

COMPANY NO: 1950228

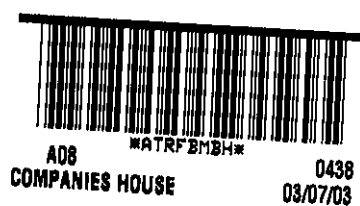
**PRIMESIGHT AIRPORT ADVERTISING LIMITED**

**ANNUAL REPORT AND**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31 DECEMBER 2002**



**PRIMESIGHT AIRPORT ADVERTISING LIMITED**

**DIRECTORS:**

A Flanagan  
G Watt

**SECRETARY:**

S Clarke

**AUDITORS:**

Deloitte & Touche  
Glasgow

**REGISTERED OFFICE:**

3 Waterhouse Square  
138-142 Holborn  
London  
EC1N 2NY

## **PRIMESIGHT AIRPORT ADVERTISING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002**

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

#### **PRINCIPAL ACTIVITY**

The principal activity of the Company, which has remained unchanged during the financial year, was advertising contracting.

#### **BUSINESS REVIEW AND FUTURE DEVELOPMENTS**

The directors are satisfied with the results for the year and expect trading to be at a similar level in the future.

#### **RESULTS AND DIVIDENDS**

The Company's profit for the year after taxation amounted to £66,000 (2001: £77,000).

The directors do not recommend the payment of a final dividend (2001: £330,000) leaving a retained profit of £66,000 to be transferred to reserves (2001: loss of £253,000).

#### **DIRECTORS**

The directors of the Company at 31 December 2002, all of whom have been directors for the whole year ended on that date are listed on page 1.

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

#### **DIRECTORS' INTERESTS**

No director had an interest in the share capital of the Company during the year.

The directors' interests in the shares of SMG plc, the ultimate parent Company, are shown in the accounts of that Company.

## **PRIMESIGHT AIRPORT ADVERTISING LIMITED**

### **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2002 (CONTINUED)**

#### **DIRECTORS' RESPONSIBILITIES**

The directors are required by UK Company Law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2002. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis unless it is unreasonable 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 enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

#### **AUDITORS**

On 1 August 2003, Deloitte & Touche will transfer their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. However, at present they remain the company's auditors and have signed the accounts in that capacity. It is the current intention of the directors to use the Company's statutory power to give consent to the appointment of Deloitte & Touche being treated as extending to Deloitte & Touche LLP at the appropriate time. Accordingly, although the accounts have been signed in the name of Deloitte & Touche, a resolution for the re-appointment of Deloitte & Touche LLP will be proposed at the forthcoming Annual General Meeting.

#### **BY ORDER OF THE BOARD**



Sara Clarke  
Secretary

27 June 2003

## **PRIMESIGHT AIRPORT ADVERTISING LIMITED**

### **Independent auditors' report**

#### **to the members of Primesight Airport Advertising Limited**

We have audited the financial statements of Primesight Airport Advertising Limited for the year ended 31 December 2002 which comprise the Profit and loss account, Balance sheet and the related notes numbered 1 to 13. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

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 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 with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements.

#### **Basis of audit opinion**

We conducted our audit in accordance with United Kingdom 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 circumstances of the company, 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.

**PRIMESIGHT AIRPORT ADVERTISING LIMITED**

**Independent auditors' report (continued)**

**Opinion**

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

*Deloitte & Touche*

**Deloitte & Touche**  
**Chartered Accountants and Registered Auditors**

Glasgow

*30* June 2003

**PRIMESIGHT AIRPORT ADVERTISING LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 DECEMBER 2002**

	Notes	2002 £000	2001 £000
<b>Turnover</b>	2	361	428
Cost of sales		(269)	(316)
<hr/>			
<b>Operating profit on ordinary activities before taxation</b>	3	92	112
Taxation	5	(26)	(35)
<hr/>			
<b>Profit on ordinary activities after taxation</b>		66	77
Dividends	6	-	(330)
<hr/>			
<b>Retained profit/(loss) for the year</b>	11	66	(253)

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

The above results are derived from continuing activities.

There are no recognised gains or losses in either year other than the retained profit/(loss) for the financial year 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 retained profit/(loss) for both years and their historical cost equivalents.

# PRIMESIGHT AIRPORT ADVERTISING LIMITED

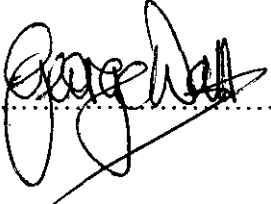
## BALANCE SHEET AS AT 31 DECEMBER 2002

	Notes	2002 £000	2001 £000
<b>Fixed assets</b>			
Tangible assets	7	<u>3</u>	<u>6</u>
<b>Current assets</b>			
Debtors	8	901	805
<b>Creditors: Amounts falling due within one year</b>	9	<u>(659)</u>	<u>(632)</u>
<b>Net current assets</b>		242	173
<b>Net assets</b>		<u>245</u>	<u>179</u>
<b>Capital and reserves</b>			
Called up share capital	10	-	-
Profit and loss account	11	245	179
<b>Equity shareholders' funds</b>	12	<u>245</u>	<u>179</u>

The accompanying notes form an integral part of the balance sheet.

The financial statements on pages 6 to 13 were approved by the Board on 27 June 2003 and signed on its behalf by:

George Watt  
Director



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# PRIMESIGHT AIRPORT ADVERTISING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2002

### 1 Accounting policies

**(a) Accounting convention and basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with applicable UK accounting standards.

**(b) Tangible fixed assets**

Tangible fixed assets are stated at cost or 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	-	6 years straight line
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**(c) 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 taxation 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 taxation 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.

**(d) Cash flow**

A cash flow statement has not been included within these financial statements as the Company is a wholly owned subsidiary of SMG plc, a Company incorporated in Scotland, which prepares a consolidated cash flow statement, including the cash flows of this Company, in its 2002 financial statements in accordance with Financial Reporting Standard No.1 (Revised).

**(e) Related Parties**

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 group undertakings.

# PRIMESIGHT AIRPORT ADVERTISING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### 2 Turnover

Turnover represents the amounts derived from the provision of goods and services exclusive of value added tax.

### 3 Operating profit on ordinary activities before taxation

	2002	2001
	£000	£000
Operating profit on ordinary activities before taxation is stated after charging:		
Depreciation – owned assets	3	3
Advertising site rentals	<u>252</u>	<u>311</u>

Auditors' remuneration costs are borne centrally by another group Company.

### 4(a) Staff costs and numbers

	2002	2001
	No.	No.
The average monthly number of employees during the year was:		
Management	<u>2</u>	<u>2</u>

There were no staff costs during the period. The employment costs are paid by another group Company which makes no recharge to Primesight Airport Advertising Limited as it is not possible to make an accurate apportionment of employees' time in respect of services to specific group Companies.

### 4(b) Directors remuneration

No director received remuneration from the Company during the year.

The emoluments of the directors are paid by another group Company which makes no recharge to Primesight Airport Advertising Limited as it is not possible to make an accurate apportionment of their emoluments in respect of their services to specific group Companies.

**PRIMESIGHT AIRPORT ADVERTISING LIMITED****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****5 Taxation**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
United Kingdom corporation tax at 30% (2001: 30%)	<b>28</b>	35
Overprovision in respect of prior years	<b>(2)</b>	-
	<u><b>26</b></u>	<u>35</u>

There is no provided or unprovided deferred taxation.

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

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Profit on ordinary activities before taxation	<u><b>92</b></u>	<u>112</u>
Tax charge on profit on ordinary activities at standard rate	<b>28</b>	34
Factors affecting the charge for the period:		
Expenses not allowable for tax purposes	<u>-</u>	<u>1</u>
Current year tax charge	<u><b>28</b></u>	<u>35</u>

**6 Dividends**

	<b>2002</b>	<b>2001</b>
	<b>£000</b>	<b>£000</b>
Equity dividends on ordinary shares:		
Final paid: £Nil (2001 - £3,300) per £1 share	<u>-</u>	<u>330</u>

**PRIMESIGHT AIRPORT ADVERTISING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**7 Tangible fixed assets**

	<b>Poster frames £000</b>
<b>Cost</b>	
At 1 January 2002	18
<b>At 31 December 2002</b>	<u><b>18</b></u>
<b>Depreciation</b>	
At 1 January 2002	12
Charge for the year	3
<b>At 31 December 2002</b>	<u><b>15</b></u>
<b>Net book amount</b>	
<b>At 31 December 2002</b>	<u><u><b>3</b></u></u>
At 31 December 2001	<u><u>6</u></u>

**8 Debtors**

	<b>2002 £000</b>	<b>2001 £000</b>
<b>Amounts falling due within one year</b>		
Trade debtors	45	45
Amounts owed by holding Company	852	759
Prepayments	4	1
	<u><u><b>901</b></u></u>	<u><u><b>805</b></u></u>

**9 Creditors: Amounts falling due within one year**

	<b>2002 £000</b>	<b>2001 £000</b>
Trade creditors	176	173
Other taxation and social security costs	4	8
Corporation tax – group relief payable	28	35
Accruals and deferred income	44	43
Amounts owed to group undertakings	407	373
	<u><u><b>659</b></u></u>	<u><u><b>632</b></u></u>

**PRIMESIGHT AIRPORT ADVERTISING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

**10 Share capital**

	2002	2001
	£	£
<b>Authorised, called up, allotted and fully paid</b>		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

**11 Reserves**

	<b>Profit and loss account £000</b>
As at 1 January 2002	179
Retained profit for the financial year	66
<b>As at 31 December 2002</b>	<u><u>245</u></u>

**12 Reconciliation of movements in shareholders' funds**

	2002	2001
	£000	£000
Profit for the financial year	66	77
Dividends paid	-	(330)
Net additions to/(reduction in) shareholders' funds	<u>66</u>	<u>253</u>
Opening shareholders' funds	<u>179</u>	<u>432</u>
<b>Closing shareholders' funds</b>	<u><u>245</u></u>	<u><u>179</u></u>

## **PRIMESIGHT AIRPORT ADVERTISING LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

#### **13 Ultimate parent Company**

The directors regard SMG plc, a Company registered in Scotland, as the ultimate parent Company. Primesight Communications Limited is the parent company of the smallest group of which the company is a member. SMG plc is the parent Company of the largest group of which the Company is a member. Copies of the Company's consolidated financial statements may be obtained from The Secretary, SMG Plc, Renfield Street, Glasgow, G2 3PR.

On 2 July 2002, SMG plc pledged the entire share capital of SMG Out of Home Limited, the intermediate holding company of Primesight Airport Advertising Limited, to Barclays Bank plc as security trustee. SMG plc retain all voting right in relation to the shares and hence have rights to all of the benefits deriving from the Company.