

WALL TO WALL TELEVISION LTD
FINANCIAL STATEMENTS
FOR
THE YEAR ENDED 30 JUNE 2002



Company Registration Number 2087671

WALL TO WALL TELEVISION LTD

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2002

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WALL TO WALL TELEVISION LTD

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is the production of television programmes.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

DIRECTORS

The directors who served the company during the year were as follows:

A Graham

J Hewes

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

select suitable accounting policies, as described on pages 8 to 9, 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 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 financial statements comply with the Companies Act 1985. The directors 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.

WALL TO WALL TELEVISION LTD

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2002

AUDITORS

A resolution to re-appoint West and Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
325 City Road
London
EC1V1LJ

Signed by order of the directors



L GOODMAN
Company Secretary

Approved by the directors on 20 February 2003

WALL TO WALL TELEVISION LTD
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 30 JUNE 2002

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 9.

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 auditor's 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 THE DIRECTORS AND THE 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 on page 1.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 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 with the company 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. Our responsibilities do not extend to any other information.

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 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.

WALL TO WALL TELEVISION LTD

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 30 JUNE 2002

OPINION

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2002 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

325 City Road
London
EC1V 1LJ

20 February 2003



WEST AND CO
Chartered Accountants
& Registered Auditors

WALL TO WALL TELEVISION LTD
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2002

	Note	2002 £	2001 £
TURNOVER	2	11,138,519	8,411,606
Cost of sales		<u>10,760,657</u>	<u>8,146,767</u>
GROSS PROFIT		377,862	264,839
Administrative expenses		<u>265,191</u>	193,921
OPERATING PROFIT	3	112,671	70,918
Income from shares in group undertakings	5	58,000	—
Interest receivable		102,875	25,015
Interest payable	6	(869)	(2,255)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>272,677</u>	<u>93,678</u>
Tax on profit on ordinary activities	7	12,438	17,510
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>260,239</u>	<u>76,168</u>
Balance brought forward		<u>364,836</u>	288,668
Balance carried forward		<u><u>625,075</u></u>	<u><u>364,836</u></u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

WALL TO WALL TELEVISION LTD
RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
YEAR ENDED 30 JUNE 2002

	2002 £	2001 £
Profit for the financial year	260,239	76,168
Opening shareholders' equity funds	<u>364,936</u>	<u>288,768</u>
Closing shareholders' equity funds	<u>625,175</u>	<u>364,936</u>

WALL TO WALL TELEVISION LTD

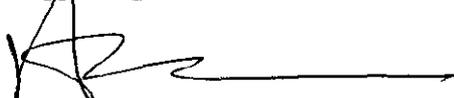
BALANCE SHEET

30 JUNE 2002

	Note	2002 £	£	2001 £	£
FIXED ASSETS					
Tangible assets	8		593,285		—
Investments	9		102		100
			<u>593,387</u>		<u>100</u>
CURRENT ASSETS					
Stocks	10	1,040,999		532,538	
Debtors	11	1,633,592		1,320,086	
Cash at bank and in hand	12	477,748		347,454	
		<u>3,152,339</u>		<u>2,200,078</u>	
CREDITORS: Amounts falling due within one year	13	<u>3,077,386</u>		<u>1,835,242</u>	
NET CURRENT ASSETS			<u>74,953</u>		<u>364,836</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>668,340</u>		<u>364,936</u>
CREDITORS: Amounts falling due after more than one year	14		<u>43,165</u>		<u>—</u>
			<u>625,175</u>		<u>364,936</u>
CAPITAL AND RESERVES					
Called-up equity share capital	17		100		100
Profit and Loss Account			<u>625,075</u>		<u>364,836</u>
SHAREHOLDERS' FUNDS			<u>625,175</u>		<u>364,936</u>

These financial statements were approved by the directors on the 20 February 2003 and are signed on their behalf by:

A GRAHAM



WALL TO WALL TELEVISION LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2002

1. ACCOUNTING POLICIES

Basis of accounting

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

Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEC and in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the Profit and Loss Account on a straight line basis.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

WALL TO WALL TELEVISION LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2002

1. ACCOUNTING POLICIES *(continued)***Production advances and production costs in progress**

Advances received for the funding of productions less production costs expended at the balance sheet date are carried forward until the production has been completed. Profit on the production is not fully taken until the production has been completed, when the final costs of production have been agreed and over or under spent costs can be dealt with.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2002 £	2001 £
United Kingdom	7,714,381	5,546,902
Overseas	3,424,138	2,864,704
	<u>11,138,519</u>	<u>8,411,606</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2002 £	2001 £
Directors' emoluments	-	-
Auditors' remuneration - as auditors	8,000	9,999
Net profit on foreign currency translation	<u>(53,305)</u>	<u>(112,537)</u>

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002 No.	2001 No.
Number of administrative staff	<u>25</u>	<u>15</u>

The aggregate payroll costs of the above were:

	2002 £	2001 £
Wages and salaries	56,982	199,618
Social security costs	-	15,997
	<u>56,982</u>	<u>215,615</u>

WALL TO WALL TELEVISION LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2002

5. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	2002	2001
	£	£
Income from group undertakings	<u>58,000</u>	<u>—</u>

6. INTEREST PAYABLE

	2002	2001
	£	£
Interest payable on bank borrowing	869	—
Other similar charges payable	—	2,255
	<u>869</u>	<u>2,255</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES**Taxation**

	2002	2001
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 20% (2001 - 20%)	12,438	17,510
Total current tax	<u>12,438</u>	<u>17,510</u>

8. TANGIBLE FIXED ASSETS

	Leasehold Property £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST					
Additions	31,570	5,218	14,747	541,750	593,285
At 30 June 2002	<u>31,570</u>	<u>5,218</u>	<u>14,747</u>	<u>541,750</u>	<u>593,285</u>
DEPRECIATION	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
NET BOOK VALUE					
At 30 June 2002	<u>31,570</u>	<u>5,218</u>	<u>14,747</u>	<u>541,750</u>	<u>593,285</u>
At 30 June 2001	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>

Hire purchase agreements

Included within the net book value of £593,285 (2001 - £Nil) is £315,654 (2001 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £Nil (2001 - £Nil).

WALL TO WALL TELEVISION LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2002

9. INVESTMENTS

	Shares £
COST	
At 1 July 2001 and 30 June 2002	<u>102</u>
NET BOOK VALUE	
At 30 June 2002	<u>102</u>
At 30 June 2001	<u>102</u>

The company owns 100% of the issued share capital of the companies listed below.

Aggregate capital and reserves

Wall to Wall Drama Ltd	1,052	—
Wall to Wall Egypt ltd	40,125	—

Profit and (loss) for the year

Wall to wall Drama Ltd	(59,180)	—
Wall to Wall Egypt ltd	40,123	—

10. STOCKS

	2002 £	2001 £
Raw materials	5,531	—
Work in progress	<u>1,035,468</u>	<u>532,538</u>
	<u>1,040,999</u>	<u>532,538</u>

WALL TO WALL TELEVISION LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2002

11. DEBTORS

	2002	2001
	£	£
Trade debtors	1,145,442	1,320,086
Amounts owed by group undertakings	409,980	-
Other debtors	17,845	-
Prepayments and accrued income	60,325	-
	<u>1,633,592</u>	<u>1,320,086</u>

12. CASH AT BANK AND IN HAND

An amount of £430,934 (2001 £316,734) in respect of trust monies is included in the reported bank balance of £477,748 (2001 £347,454) and is represented by an equivalent amount of deferred income.

13. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	710,081	153,849
Trade creditors	174,702	403,931
Amounts owed to group undertakings	1,146,330	563,721
Other creditors including taxation and social security:		
Corporation tax	12,438	21,070
Other taxation and social security	139,436	325,247
Hire purchase agreements	127,322	-
Other creditors	3,200	325,362
Other creditors	240	-
Directors current accounts	100	-
	<u>2,313,849</u>	<u>1,793,180</u>
Accruals and deferred income	763,537	42,062
	<u>3,077,386</u>	<u>1,835,242</u>

14. CREDITORS: Amounts falling due after more than one year

	2002	2001
	£	£
Other creditors:		
Hire purchase agreements	<u>43,165</u>	<u>-</u>

WALL TO WALL TELEVISION LTD
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2002

15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2002	2001
	£	£
Amounts payable within 1 year	127,322	—
Amounts payable between 1 and 2 years	43,165	—
	<u>170,487</u>	<u>—</u>

16. RELATED PARTY TRANSACTIONS

The company was under the control of Mr A Graham throughout the current and previous year. Mr A Graham is the managing director and majority shareholder.

During the company purchased goods in the normal course of business from Spring Pace Services Limited a member of the group, at a cost of £3,427,948 (2001: £3,450,198, and was charged an administration charge by Wall to Wall (Holdings) Limited, the group holding company, of £240,000 (2001: £76,000) and charged an administration charge to Wall to Wall (Drama) Limited, a subsidiary, of £nil (2001: £354,900). Amounts owed to Spring Place Services Limited amounted to £643,511 at 30th June 2002 (2001: £656,663), to Wall to Wall (Holdings) Limited amounted to £502,818 at 30th June 2002 (2001: £200,109) Wall to Wall Drama Limited amounted to £365,269. at 30th June 2002 (2001: £354,801) Wall to Wall Egypt Ltd owed £43,618 as disclosed in note 11. At the year end the company had the following balances with associated companies: Wall to Wall S & L ltd owed £1,091, there were no outstanding balances at 30th June 2001

17. SHARE CAPITAL**Authorised share capital:**

	2002	2001
	£	£
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	<u>100</u>	<u>100</u>

18. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Wall to Wall (Holdings) Limited, a company controlled by Mr A Graham.

WALL TO WALL TELEVISION LTD
MANAGEMENT INFORMATION
YEAR ENDED 30 JUNE 2002

The following pages do not form part of the statutory financial statements which are the subject of the independent auditors' report on pages 3 to 4.

WALL TO WALL TELEVISION LTD
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2002

	2002		2001	
	£	£	£	£
TURNOVER				
External sales		7,714,381		5,546,902
Internal Sales		965,366		1,400,058
Overseas sales		<u>3,424,138</u>		<u>2,864,704</u>
		12,103,885		9,811,664
 COST OF SALES				
Under spent production costs brought forward		206,806		(596,573)
Production costs		<u>11,885,915</u>		<u>10,350,204</u>
		12,092,721		9,753,631
Under spent production costs carried forward		<u>(366,698)</u>		<u>(206,806)</u>
		11,726,023		9,546,825
GROSS PROFIT		377,862		264,839
OVERHEADS				
Administrative expenses		<u>265,191</u>		<u>193,921</u>
OPERATING PROFIT		112,671		70,918
Income from shares in group companies		58,000		-
Bank interest receivable		<u>102,875</u>		<u>25,015</u>
		273,546		95,933
Interest payable		<u>(869)</u>		<u>(2,255)</u>
PROFIT ON ORDINARY ACTIVITIES		<u>272,677</u>		<u>93,678</u>

WALL TO WALL TELEVISION LTD
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 2002

	2002		2001	
	£	£	£	£
ADMINISTRATIVE EXPENSES				
Personnel costs				
Wages and salaries	56,982		199,618	
Staff NIC	—		15,997	
		<u>56,982</u>		215,615
General expenses				
Management charge	240,000		76,000	
Advertising	—		1,000	
Legal and professional fees	45		—	
Auditors remuneration	8,000		9,999	
		<u>248,045</u>		86,999
Financial costs				
Bank charges	13,469		3,844	
Foreign currency gains/losses	(53,305)		(112,537)	
		<u>(39,836)</u>		(108,693)
		<u>265,191</u>		<u>193,921</u>
INTEREST PAYABLE				
Bank interest payable		869		—
Interest on other loans		—		2,255
		<u>869</u>		<u>2,255</u>