

# CBS Broadcast Services Limited

## Report of the directors for the year ended 31 December 1993

1 The directors present herewith the audited financial statements for the year ended 31 December 1993.

### Principal activities

2 The profit and loss account for the year is set out on page 4. The company's principal activities are the provision of import, export and administrative services.

### Review of business and future developments

3 Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

### Dividend

4 The directors declared and paid an interim dividend of £3,014.5 per share on 13 December 1993. The directors do not recommend the payment of a final dividend.

### Fixed assets

5 The movements in fixed assets during the year are set out in note 10 to the financial statements.

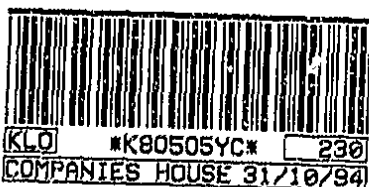
### Directors

6 The directors of the company at 31 December 1993, who were directors for the whole of the year were:

L J Rauchenberger Jr. (USA) - Chairman  
G A W Valvona  
M Cole

### Directors' interests in shares

7 No directors had beneficial interests at any time during the period in the share capital of the company.



**Close company provisions**

8 As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988, as amended, do not apply to the company.

**Statement of directors' responsibilities**

9 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 1993. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

**Auditors**

10 The directors passed a resolution on 8 December 1990 pursuant to Section 386 of the Companies Act 1985 such that the company elected to dispense with the obligation to appoint auditors annually. In the absence of notice proposing that the appointment be terminated, the auditors will be deemed to be re-appointed for the next financial year.

**BY ORDER OF THE BOARD**

For and on behalf of   
MITRE SECRETARIES LIMITED  
Mitre Secretaries Limited  
Secretary,

September 1994

28 October



## **Report of the auditors to the members of CBS Broadcast Services Limited**

We have audited the financial statements on pages 4 to 12.

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

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

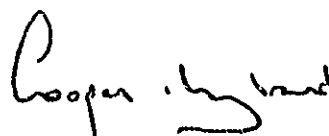
### **Basis of opinion**

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 1993 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.



**Coopers & Lybrand**

Chartered Accountants and Registered Auditors  
LONDON,  
21 October 1994

# CBS Broadcast Services Limited

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## Profit and loss account for the year ended 31 December 1993

	Notes	1993 £	1992 £
Turnover	2	1,317,449	1,852,154
Cost of sales		(676,933)	(1,183,031)
Gross profit		640,516	669,123
Administrative expenses		(678,112)	(623,938)
Operating profit	3	(37,596)	45,185
Other Income		53,210	21,977
Interest receivable and similar income	4	26,313	55,026
Other expense		(1,477)	-
Profit on ordinary activities before taxation		40,450	122,188
Tax on profit on ordinary activities	8	(15,594)	(40,031)
Profit on ordinary activities after taxation		24,856	82,157
Dividends	9	(6,029)	(120,471)
Retained (loss)/profit for the year		£18,827	£(38,314)
Statement of retained profit			
Retained profit at beginning of the year		141,963	180,277
Retained (loss)/profit for the year		18,827	(38,314)
Retained profit at end of the year		£160,790	£141,963

There were no discontinued activities during either period.

The company has no recognised gains and losses other than the profits 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 retained profit for the year stated above, and their historical cost equivalents.

# CBS Broadcast Services Limited

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## Balance sheet - 31 December 1993

	Notes	1993 £	1992 £
<b>Fixed assets</b>			
Tangible assets	10	45,034	37,833
<b>Current assets</b>			
Debtors	11	80,699	97,947
Cash at bank and in hand		506,276	645,673
		<u>586,975</u>	<u>743,620</u>
Creditors: amounts falling due within one year	12	(471,217)	(639,488)
<b>Net current assets</b>		<u>115,758</u>	<u>104,132</u>
<b>Total assets less current liabilities</b>		<u>160,792</u>	<u>141,965</u>
<b>Provisions for liabilities and charges</b>	13	-	-
		<u>£160,792</u>	<u>£141,965</u>
<b>Capital and reserves</b>			
Called up share capital	14	2	2
Profit and loss account		160,790	141,963
		<u>160,792</u>	<u>£141,965</u>

The financial statements on pages 4 to 12 were approved by the board of directors on September 1994 and were signed on its behalf by:

28 October

L J Rauchenberger

G A W Valvona

} Directors

*Louis J. Rauchenberger*  
*G. A. W. Valvona*

# CBS Broadcast Services Limited

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## Notes to the accounts - 31 December 1993

### 1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies of the company, which have been applied consistently, is set out below.

#### (a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

#### (b) Cash flow statement

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

#### (c) Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

*Sum*  
Depreciation is calculated so as to write off the cost of tangible fixed assets on a straight line basis over the expected useful economic lives of the assets concerned. The principal useful economic lives used for this purpose are:

	Years
Leasehold improvements	3 to 10
Computer equipment	3 to 5
Motor vehicles	3
Fixtures and fittings	5 to 8

In previous years computer equipment has been written off over 3 years, but the directors believe that with the acquisition of a new computer system, the change better reflects use of the system.

#### (d) Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rates ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

**(e) Turnover**

Turnover, which excludes value added tax, represents the invoiced value of services supplied.

**(f) Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

**(g) Pension costs**

A pension scheme with two sections providing a defined contribution plan and a defined benefits plan based on final pensionable pay, is operated by CBS Broadcast Services Limited Pension Fund on behalf of this company.

**Defined contribution plan**

Contributions to the plan are charged to the profit and loss account as they become payable by the company.

**Defined benefit plan**

Contributions to the defined benefits plan are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

**(h) Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term in arriving at the operating profit.

**2 Turnover**

The geographical analysis of turnover and the split between internal and external sales is as follows:

	1993 £	1992 £
United Kingdom	736,947	781,218
Rest of Europe	271,472	238,586
North America	309,030	832,350
	<u>£1,317,449</u>	<u>£1,852,154</u>

	1993 £	1992 £
Intra group sales	477,138	1,031,259
External sales	840,311	820,895
	<u>£1,317,449</u>	<u>£1,852,154</u>

### 3 Operating profit

Operating profit is stated after charging:

	1993 £	1992 £
Auditors' remuneration	18,000	18,000
Hire of other assets - operating leases	22,440	64,879
Depreciation of tangible fixed assets	12,266	24,704
Directors' emoluments (see note 5)	-	-
	<u>-</u>	<u>-</u>

Remuneration of the company's auditors for provision of non audit services (solely taxation) to the company was £5,880.

### 4 Interest receivable

	1993 £	1992 £
Bank interest receivable	<u>£26,313</u>	<u>£55,026</u>

### 5 Directors' emoluments

The directors received no emoluments in respect of their services to the company during either period.

### 6 Employee information

- (a) The average number of persons employed by the company including executive directors during the year is analysed below:

	1993 Number	1992 Number
Operations	4	4
Adminstration	6	6
	<u>10</u>	<u>10</u>



(b) Employment costs of all employees included above:

	1993 £	1992 £
Aggregate gross wages and salaries	253,798	229,900
Employer's national insurance and state pension contributions	21,634	21,548
Employer's pension contributions under the company pension scheme	15,709	15,672
	<u>£291,141</u>	<u>£267,120</u>

## 7 Pension costs

A pension scheme, with two sections providing a defined contribution plan and a defined benefits plan based on final pensionable pay, is operated by CBS Broadcast Services Limited Pension Fund on behalf of the company and certain employees of related companies. The assets of the scheme are held separately from those of any group company. These assets are held in a scheme investment account with a life assurance association and also with an insurance company. The pension costs of the Scheme paid by the company was £311,446 (1992: £292,054) of which £291,141 (1992: £267,120) related to employment costs as shown in note 6(b).

### Defined benefit plan

The contributions to this plan are determined by a qualified actuary on the basis of a valuation of the plan at 1 November 1991 using the Projected Unit method. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increases in salaries and pensions. It was assumed that the investment returns would be 8.5% per annum, that salary increases would average 7.5% per annum, and that present and future pensions would increase at the rate of 3.0% per annum.

The actuarial valuation showed that the market value of the plan's assets was £848,000 at that date and that the actuarial value of those assets represented 89% of the benefits that had accrued to members after allowing for expected future increases in earnings (the funding level).

The solvency compared to accrued liabilities was approximately 140% at that date. The company contributions were set at 6.6% of pensionable salaries as from 1 November 1991 to ensure the shortfall in the value of the assets is eliminated over the remaining service lives of the existing employees.

**8 Tax on profit on ordinary activities**

The tax charge is based on the profit on ordinary activities for the year and comprises:

	1993 £	1992 £
United Kingdom corporation tax at 33% (1992: 33%)	16,920	47,470
Under/(over) provision in respect of prior year	(1,326)	(6,694)
Transfer (from)/to deferred taxation	-	(745)
	<u>£15,594</u>	<u>£40,031</u>

**9 Dividends**

The company has paid the following dividend in respect of the year ended 31 December 1993:

	1993 £	1992 £
Ordinary:		
Interim paid of £3,014.5 per share (1992: £30,750 per share)	6,029	61,500
Second interim dividend £nil (1992: £29,485.5 per share)	-	58,971
	<u>£6,029</u>	<u>£120,471</u>

The directors have proposed that a final dividend will not be paid.

**10 Tangible fixed assets**

	Machinery and equipment £	Leasehold improvements £	Fixtures and fittings £	Total £
<b>Cost</b>				
At 1 January 1993	110,553	69,186	43,587	223,326
Additions	19,467	-	-	19,467
<b>At 31 December 1993</b>	<u>130,020</u>	<u>69,186</u>	<u>43,587</u>	<u>242,793</u>
<b>Depreciation</b>				
At 1 January 1993	103,206	53,882	28,405	185,493
Charge for year	3,547	3,923	4,796	12,266
<b>At 31 December 1993</b>	<u>106,753</u>	<u>57,805</u>	<u>33,201</u>	<u>197,759</u>
<b>Net book value</b>				
At 31 December 1993	<u>£23,267</u>	<u>£11,381</u>	<u>£10,386</u>	<u>£45,034</u>
At 31 December 1992	<u>£7,347</u>	<u>£15,304</u>	<u>£15,182</u>	<u>£37,833</u>

**11 Debtors**

	1993 £	1992 £
Trade debtors	33,668	20,564
Amounts owed by group companies:		
Holding company and fellow subsidiaries	-	-
Other debtors	5,699	13,462
Prepayments and accrued income	41,332	63,921
	<u>£80,699</u>	<u>£97,947</u>

All amounts are due within one year.

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

	1993 £	1992 £
Amounts due to group companies	324,526	391,133
Trade creditors	36,798	65,454
United Kingdom corporation tax payable	18,607	78,246
Accruals and deferred income	89,950	77,550
Advance Corporation Tax payable	1,336	27,105
	<u>£471,217</u>	<u>£639,488</u>

There are no fixed terms of repayment for the amounts due to group companies.

**13 Provisions for liabilities and charges**

**(a) Deferred taxation**

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amounts provided (asset)/liability		Total potential (asset)/liability	
	1993 £	1992 £	1993 £	1992 £
Tax effect of timing differences because of: Excess of tax allowances over depreciation	-	-	£(1,775)	£(2,780)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>

**14 Called up share capital**

	1993	1992
Authorised:		
100 Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>
Allotted, called up and fully paid:		
2 Ordinary shares of £1 each	<u>£2</u>	<u>£2</u>

**15 Lease commitments**

The company leases buildings on short term leases. The rent payable under these leases are subject to renegotiation at intervals specified in each lease. The company pays all insurance, maintenance and repairs of these properties. The total rental payable under the leases in the next year is as follows:

	1993 £	1992 £
Date of lease termination:		
Within one year	28,215	56,430
Expiring between two and five years inclusive	25,000	-
After five years	24,285	22,440
	<u>£77,500</u>	<u>£78,870</u>

**16 Ultimate holding company**

The directors regard CBS Inc incorporated in the United States of America as the ultimate holding company. According to the register kept by the company CBS Inc had a 100% interest in the equity capital of CBS Broadcast Services Limited. Copies of the parent's consolidated financial statements may be obtained from The Secretary, 51 West 52 Street, New York, USA, NY10019-6188.