for year	140,795	24,485	396,604	561,884
<b>At 31 December 2002</b>	<b>173,574</b>	<b>110,362</b>	<b>1,151,255</b>	<b>1,435,191</b>
<b>Net book value:</b>				
<b>At 31 December 2002</b>	<b>6,939,063</b>	<b>88,420</b>	<b>1,076,516</b>	<b>8,103,999</b>
At 31 December 2001	6,520,575	59,913	1,084,809	7,665,297

### 10 Fixed asset investments

	Subsidiaries £
At 1 January 2002	2
Additions	2
<b>At 31 December 2002</b>	<b>4</b>

#### Subsidiaries

At 31 December 2002, the company owned 100% of the ordinary shared capital of the following subsidiary undertakings, registered in England & Wales:

Subsidiary	Activity
Talkback (UK) Limited	TV Production
Osterreichischer Jugendrundfunk Limited	Dormant
United World Productions Limited	Dormant

# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002 (Continued)

### 11 Stocks

	2002 £	2001 £
Work in progress	315,284	237,453

### 12 Debtors

	2002 £	2001 £
Trade debtors	1,432,438	2,571,168
Amounts owed by group undertakings	1,166,583	29,581
Other debtors	1,192,781	3,213,807
Prepayments and accrued income	1,413,176	955,287
	5,204,978	6,769,843

Amounts owed by group undertakings are unsecured, interest free and have no fixed date of repayment.

### 13 Cash at bank and in hand

At 31 December 2002, cash balances with banks include £30,077,068 (31 December 2001 £25,673,792) of restricted cash deposits which are subject to either a legal assignment or a charge in favour of a third party. They are expected to be released over the period to 2017.

### 14 Creditors - Amounts falling due within one year

	2002 £	2001 £
Bank loan (note 16)	-	196,000
Trade creditors	319,862	317,550
Amounts owed to group undertakings	1,393,170	514,994
Taxation	363,619	229,645
Other taxation and social security	403,994	116,747
Finance lease obligations (note 22)	967,713	672,853
Other creditors	1,169,717	658,490
Accruals and deferred income	2,740,957	3,127,805
	7,359,032	5,834,084

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002 (Continued)

### 15 Creditors - Amounts falling due after more than one year

	2002 £	2001 £
Bank loans (note 16)	-	2,254,000
Amounts owed to group undertakings	3,500,000	3,500,000
Finance lease obligations (note 22)	30,331,780	28,024,801
	<b>33,831,780</b>	<b>33,778,801</b>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

### 16 Borrowings

Repayment terms of the bank loan are as follows:

	2002 £	2001 £
Up to one year and on demand	-	196,000
Between one and two years	-	196,000
Between two and five years	-	588,000
After five years	-	1,470,000
	<b>-</b>	<b>2,450,000</b>

The loan was repayable by fixed instalments at standard rates of interest. The loan was secured by a fixed and floating charge over the company's assets, and was repaid in full during the year.

### 17 Provisions for liabilities & charges

	Onerous operating leasehold £	Deferred tax £	Total £
At 1 January 2002	-	107,000	107,000
Released to the profit and loss account in the year (note 8)	-	(5,400)	(5,400)
Charge to the profit and loss account in the year	120,000	-	120,000
<b>At 31 December 2002</b>	<b>120,000</b>	<b>101,600</b>	<b>221,600</b>

The provision for deferred tax represents:

	2002 £	2001 £
Accelerated capital allowances	101,600	107,000
	<b>101,600</b>	<b>107,000</b>

# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002 (Continued)

### 18 Share capital

	2002 £	2001 £
<b>Authorised:</b>		
150 ordinary shares of £1 each	150	150
<b>Allotted and fully paid:</b>		
134 ordinary shares of £1 each	134	134

### 19 Reserves

	Profit and loss account £
At 1 January 2002	6,285,619
Retained profit for the financial year	3,255,887
<b>At 31 December 2002</b>	<b>9,541,506</b>

### 20 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Opening shareholders' funds	6,285,753	2,857,046
Profit for the period	3,255,887	3,428,707
<b>Closing shareholders' funds</b>	<b>9,541,640</b>	<b>6,285,753</b>

### 21 Finance lease obligations

Finance lease obligations represent the sale and leaseback of certain intellectual property rights. Obligations under finance leases fall due as follows:

	2002 £	2001 £
Between one and two years	1,146,458	887,429
Between two and five years	4,678,332	3,671,495
After five years	24,506,990	23,465,877
	30,331,780	28,024,801
Amount due within one year	967,713	672,853
	31,299,493	28,697,564

# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002 (Continued)

### 22 Operating lease obligations

At the year end the company was committed to making the following annual payments in respect of operating leases for which payments extend over a number of years:

	Land and buildings		Other	
	2002	2001	2002	2001
	£	£	£	£
<b>Annual commitments under operating leases expiring</b>				
Within one year	-	-	51,870	-
More than one year and less than five years	112,500	117,500	40,410	90,000
More than five years	-	-	-	-
	112,500	117,500	92,280	90,000

At 31 December 2002 the company had not contracted for any capital commitments (31 December 2001: £Nil).

### 23 Pension scheme

TalkBack Productions Limited and its employees participate in the RTL Group UK Pension Plan ("the Plan"), which was established with effect from 29 December 2000. Employees of London Payout Centre Limited and FremantleMedia Services Limited also participate in the Plan. The Plan, which has both defined benefit and defined contribution sections, is funded with the assets being held by the Trustees separately from the assets of the company. Contribution rates for each section are set for the Plan as a whole. All sections of the Plan are contracted out of the State Earnings Related Pension Scheme via the Reference Scheme Test.

An independent qualified actuary carried out a formal actuarial valuation of the Plan as at 29 December 2001 using the Projected Unit method. The main assumptions used to determine the contribution rate and pension costs in respect of the defined benefit sections of the Plan were investment returns of 6% p.a., pensionable earnings increases of 4% p.a. and pension increases of 2.5% or 4.0% p.a. (dependent on section). The market value of the assets of the defined benefit sections of the Plan at the valuation dates was £2,455,000, which represented 81% of the value of benefits accrued to members at that date allowing for projected future increases in pensionable earnings.

The pension cost in respect of the TalkBack Productions Limited employees was £168,000 in 2002 (2001: £105,000) of which £106,000 is in respect of the defined contribution sections. The balance sheet pension provision as at 31 December 2002 was £9,000 (2001: Nil).

The funding level of the Plan is likely to have reduced since the last valuation date from the 81% shown above due to falling stock markets over 2002. This is likely to lead to increased future pension costs.

#### Multiemployer accounting under FRS17

The Company has not yet fully adopted FRS 17 in preparation of its financial statements however it has complied below with the disclosure requirements of the transitional provisions of the standard.



# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002 (Continued)

### 23 Pension scheme (Continued)

Talkback Productions Limited participate in the RTL Group UK Pension Plan ("the Plan") as described above. However the company is unable to identify its share of the underlying assets and liabilities of the Plan and hence pension costs for the Plan will be accounted for under the multi-employer accounting rules of FRS17.

The contributions paid by Talkback Productions Limited to the Plan over 2002 in respect of the defined benefits sections of the Plan were £32,000. The 29 December 2001 actuarial valuation of the Plan revealed a deficit £0.6m in respect of the defined benefit sections. It has been agreed that, with effect from 1 January 2003, employer contributions will be payable to the Plan at the rate of 18.3% of pensionable salaries for the Final Pay section of the Plan. This rate includes 1.3% in respect of the Plan deficit (which is being spread over 10 years) and a further 2.4% as a contingency against adverse experience. Expenses and death in service premiums are payable in addition.

Since there are no consolidated accounts filed in the UK that contain full FRS 17 disclosures for the RTL Group UK Pension Plan, these disclosures are given below for the Plan as whole, completed as if consolidation had occurred.

This plan was established on 29 December 2000. The 29 December 2001 actuarial valuation of the Plan has been updated to 31 December 2002 by qualified independent actuaries in accordance with FRS 17. The major assumptions used were:

	31 Dec 2002	31 Dec 2001
Discount rate	5.50%	5.75%
Retail price inflation	2.25%	2.25%
Salary increases	4.25%	4.25%
Pension increases on service after 5 April 1997	2.25% / 4.00%	2.25% / 4.00%

The assets in the Plan and the expected rates of return were:

	31 Dec '02		31 Dec '01	
	Long term rate of return	£'000	Long term rate of return	£'000
Equity / Property	7.25%	5,947	7.25%	4,565
Total		5,947		4,565

# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002 (Continued)

### 23 Pension Scheme (continued)

The following balance sheet amounts as at 31 December 2001 and 31 December 2002 were measured in accordance with the requirements of FRS 17 for the entire Plan of which the company is a member.

	2002 £'000	2001 £'000	Notes
Total market value of assets	5,947	4,566	
Present value of plan liabilities	(8,792)	(5,105)	
(Deficit) in the plan	(2,845)	(539)	
Related deferred tax liability	854	162	
<b>Net balance sheet liability</b>	<b>(1,991)</b>	<b>(377)</b>	<b>1</b>

Had FRS 17 been fully adopted in the current year, the following amounts would be recorded in the profit and loss account for the entire plan of which the company is a member.

	2002 £'000
<b>Operating profit</b>	
Current service cost	2,627
Past service cost	-
<b>Total operating charge</b>	<b>2,627</b>
<b>Other finance income</b>	
Expected return on pension plan assets	207
Interest on pension plan liabilities	(202)
<b>Net return</b>	<b>5</b>
<b>Statement of total recognised gains &amp; losses (STRGL)</b>	
Actual return less expected return on pension plan assets	(791)
Experience gains and losses arising on the plan liabilities	(598)
Changes in assumptions underlying the present value of the plan liabilities	(660)
<b>Actuarial loss recognised in STRGL</b>	<b>(2,049)</b>

# Talkback Productions Limited

## Notes to the financial statements for the year ended 31 December 2002 (Continued)

### 23 Pension Scheme (continued)

#### Movements in plan deficit during the year

Deficit in plan at beginning of year	(539)
Movement in year:	
Current service cost	(2,627)
Contributions	2,365
Past service costs	-
Other finance income	5
Actuarial loss	(2,049)
<b>Deficit in plan at end of year</b>	<b>(2,845)</b>

Details of experience gains and losses for the year to 31 December 2002:

#### Expected return minus actual return on plan assets:

Amount	(791)
Percentage of plan assets	(13.3)%

#### Experience gains and (losses) on plan liabilities:

Amount	(598)
Percentage of the present value of plan liabilities	(6.8)%

#### Total gain or (loss) recognised in statement of total recognised gains & losses:

Amount	(2,049)
Percentage of the present value of plan liabilities	(23.3)%

#### Notes

- The plan assets, plan liabilities, service cost and contribution figures above include the defined contribution sections of the Plan.

### 24 Contingent liabilities

#### Bank guarantees

The company participates in an arrangement with HSBC Bank plc whereby the accounts of the company, Thames Television Limited, a fellow subsidiary undertaking, and nine other of the FremantleMedia group companies, "the guarantors", are combined, with cleared debit and credit balances being offset for interest calculation purposes. In order to comply with banking regulations, each guarantor to this arrangement has provided a multilateral guarantee in respect of the overdraft obligations (but no other debts due to the bank) of each of the other participants. The net balance under this arrangement at 31 December 2002 was £1,716,628 in funds (2001: £3,450,047 overdraft).

The maximum amount of this guarantee is limited to a net overdraft of £10,000,000.

## **Talkback Productions Limited**

### **Notes to the financial statements for the year ended 31 December 2002** (Continued)

#### **25 Ultimate parent undertaking**

The immediate parent undertaking is Not Any Old Radio Commercials Limited, a company registered in England and Wales.

The smallest group to consolidate these accounts is RTL Group, a company registered in Luxembourg. Copies of the RTL Group accounts can be obtained from the General Counsel at RTL Group, 45 Boulevard Pierre Frieden, L-1543 Luxembourg.

The ultimate parent undertaking and controlling party is Bertelsmann AG, a company registered in Germany, which is the largest group to consolidate these accounts.