

Company Registration No. 2280184 (England and Wales)

OPTOMEN TELEVISION LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002



OPTOMEN TELEVISION LIMITED

COMPANY INFORMATION

Directors	P Gillbe P Llewellyn
Secretary	R Whalley
Company number	2280184
Registered office	1 Valentine Place London SE1 8QH
Auditors	Ivan Sopher & Co. 5 Elstree Gate, Elstree Way, Borehamwood, Herts. WD6 1JD
Business address	1 Valentine Place London SE1 8QH

OPTOMEN TELEVISION LIMITED

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OPTOMEN TELEVISION LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2002

The directors present their report and financial statements for the year ended 31 March 2002.

Principal activities and review of the business

The principal activity of the company continued to be that of a producer and seller of television programmes and video in the field of broadcast and cable television.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Future developments

The directors consider that the company is well placed to take advantage of market opportunities in the ensuing year.

Directors

The following directors have held office since 1 April 2001:

P Gillbe

S Andrae

(Resigned 5 April 2002)

P Llewellyn

Directors' interests

The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2002	1 April 2001
P Gillbe	538	538
S Andrae	538	214
P Llewellyn	538	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Ivan Sopher & Co. be reappointed as auditors of the company will be put to the Annual General Meeting.

OPTOMEN TELEVISION LIMITED

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

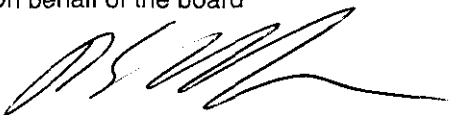
Directors' responsibilities

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 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 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 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. 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.

On behalf of the board



P Gillbe

Director

14 November 2002

OPTOMEN TELEVISION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF OPTOMEN TELEVISION LIMITED

We have audited the financial statements of Optomen Television Limited on pages 4 to 17 for the year ended 31 March 2002. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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.

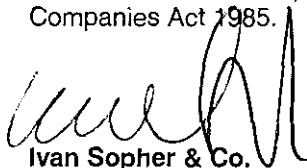
Basis of audit opinion

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.

Opinion

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



Ivan Sopher & Co.

Chartered Accountants
Registered Auditor

14 November 2002

5 Elstree Gate, Elstree Way,
Borehamwood,
Herts.
WD6 1JD

OPTOMEN TELEVISION LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002

	Notes	2002 £	2001 £
Turnover	2	6,618,398	5,436,791
Cost of sales		(5,027,129)	(3,779,893)
Gross profit		1,591,269	1,656,898
Administrative expenses		(1,515,798)	(1,563,885)
Operating profit	3	75,471	93,013
Other interest receivable and similar income		17,680	27,388
Profit on ordinary activities before taxation		93,151	120,401
Tax on profit on ordinary activities	4	(9,524)	(29,964)
Profit on ordinary activities after taxation	13	83,627	90,437

The profit and loss account has been prepared on the basis that all operations are continuing operations.

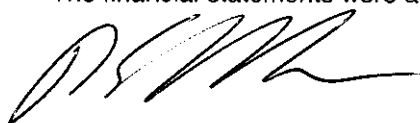
There are no recognised gains and losses other than those passing through the profit and loss account.

OPTOMEN TELEVISION LIMITED

BALANCE SHEET AS AT 31 MARCH 2002

	Notes	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	6		24,329		37,549
Investments	7		862		-
			<u>25,191</u>		<u>37,549</u>
Current assets					
Work in progress	8	34,603		19,007	
Debtors	9	889,244		1,751,040	
Cash at bank and in hand	10	370,990		832,966	
		<u>1,294,837</u>		<u>2,603,013</u>	
Creditors: amounts falling due within one year	11	(776,810)		(2,181,833)	
Net current assets			<u>518,027</u>		<u>421,180</u>
Total assets less current liabilities			<u><u>543,218</u></u>		<u><u>458,729</u></u>
Capital and reserves					
Called up share capital	12		1,614		752
Profit and loss account	13		541,604		457,977
Shareholders' funds - equity interests	14		<u><u>543,218</u></u>		<u><u>458,729</u></u>

The financial statements were approved by the Board on 14 November 2002



P Gillbe
Director



P Llewellyn
Director

OPTOMEN TELEVISION LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

	2002		2001	
	£	£	£	£
Net cash (outflow)/inflow from operating activities		(436,136)		88,631
Returns on investments and servicing of finance				
Interest received	17,680		27,388	
Net cash inflow from returns on investments and servicing of finance		17,680		27,388
Taxation		(28,608)		(23,078)
Capital expenditure				
Payments to acquire tangible assets	(14,912)		(31,996)	
Receipts from sales of tangible assets	-		8,895	
Net cash outflow for capital expenditure		(14,912)		(23,101)
Net cash (outflow)/inflow before management of liquid resources and financing		(461,976)		69,840
(Decrease)/increase in cash in the year		(461,976)		69,840

OPTOMEN TELEVISION LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2002

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities	2002	2001
		£	£
	Operating profit	75,471	93,013
	Depreciation of tangible assets	27,462	34,084
	Amortisation of intangible assets	-	65,312
	Loss/(profit) on disposal of tangible assets	670	(1,432)
	(Increase)/decrease in stocks	(15,596)	4,891
	Decrease/(increase) in debtors	869,312	(1,062,251)
	(Decrease)/Increase in creditors within one year	(1,393,455)	955,014
	Net cash (outflow)/inflow from operating activities	(436,136)	88,631

2	Analysis of net funds	1 April 2001	Cash flow	Other non-cash changes	31 March 2002
		£	£	£	£
	Net cash:				
	Cash at bank and in hand	832,966	(461,976)	-	370,990
	Net funds	832,966	(461,976)	-	370,990

3	Reconciliation of net cash flow to movement in net funds	2002	2001
		£	£
	Movement in net funds in the year		
	(Decrease)/increase in cash in the year	(461,976)	69,840
	Opening net funds	832,966	763,126
	Closing net funds	370,990	832,966

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents income receivable in respect of television productions, together with distribution income and royalties received during the year excluding Value Added Tax.

1.4 Tangible fixed assets and depreciation

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

Computer equipment	33.33% on straight line
Fixtures, fittings & equipment	20% on straight line
Motor vehicles	25% on straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock and work in progress

Work in progress represents costs incurred on projects in development and is stated at the lower of these costs and their recoverability.

1.8 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

No prior period adjustment has been made to recognise the asset which existed at the start of the financial year and which was not recognised under the old accounting policy on the basis that the amount involved of £8,045 is not material to the financial statements.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

1.10 Royalties receivable

Royalty advances which are non-returnable and non-recoupable are accounted for as income on a receipt basis. Returnable advances are accounted for as other operating income on a royalty earning basis.

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

2 Turnover

Geographical market

	Turnover	
	2002	2001
	£	£
United Kingdom	6,128,404	4,695,541
Rest of the World	489,994	741,250
	<u>6,618,398</u>	<u>5,436,791</u>

3 Operating profit

	2002	2001
	£	£
Operating profit is stated after charging:		
Amortisation of intangible assets	-	65,312
Depreciation of tangible assets	27,462	34,084
Loss on disposal of tangible assets	670	-
Operating lease rentals	162,524	73,424
Auditors' remuneration	9,000	9,000
and after crediting:		
Profit on disposal of tangible assets	-	(1,432)

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

4	Taxation	2002 £	2001 £
	Domestic current year tax		
	U.K. corporation tax	17,040	29,987
	Adjustment for prior years	-	(23)
	Overseas taxation paid	5,522	6,901
	Less: relief for overseas taxation	(5,522)	(6,901)
	Current tax charge	17,040	29,964
	Deferred tax		
	Deferred tax charge/credit current year	(7,516)	-
		9,524	29,964
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	93,151	120,401
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 20.00% (2001 : 20.00%)	18,630	24,080
	Effects of:		
	Non deductible expenses	3,225	1,622
	Depreciation	5,626	6,530
	Capital allowances	(4,723)	(8,323)
	Adjustments to previous periods	-	(23)
	Other tax adjustments	(5,718)	6,078
		(1,590)	5,884
	Current tax charge	17,040	29,964

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

5 Intangible fixed assets

	Television rights £
Cost	
At 1 April 2001	147,762
Disposals	(147,762)
	<hr/>
At 31 March 2002	-
	<hr/>
Amortisation	
At 1 April 2001	147,762
Amortisation on disposals	(147,762)
	<hr/>
At 31 March 2002	-
	<hr/>
Net book value	
At 31 March 2002	-
	<hr/>
At 31 March 2001	-
	<hr/>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

6 Tangible fixed assets

	Computer equipment	Fixtures, fittings & equipment	Total
	£	£	£
Cost			
At 1 April 2001	166,295	31,562	197,857
Additions	12,913	1,999	14,912
Disposals	(6,595)	-	(6,595)
At 31 March 2002	172,613	33,561	206,174
Depreciation			
At 1 April 2001	139,701	20,607	160,308
On disposals	(5,925)	-	(5,925)
Charge for the year	21,885	5,577	27,462
At 31 March 2002	155,661	26,184	181,845
Net book value			
At 31 March 2002	16,952	7,377	24,329
At 31 March 2001	26,594	10,955	37,549

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

7 Fixed asset investments

	Shares in subsidiary undertakings £
Cost	
At 1 April 2001	-
Additions	862
	<hr/>
At 31 March 2002	862
	<hr/>

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Scarlet Media Limited	England	Ordinary	100
Tidy Television Limited	England	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Scarlet Media Limited	100	-
Tidy Television Limited	100	-
	<hr/>	<hr/>

8 Work in progress

	2002 £	2001 £
Work in progress	34,603	19,007
	<hr/>	<hr/>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

9 Debtors	2002 £	2001 £
Trade debtors	257,037	1,413,682
Other debtors	492,424	291,265
Prepayments and accrued income	132,267	46,093
Deferred tax asset	7,516	-
	<u>889,244</u>	<u>1,751,040</u>

Deferred tax

	2002 £
Balance at 1 April 2001	-
Profit and loss account	7,516
	<u>7,516</u>
Balance at 31 March 2002	<u>7,516</u>

	2002 £	2001 £
Accelerated capital allowances	7,516	-
	<u>7,516</u>	<u>-</u>
Provision for deferred taxation	7,516	-
	<u>7,516</u>	<u>-</u>

10 Cash at bank and in hand

Included within the balance sheet figure of £370,990 (2001 - £832,996) are sums amounting to £106,448 (2001 - £354,996) held in trust bank accounts on behalf of television companies which have commissioned work and advanced funds to cover future production costs.

Within creditors, net production advances, certain trade creditors, accruals, and other taxation and social security represent the unexpended funds held on trust at the balance sheet date.

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

11 Creditors: amounts falling due within one year	2002 £	2001 £
Trade creditors	386,375	957,360
Corporation tax	11,518	23,086
Other taxation and social security	37,620	198,252
Other creditors	95,498	81,042
Production advances	190,098	242,480
Accruals and deferred income	55,701	679,613
	<u>776,810</u>	<u>2,181,833</u>

12 Share capital	2002 £	2001 £
Authorised		
1,614 Ordinary shares of £ 1 each	<u>1,614</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,614 Ordinary shares of £ 1 each	<u>1,614</u>	<u>752</u>

On 1 April 2001, 538 ordinary shares of £1 each were allotted as fully paid at par in exchange for the entire share capital of Tidy Television Limited and 324 ordinary shares of £1 each were allotted as fully paid at par in exchange for the entire share capital of Scarlet Media Limited.

13 Statement of movements on profit and loss account	Profit and loss account £
Balance at 1 April 2001	457,977
Retained profit for the year	<u>83,627</u>
Balance at 31 March 2002	<u>541,604</u>

14 Reconciliation of movements in shareholders' funds	2002 £	2001 £
Profit for the financial year	83,627	90,437
Proceeds from issue of shares	<u>862</u>	<u>-</u>
Net addition to shareholders' funds	84,489	90,437
Opening shareholders' funds	<u>458,729</u>	<u>368,292</u>
Closing shareholders' funds	<u>543,218</u>	<u>458,729</u>

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2002

15 Financial commitments

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings			Other
	2002	2001	2002	2001
	£	£	£	£
Expiry date:				
Between two and five years	10,000	10,000	2,782	2,782
In over five years	192,326	192,326	-	-
	<u>202,326</u>	<u>202,326</u>	<u>2,782</u>	<u>2,782</u>

16 Directors' emoluments

	2002	2001
	£	£
Emoluments for qualifying services	<u>126,500</u>	<u>372,101</u>

17 Transactions with directors

On 1 April 2001 the company acquired the entire share capital of Scarlet Media Limited from S Andreae, who is a director of the company, in exchange for the issue of 324 ordinary shares in the company. The entire trade of Scarlet Media Limited was transferred to Optomen Television Limited at the same date.

On the same date the company acquired the entire share capital of Tidy Television Limited from P Llewellyn, who is a director of the company, in exchange for the issue of 538 ordinary shares in the company. The entire trade of Tidy Television Limited was transferred to Optomen Television Limited at the same date.

OPTOMEN TELEVISION LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

18 Employees

Number of employees

The average monthly number of permanent employees (including directors) during the year was:

	2002 Number	2001 Number
Directors	3	3
Administration	16	11
Development	6	6
Sales	2	2
	<hr/>	<hr/>
	27	22
	<hr/>	<hr/>

Employment costs

	£	£
Wages and salaries	912,265	903,250
Social security costs	92,746	89,954
	<hr/>	<hr/>
	1,005,011	993,204
	<hr/>	<hr/>

19 Control

Throughout the year the company remained under the control of the three serving directors.