

Primelight Advertising Limited

**Annual report and
financial statements**

for the

year ended

31 December 2007

Registered number: 1875121



PRIMELIGHT ADVERTISING LIMITED

Directors and Advisors

Directors:

Donald Emslie (resigned 11 April 2007)
Robert Woodward (resigned 30 October 2007)
George Watt (resigned 30 October 2007)
Naren Patel
Paul Daniels (appointed 30 October 2007)
Timothy Green (appointed 30 October 2007)
Sebastien Canderle (appointed 30 October 2007, resigned 27 July 2008)

Secretary:

Sara Clarke (resigned 26 January 2007)
Jane Tames (resigned 30 October 2007)
Judith Helen Pinnell (appointed 30 October 2007, resigned 1 September 2008)
Monica MacKinnon (appointed 1 September 2008)

Independent Auditors:

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Kintyre House
209 West George Street
Glasgow
G2 2LW

Registered Office:

Charlotte House
14 Windmill Street
London
W1T 2DY

PRIMELIGHT ADVERTISING LIMITED

Directors' report for the year ended 31 December 2007

The directors present their report and the audited financial statements of the company for the year ended 31 December 2007

Principal activities

The principal activity of the company is poster advertising contracting

Review of business and future developments

On 30 October 2007 the company, along with fellow subsidiaries within the Primesight Limited group, was acquired by Bell Holdco Limited. The directors consider the results for the year and the financial position as at 31 December 2007 to be satisfactory and the directors expect to continue to grow the business and develop new advertising sites at a similar level in the future

Results and dividends

The profit for the year after tax was £1,951,000 (2006 £1,775,000)

The directors do not recommend the payment of a final dividend (2006 £Nil) leaving a profit of £1,951,000 (2006 £1,775,000) to be transferred to reserves

Financial risk factors

The company, as a wholly owned subsidiary of Bell Holdco Limited is exposed to a variety of financial risks that arise from and apply to the group's activities: credit risk, liquidity risk, price risk, and cash flow interest rate risk. The group's overall risk management programme seeks to minimise potential adverse effects on its financial performance

Risk management is carried out under policies approved by the board of directors of Primesight Limited, the immediate parent undertaking

(a) Credit risk

The group has no significant concentration of credit risk. It has policies in place to ensure that sales are made to customers with an appropriate credit history

(b) Liquidity risk

Liquidity risk is managed through application of strict cash management practices to ensure the company has sufficient funds for operations

(c) Price risk

Profitability is subject to the volatility of prices within the market. Contracts are negotiated to ensure an appropriate return to the extent possible

(d) Cash flow interest rate risk

As the group has no interest bearing assets, the group's income and operating cash flows are substantially independent of changes in market interest rates. The group's interest bearing liabilities are held with Bell Bidco Limited, and therefore limited within the holding group of companies

Key performance indicators ("KPIs")

The directors of Bell Holdco Limited manage the company's operations on a group basis. For this reason, the company's directors believe that analysis using key performance indicators is not necessary or appropriate for an understanding of the development, performance or position of the company

PRIMELIGHT ADVERTISING LIMITED

Directors' report for the year ended 31 December 2007 (continued)

Directors

The directors of the company at 31 December 2007, all of whom have been directors for the whole year except where stated, are listed on page 1

In accordance with the Articles of Association, the directors do not retire by rotation

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business

The directors confirm that they have complied with the above requirements in preparing the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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 and disclosure of information to Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the Annual General Meeting.

So far as each of the directors are aware, there is no relevant audit information (that is information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and the directors have taken all the steps that ought to have been taken as directors to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of the information.

By order of the board



Naren Patel
Director
24 September 2008

PRIMELIGHT ADVERTISING LIMITED

Independent auditors' report to the members of Primelight Advertising Limited

We have audited the financial statements of Primelight Advertising Limited for the year ended 31 December 2007 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland). 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 whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 judgments 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Glasgow 1 October 2008

PRIMELIGHT ADVERTISING LIMITED

Profit and loss account for the year ended 31 December 2007

	Notes	2007 £000	As restated 2006 £000
Turnover	2	16,194	16,941
Cost of sales		<u>(10,100)</u>	<u>(10,386)</u>
Gross profit		6,094	6,555
Administrative expenses		<u>(4,146)</u>	<u>(3,270)</u>
Profit on ordinary activities before taxation	3	<u>1,948</u>	<u>3,285</u>
Tax on profit on ordinary activities	6	<u>3</u>	<u>(1,510)</u>
Profit for the financial year	13	<u>1,951</u>	<u>1,775</u>

The results are derived wholly from continuing operations

The company has no recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above, and their historical cost equivalents

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

PRIMELIGHT ADVERTISING LIMITED

Balance sheet as at 31 December 2007

	Notes	2007 £000	2006 £000
Fixed assets			
Tangible assets	7	<u>13,043</u>	<u>15,231</u>
Current assets			
Stock	8	<u>215</u>	<u>180</u>
Debtors – due within one year	9	<u>4,065</u>	<u>5,701</u>
- due after one year	9	<u>12,671</u>	<u>2,480</u>
Cash at bank and in hand		<u>153</u>	<u>3</u>
		<u>17,104</u>	<u>8,364</u>
Creditors: amounts falling due within one year	10	<u>(19,908)</u>	<u>(15,242)</u>
Net current liabilities		<u>(2,804)</u>	<u>(6,878)</u>
Total assets less current liabilities		<u>10,239</u>	<u>8,353</u>
Provisions for liabilities and charges	11	<u>(1,066)</u>	<u>(1,131)</u>
Net assets		<u><u>9,173</u></u>	<u><u>7,222</u></u>
Capital and reserves			
Called up share capital	12	<u>-</u>	<u>-</u>
Profit and loss reserve	13	<u>9,173</u>	<u>7,222</u>
Total equity shareholders' funds	14	<u><u>9,173</u></u>	<u><u>7,222</u></u>

The accompanying notes are an integral part of this balance sheet

The financial statements on pages 5 to 13 were approved by the board on 24 September 2008 and signed on its behalf by



Naren Patel
Director

PRIMELIGHT ADVERTISING LIMITED

Notes to the financial statements for the Year ended 31 December 2007

1 Accounting policies

Accounting convention and basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with the Companies Act 1985 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, other than as stated, are set out below

Changes in accounting policies

Comparative figures have been restated to reflect a change in accounting policy in respect of revenue recognition. Revenue amounts have been restated to show amounts net of related customer commissions (discounts) in compliance with FRS 5.

The impact of this change in accounting policy has been to reduce 2006 reported revenues and cost of sales both by £1,820k with no impact on the reported profit for the financial year or retained earnings.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset over the expected useful life as follows:

Poster frames	-	10 years straight line
Fixtures, fittings and office equipment	-	5 years straight line
Motor vehicles	-	5 years straight line

The cost of poster frames includes materials, direct labour and related overheads.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates enacted or substantially enacted by the balance sheet date.

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in periods different from those in which they are included in the financial statements. Deferred tax assets and liabilities are not discounted.

The tax liabilities of certain group companies are reduced wholly or in part by losses surrendered by other group companies. The tax benefits arising from group relief are recognised in the accounts of the surrendering and recipient companies.

Stock

Stock is stated at the lower of cost and net realisable value. Costs comprise direct materials that have been incurred in bringing the stock to its present location and condition. Net realisable value represents the estimated selling price less the estimated costs of completion and the estimated selling costs.

Cash flow

A cash flow statement has not been included within these financial statements as the company is a wholly owned subsidiary of Bell Holdco Limited, a company incorporated in England, which will prepare a consolidated cash flow statement, including the cash flows of this company, in its consolidated financial statements for the period ending 31 December 2007 in accordance with Financial Reporting Standard No 1 (Revised).

Related party transactions

The company has taken advantage of the exemption contained in paragraph 3 (c) of Financial Reporting Standard No 8 in respect of disclosure of transactions with Bell Holdco Limited group undertakings, as the results of the company will be included in the consolidated financial statements of Bell Holdco Limited for the period ending 31 December 2007. All other related party transactions have been disclosed in the notes to these accounts.

PRIMELIGHT ADVERTISING LIMITED

Notes to the financial statements for the Year ended 31 December 2007 (continued)

Pensions

The Company makes contributions to a defined contribution scheme, the assets of the scheme being held separately from the assets of the company. For defined contribution schemes the amount charged to the profit and loss account is the contributions payable in the year. One employee receives benefits under a defined benefit scheme, but the administration and all liability of funding the scheme are borne by a third party.

2 Turnover

Turnover represents the amounts derived from invoiced sales in respect of poster advertising, net of commissions and VAT provided wholly in the UK.

3 Profit on ordinary activities before taxation

Profit on ordinary activities before tax is stated after charging

	2007	2006
	£000	£000
Depreciation of owned fixed assets	3,035	3,089
Auditors remuneration – audit fees	50	-
Auditors remuneration – non-audit services – taxation compliance fees	14	-
Advertising site rentals	<u>3,284</u>	<u>3,278</u>

In prior years the audit fees and tax compliance fees were borne by a former related group undertaking with no re-charge being made to the company.

4 Employees information

The average monthly number of persons (including executive directors) employed by the company during the year

	2007	2006
By activity	Number	Number
Production	24	22
Selling and distribution	26	25
Administration	<u>10</u>	<u>8</u>
	<u>60</u>	<u>55</u>

Staff costs including executive directors during the year amounted to

	2007	2006
	£000	£000
Wages and salaries	2,126	2,005
Social security costs	185	193
Pension costs (note 15)	<u>53</u>	<u>65</u>
	<u>2,364</u>	<u>2,263</u>

PRIMELIGHT ADVERTISING LIMITED

Notes to the financial statements for the Year ended 31 December 2007 (continued)

5 Directors' emoluments

	2007 £000	2006 £000
Aggregate emoluments	<u>247</u>	<u>356</u>
Money purchase scheme	-	-
Company pension contributions	<u>2</u>	<u>-</u>

Through the year retirement benefits accrued to one director (2006 two) under a defined benefit scheme and one (2006 none) under a defined contribution (money purchase) scheme

George Watt, Donald Emslie and Robert Woodward were paid by a former related group undertaking in respect of their services to a number of former fellow subsidiaries and it was not deemed possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Timothy Green and Sebastien Canderle are directors of the immediate and ultimate parent company and a number of fellow subsidiaries and it is not possible to make an accurate apportionment of their emoluments in respect of each of the subsidiaries. Accordingly the above disclosures include no emoluments in respect of any of these individuals.

Highest paid director

	2007 £000	2006 £000
Aggregate emoluments	<u>231</u>	<u>222</u>
Defined benefit pension scheme	-	-
Accrued pension at end of year	<u>16</u>	<u>14</u>

6 Tax on profit on ordinary activities

(a) Analysis of charge in the period

	Notes	2007 £000	2006 £000
Current tax			
UK corporation tax		62	786
Adjustment in respect of prior year		-	125
Total current tax (note 6(b))		<u>62</u>	<u>911</u>
Deferred tax			
Origination and reversal of timing differences		11	599
Changes in tax rates and laws		(76)	-
Total deferred tax	11	<u>(65)</u>	<u>599</u>
Total tax (credit)/charge on profit on ordinary activities		<u>(3)</u>	<u>1,510</u>

PRIMELIGHT ADVERTISING LIMITED

Notes to the financial statements for the Year ended 31 December 2007 (continued)

6 Tax on profit on ordinary activities (continued)

(b) Factors affecting tax charge for the period

The standard rate of tax for the year, based on the UK standard rate of corporation tax is 30%. The actual tax for the current and prior years differs to the standard rate for the reasons set out in the following reconciliation

	2007 £000	2006 £000
Profit on ordinary activities before taxation	1,948	3,285
Tax charge on profit on ordinary activities at standard rate 30% (2006 30%)	584	986
Factors affecting the charge for the year		
Capital allowances in excess of depreciation	(11)	(210)
Expenses not deductible for tax purposes	51	10
Other Timing differences	1	-
Group relief (claimed)/surrendered not paid	(565)	-
Adjustment in respect of prior year	-	125
Capital Transactions	2	-
Current tax charge for the year (note 6(a))	62	911

The standard rate of Corporation Tax in the UK changed to 28% with effect from 1 April 2008

A number of changes in the UK Corporation Tax system were announced as part of the March 2007 budget statement. Certain of these changes were substantively enacted in the 2007 Finance Act on 26 June 2007. The impact of these changes has been recognised in these financial statements.

Certain other changes are expected to be enacted in the 2008 Finance Act. The impact of these changes will be recognised in the period in which the 2008 Finance Act becomes substantively enacted, which is expected to be in the year to 31 December 2008.

7 Tangible fixed assets

	Poster frames £000	Fixtures, fittings and office equipment £000	Motor vehicles £000	Total £000
Cost				
At 1 January 2007	32,839	97	10	32,946
Additions	847	-	-	847
At 31 December 2007	33,686	97	10	33,793
Depreciation				
At 1 January 2007	17,622	83	10	17,715
Charge for the year	3,033	2	-	3,035
At 31 December 2007	20,655	85	10	20,750
Net book value				
At 31 December 2007	13,031	12	-	13,043
At 31 December 2006	15,217	14	-	15,231

PRIMELIGHT ADVERTISING LIMITED

Notes to the financial statements for the Year ended 31 December 2007 (continued)

8 Stock

	2007 £000	2006 £000
Components used to maintain panels	<u>215</u>	<u>180</u>

9 Debtors

Due within one year

	2007 £000	2006 £000
Trade debtors	3,661	5,156
Other debtors	333	352
Prepayments and accrued income	<u>71</u>	<u>193</u>
	<u>4,065</u>	<u>5,701</u>

Due after one year

	2007 £000	2006 £000
Amounts owed by group undertakings	<u>12,671</u>	<u>2,480</u>

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

10 Creditors: amounts falling due within one year

	2007 £000	2006 £000
Bank overdraft	-	3,509
Trade creditors	395	482
Amounts due to group undertakings	15,842	7,130
Taxation and social security costs	560	642
Accruals and deferred income	3,013	2,306
Former group intercompany payables	-	786
Corporation tax	62	-
Other creditors	<u>36</u>	<u>387</u>
	<u>19,908</u>	<u>15,242</u>

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

PRIMELIGHT ADVERTISING LIMITED

Notes to the financial statements for the Year ended 31 December 2007 (continued)

11 Provisions for liabilities and charges

	Deferred taxation £000
At 1 January 2007	1,131
Deferred tax credit in profit and loss account (note 6)	(65)
At 31 December 2007	<u>1,066</u>

Deferred taxation is provided as follows

	2007 £000	2006 £000
Capital allowances in advance of depreciation	1,069	1,140
Other timing differences	(3)	(9)
	<u>1,066</u>	<u>1,131</u>

12 Called up share capital

	2007 £	2006 £
Authorised		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted and fully paid		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

13 Reserves

	Profit and loss reserve £000
At 1 January 2007	7,222
Profit for the financial year	1,951
At 31 December 2007	<u>9,173</u>

14 Reconciliation of movements in equity shareholders' funds

	2007 £000	2006 £000
Opening shareholders' funds	7,222	5,447
Profit for the financial year	<u>1,951</u>	<u>1,775</u>
Closing shareholders' funds	<u>9,173</u>	<u>7,222</u>

15 Pension costs

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund that is independent from those of the Company.

The profit and loss expense for the company during 2007 was £53,000 (2006 £65,000). As at 31 December 2007 the company had unpaid pension commitments of £8,000 (2006 £4,000).

PRIMELIGHT ADVERTISING LIMITED

Notes to the financial statements for the Year ended 31 December 2007 (continued)

16 Related party transactions

During the year the company had costs of £4,633 (2006 £10,911) recharged from and made sales of £nil (2006 £4,373) to SMG plc, a former parent undertaking. At the year end a balance of £nil (2006 £2,305) was due to SMG plc in relation to these transactions.

The company made sales of £170,889 (2006 £57,617) to, purchases of £511,004 (2006 £117,424) and recharged costs of £564,948 (2006 £1,208,491) from Pearl & Dean Limited, a former group undertaking. At the year end a balance of £3,239 (2006 £2,062,792 due to) was due from Pearl & Dean Limited in relation to these transactions.

The company also made purchases of £234 (2006 £nil) and had costs of £52,906 (2006 £5,359) recharged from STV Central Limited, a former group undertaking. At the year end a balance of £234 was due to (2006 £33,649 due from) STV Central Limited in relation to these transactions.

The company recharged costs of £31,153 (2006 £77,845) to Ginger Television Limited, a former group undertaking. At the year end a balance of £nil (2006 £nil) was owed in relation to these transactions.

The company had costs recharged of £361,514 (2006 £601,905) from and transferred £1,945,657 of VAT liabilities (2006 £1,933,420) to SMG Services Limited, a former group undertaking. At the year end a balance of £nil (2006 £2,305) was due from SMG Services Limited in relation to these transactions.

The company also recharged costs of £209 (2006 £nil) to SMP SIP Trust Limited, a former group undertaking. At the year end a balance of £nil (2006 £nil) was owed in relation to these transactions.

The company had costs recharged of £19,727 (2006 £14,451) from Virgin Radio Limited, a former group undertaking. At the year end a balance of £nil (2006 £nil) was owed in relation to these transactions.

17 Ultimate parent undertaking

The immediate parent undertaking is Primesight Limited.

The ultimate parent undertaking and controlling party is Bell Holdco Limited which is the parent undertaking of the smallest and largest group to consolidate these financial statements. Copies of Bell Holdco Limited consolidated financial statements for the period ending 31 December 2007 will be made available upon completion and can be obtained from the Company Secretary at Charlotte House, 14 Windmill Street, London, W1T 2DY.