

**Wall To Wall Television Limited**  
Financial statements  
For the year ended 30 June 2007

Grant Thornton 

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**Company No. 2087671**

## Officers and professional advisers

Company registration number	2087671
Registered office	27/28 Eastcastle Street London EC1 VILJ
Directors	A Graham JMC Hewes
Secretary	Helena Ely
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditors Grant Thornton House Melton Street Euston Square London NW1 2EP

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The directors present their report and the financial statements of the company for the year ended 30 June 2007

#### Principal activities

The principal activity of the company during the year was the production of television programmes and the exploitation of the rights of programs made within the group

#### Results and dividends

The profit for the year, after taxation, amounted to £178 903 (2006 £116,870) The directors have not recommended a dividend

#### Financial risk management objectives and policies

##### Financial risk management objectives and policies

The company uses various financial instruments which include cash, trade debtors, trade creditors and amounts due to group undertakings that arise directly from its operations The main purpose of these financial instruments is to raise finance for the company's operations The existence of these financial instruments exposes the company to a number of financial risks, which are described in more detail below

The main risks arising from the company's financial instruments are currency risk, interest rate risk, credit risk and liquidity

##### Liquidity risk

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably

The company's policy throughout the year has been to achieve this objective through

##### Interest rate risk

The company finances its operations through retained profits

##### Credit risk

The company's principal financial assets are cash and trade debtors The credit risk associated with cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies The principal credit risk arises, therefore, from trade debtors

In order to manage credit risk, debtors are reviewed by the financial controller, financial director and the board on a regular basis through a monthly assessment of the funding due on productions underway and in conjunction with debt ageing and collection history

#### Directors

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

A Graham  
JMC Hewes

#### 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 Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 these 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,
- 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 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

#### Auditor

Grant Thornton were appointed auditors on 15 December 2006 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton as auditors will be proposed at the Annual General Meeting.

#### Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

BY ORDER OF THE BOARD

Helena Ely  
Secretary

2 NOV 2007

## Report of the independent auditor to the members of Wall To Wall Television Limited

We have audited the financial statements of Wall To Wall Television Limited for the year ended 30 June 2007 on pages 9 to 14. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

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 directors and auditor

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and 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).

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

### Basis of 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 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.

## Report of the independent auditor to the members of Wall To Wall Television Limited (continued)

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 30 June 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 Report of the Directors is consistent with the financial statements

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

*Grant Thornton UK LLP*

2nd November 2007

## Accounting policies

### Basis of accounting

The financial statements have been prepared under the historical cost convention

### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small

### Turnover

#### Distribution

Turnover arises from the distribution or other exploitation by the company of programmes produced by third parties or by the group, or from distribution by third parties of programmes produced by the company. Turnover is recognised when receivable

For programmes distributed by the group, the directors consider turnover to be receivable when the following conditions have been met,

- Contractual terms have been agreed
- The contract sum has been invoiced
- The programme is complete and delivered or available for delivery

For programmes distributed by third parties, the Directors consider that turnover is receivable when the group has been notified of sums due to it

### Fixed assets

All fixed assets are initially recorded at cost

### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Leasehold Property		20%
Fixtures & Fittings	-	15%
Equipment	-	15%



### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### Foreign currencies

Monetary 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.

## Profit and loss account

	Note	2007 £	2006 £
Turnover		2,076,413	1,763,066
Cost of sales		446,776	358,632
Gross profit		1,629,637	1,404,434
Other operating charges	1	1,356,219	1,214,883
<b>Operating profit</b>	2	<b>273,418</b>	<b>189,551</b>
Interest receivable		—	1,793
Interest payable and similar charges	3	—	284
<b>Profit on ordinary activities before taxation</b>		<b>273,418</b>	<b>191,628</b>
Tax on profit on ordinary activities	4	94,515	74,758
<b>Profit for the financial year</b>		<b>178,903</b>	<b>116,870</b>
Balance brought forward		856,521	739,651
Balance carried forward		1,035,424	856,521

All of the activities of the company are classed as continuing

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

The accompanying accounting policies and notes form part of these financial statements

## Balance sheet

	Note	2007 £	2006 £
<b>Fixed assets</b>			
Tangible assets	5	142,641	263,523
Investments	6	102	102
		<u>142,743</u>	<u>263,625</u>
<b>Current assets</b>			
Debtors	7	5,072,346	2,819,057
Cash at bank		212,981	1,087,412
		<u>5,285,327</u>	<u>3,906,469</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>4,392,546</u>	<u>3,313,473</u>
<b>Net current assets</b>		<u>892,781</u>	<u>592,996</u>
<b>Total assets less current liabilities</b>		<u>1,035,524</u>	<u>856,621</u>
<b>Capital and reserves</b>			
Called-up equity share capital	11	100	100
Profit and loss account		1,035,424	856,521
<b>Shareholders' funds</b>	13	<u>1,035,524</u>	<u>856,621</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985

These financial statements were approved by the directors on 2 NOV 2007 and are signed on their behalf by

A Graham  
Director



The accompanying accounting policies and notes form part of these financial statements

## Notes to the financial statements

### 1 Other operating charges

	2007 £	2006 £
Administrative expenses	<u>1,356,219</u>	<u>1,214,883</u>

### 2 Operating profit

Operating profit is stated after charging

	2007 £	2006 £
Depreciation of owned fixed assets	120,882	120,972
Net loss on foreign currency translation	<u>9,930</u>	<u>4,883</u>

### 3 Interest payable and similar charges

	2007 £	2006 £
Finance charges	92	749
Other interest and similar charges	<u>(92)</u>	<u>(1,033)</u>
	<u>-</u>	<u>(284)</u>

### 4 Taxation on ordinary activities

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	<u>103,993</u>	<u>74,758</u>
Total current tax	<u>103,993</u>	<u>74,758</u>
Deferred tax		
Origination and reversal of timing differences (note 8)		
Capital allowances	<u>(9,478)</u>	<u>-</u>
Tax on profit on ordinary activities	<u>94,515</u>	<u>74,758</u>

4 Taxation on ordinary activities (continued)

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	<u>273,418</u>	<u>191,628</u>
Profit/(loss) on ordinary activities by rate of tax	82,025	57,488
Expenses not deductible for tax purposes	(30)	17,270
Depreciation for period in excess of capital allowances	<u>21,998</u>	-
Total current tax (note 4(a))	<u>103,993</u>	<u>74,758</u>

5 Tangible fixed assets

	Leasehold Property £	Fixtures & Fittings £	Equipment £	Total £
Cost				
At 1 July 2006 and 30 June 2007	<u>31,570</u>	<u>20,950</u>	<u>790,639</u>	<u>843,159</u>
Depreciation				
At 1 July 2006	-	11,614	568,022	579,636
Charge for the year	6,350	1,536	112,996	120,882
At 30 June 2007	<u>6,350</u>	<u>13,150</u>	<u>681,018</u>	<u>700,518</u>
Net book value				
At 30 June 2007	<u>25,220</u>	<u>7,800</u>	<u>109,621</u>	<u>142,641</u>
At 30 June 2006	<u>31,570</u>	<u>9,336</u>	<u>222,617</u>	<u>263,523</u>

6 Investments

Investments in subsidiaries

	£
Cost	
At 1 July 2006 and 30 June 2007	<u>102</u>
Net book value	
At 30 June 2007	<u>102</u>
At 30 June 2006	<u>102</u>

At 31 June 2007 the Company held 100% of the issued share capital of Wall to Wall Drama Limited and Wall to Wall Egypt Limited Both companies registered in England and Wales

**7 Debtors**

	2007 £	2006 £
Trade debtors	691,216	574,217
Amounts owed by group undertakings	4,251,685	2,244,090
Amounts owed to related party	119,866	
Other debtors	101	750
Deferred taxation (note 8)	9,478	—
	<u>5,072,346</u>	<u>2,819,057</u>

**8 Deferred taxation**

The deferred tax included in the Balance sheet is as follows

	2007 £	2006 £
Included in debtors (note 7)	<u>9,478</u>	<u>—</u>

The movement in the deferred taxation account during the year was

	2007 £	2006 £
Profit and loss account movement arising during the year	9,478	—
Balance carried forward	<u>9,478</u>	<u>—</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	<u>9,478</u>	<u>—</u>

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

	2007 £	2006 £
Bank loans and overdrafts	—	40,012
Trade creditors	16,575	7,187
Amounts owed to group undertakings	3,673,341	2,576,230
Corporation tax	110,596	81,361
Other taxation and social security	72,310	98,492
Other creditors	519,724	510,191
	<u>4,392,546</u>	<u>3,313,473</u>

**10 Contingencies**

The company has entered into cross-guarantees to secure the borrowings of the other group companies  
At the year end, the amount subject to these cross guarantees, which represent a contingent liability of the company, was £Nil (2006 £349,279)

**11 Share capital**

Authorised share capital

	2007 £	2006 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid

	2007 No	£	2006 No	£
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

**12 Profit and loss account**

	2007 £	2006 £
Balance brought forward	856,521	739,651
Profit for the financial year	178,903	116,870
Balance carried forward	<u>1,035,424</u>	<u>856,521</u>

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

	2007 £	2006 £
Profit for the financial year	178,903	116,870
Opening shareholders' funds	856,621	739,751
Closing shareholders' funds	<u>1,035,524</u>	<u>856,621</u>

**14 Ultimate parent company**

The company's ultimate parent company is Wall to Wall (Holdings) Limited