

Company Registration No. 2280184 (England and Wales)

**OPTOMEN TELEVISION LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**



# OPTOMEN TELEVISION LIMITED

## COMPANY INFORMATION

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**Directors**

P Gillbe  
P Lewellyn  
C M Goss  
B Adler

**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

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# OPTOMEN TELEVISION LIMITED

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# OPTOMEN TELEVISION LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2004

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The directors present their report and financial statements for the year ended 31 March 2004.

### 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.

An interim ordinary dividend was paid amounting to £217,970. The directors do not recommend payment of a final 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 2003:

P Gillbe	
P Llewellyn	
C M Goss	(Appointed 17 May 2004)
B Adler	(Appointed 2 July 2004)

### Directors' interests

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

	Ordinary shares of £ 1 each	
	31 March 2004	1 April 2003
P Gillbe	807	807
P Llewellyn	807	807

### 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 2004

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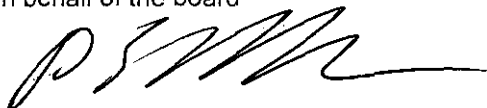
### Directors' responsibilities

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 September 2004

# 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 2004. These financial statements have been prepared under the historical cost convention and the accounting policies set out herein.

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 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 2004 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

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

14 September 2004

# OPTOMEN TELEVISION LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2004

	Notes	2004 £	2003 £
Turnover	2	5,212,980	4,488,328
Cost of sales		(3,626,490)	(2,849,344)
<b>Gross profit</b>		1,586,490	1,638,984
Administrative expenses		(1,340,702)	(1,358,147)
<b>Operating profit</b>	3	245,788	280,837
Investment income	4	-	(862)
Other interest receivable and similar income	4	5,720	6,293
Interest payable and similar charges	5	-	(150)
<b>Profit on ordinary activities before taxation</b>		251,508	286,118
Tax on profit on ordinary activities	6	(58,488)	(76,587)
<b>Profit on ordinary activities after taxation</b>		193,020	209,531
Dividends	7	(217,970)	(107,200)
<b>Retained (loss)/profit for the year</b>	17	(24,950)	102,331

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 2004


	Notes	2004 £	£	2003 £	£
<b>Fixed assets</b>					
Tangible assets	8		46,289		10,697
Investments	9		63		63
			<u>46,352</u>		<u>10,760</u>
<b>Current assets</b>					
Stocks	10	25,076		6,390	
Debtors	11	1,247,972		1,071,318	
Cash at bank and in hand	12	1,039,835		1,430,650	
		<u>2,312,883</u>		<u>2,508,358</u>	
<b>Creditors: amounts falling due within one year</b>	13	(919,109)		(1,027,286)	
<b>Net current assets</b>			<u>1,393,774</u>		<u>1,481,072</u>
<b>Total assets less current liabilities</b>			<u>1,440,126</u>		<u>1,491,832</u>
<b>Creditors: amounts falling due after more than one year</b>	14		(819,527)		(846,283)
			<u>620,599</u>		<u>645,549</u>
<b>Capital and reserves</b>					
Called up share capital	16		1,614		1,614
Profit and loss account	17		618,985		643,935
<b>Shareholders' funds - equity interests</b>	18		<u>620,599</u>		<u>645,549</u>

The financial statements were approved by the Board on 14 September 2004

P Gillbe  
Director



P Llewellyn  
Director





# OPTOMEN TELEVISION LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

	£	2004 £	£	2003 £
<b>Net cash inflow from operating activities</b>		87,447		236,476
<b>Returns on investments and servicing of finance</b>				
Interest received	5,720		6,293	
Interest paid	-		(150)	
<b>Net cash inflow from returns on investments and servicing of finance</b>		5,720		6,143
<b>Taxation</b>		(74,003)		(47,053)
<b>Capital expenditure and financial investment</b>				
Payments to acquire tangible assets	(62,325)		(4,609)	
Payments to acquire investments	-		(64)	
<b>Net cash outflow for capital expenditure</b>		(62,325)		(4,673)
<b>Equity dividends paid</b>		(325,170)		-
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(368,331)		190,893
<b>Financing</b>				
Capital element of finance lease contracts	(22,484)		868,767	
<b>Net cash (outflow)/inflow from financing</b>		(22,484)		868,767
<b>(Decrease)/increase in cash in the year</b>		<u>(390,815)</u>		<u>1,059,660</u>

# OPTOMEN TELEVISION LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

1	Reconciliation of operating profit to net cash inflow from operating activities	2004		2003	
		£		£	
	Operating profit	245,788		280,837	
	Depreciation of tangible assets	26,733		17,486	
	Loss on disposal of tangible assets	-		756	
	(Increase)/decrease in stocks	(18,686)		28,213	
	Increase in debtors	(174,642)		(182,611)	
	Increase in creditors within one year	8,254		91,795	
	<b>Net cash inflow from operating activities</b>	<b>87,447</b>		<b>236,476</b>	
2	Analysis of net funds	1 April 2003	Cash flow	Other non-	31 March 2004
		£	£	cash changes	£
	Net cash:				
	Cash at bank and in hand	1,430,650	(390,815)	-	1,039,835
	Debt:				
	Finance leases	(868,767)	22,484	-	(846,283)
	<b>Net funds</b>	<b>561,883</b>	<b>(368,331)</b>	<b>-</b>	<b>193,552</b>
3	Reconciliation of net cash flow to movement in net funds	2004		2003	
		£		£	
	(Decrease)/increase in cash in the year	(390,815)		1,059,660	
	Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	22,484		(868,767)	
	<b>Movement in net funds in the year</b>	<b>(368,331)</b>		<b>190,893</b>	
	Opening net funds	561,883		370,990	
	<b>Closing net funds</b>	<b>193,552</b>		<b>561,883</b>	

# OPTOMEN TELEVISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

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### 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

#### 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

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.

#### 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 (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

### 1 Accounting policies (continued)

#### 1.11 Sale and leaseback of master tapes

The company has entered into a sale and leaseback arrangement in respect of the master tape of the television programme "Two Men In A Trench". The lease rentals are payable over a 13 year period ending 18 December 2015. A capital deposit is held under pledge at a fixed rate of interest in order to guarantee payment of the rentals as they fall due. The fixed rate interest receivable is set off annually against the matching lease rentals that fall due in accordance with the sale and leaseback contract.

The contracted total lease rentals are carried as a creditor to be reduced each year as payments are made from the pledge account.

### 2 Turnover

#### Geographical market

	Turnover 2004 £	2003 £
United Kingdom	4,688,120	3,622,442
Rest of the World	524,860	865,886
	<u>5,212,980</u>	<u>4,488,328</u>

### 3 Operating profit

	2004 £	2003 £
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Operating profit is stated after charging:

Depreciation of tangible assets	26,733	17,486
Loss on disposal of tangible assets	-	756
Operating lease rentals	198,735	192,326
Auditors' remuneration	11,975	11,975
	<u>247,443</u>	<u>322,543</u>

### 4 Investment income

	2004 £	2003 £
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Income from fixed asset investments	-	(862)
Bank interest	5,720	6,284
Other interest	-	9
	<u>5,720</u>	<u>5,431</u>

### 5 Interest payable

	2004 £	2003 £
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On bank loans and overdrafts	-	150
	<u>-</u>	<u>150</u>

# OPTOMEN TELEVISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

6	Taxation	2004 £	2003 £
	<b>Domestic current year tax</b>		
	U.K. corporation tax	59,510	76,050
	Overseas taxation paid	32,498	35,535
	Less: relief for overseas taxation	(32,498)	(35,535)
	<b>Current tax charge</b>	<b>59,510</b>	<b>76,050</b>
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	(1,022)	537
		<b>58,488</b>	<b>76,587</b>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	251,508	286,118
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2003: 30.00%)	75,452	85,835
	Effects of:		
	Non deductible expenses	970	2,717
	Depreciation	8,020	5,473
	Capital allowances	(11,037)	(5,726)
	Marginal rate adjustments	(13,895)	(12,508)
	Chargeable disposals	-	259
		<b>(15,942)</b>	<b>(9,785)</b>
	<b>Current tax charge</b>	<b>59,510</b>	<b>76,050</b>
7	<b>Dividends</b>	<b>2004 £</b>	<b>2003 £</b>
	Ordinary interim paid	217,970	-
	Ordinary final proposed	-	107,200
		<b>217,970</b>	<b>107,200</b>

# OPTOMEN TELEVISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

### 8 Tangible fixed assets

	Computer equipment £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>			
At 1 April 2003	140,001	31,757	171,758
Additions	52,539	9,786	62,325
Disposals	(4,542)	-	(4,542)
At 31 March 2004	187,998	41,543	229,541
<b>Depreciation</b>			
At 1 April 2003	133,379	27,682	161,061
On disposals	(4,542)	-	(4,542)
Charge for the year	22,593	4,140	26,733
At 31 March 2004	151,430	31,822	183,252
<b>Net book value</b>			
At 31 March 2004	36,568	9,721	46,289
At 31 March 2003	6,622	4,075	10,697

# OPTOMEN TELEVISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

### 9 Fixed asset investments

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 April 2003 & at 31 March 2004	<u>63</u>

#### 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 %
<b>Subsidiary undertakings</b>			
Optomen Productions Inc.	USA	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 2004 £	Turnover 2004 £	Profit before tax 2004 £	Profit after tax 2004 £
Optomen Productions Inc.	<u>52,436</u>	<u>803,591</u>	<u>30,269</u>	<u>24,900</u>

### 10 Work in progress

	2004 £	2003 £
Work in progress	<u>25,076</u>	<u>6,390</u>

# OPTOMEN TELEVISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

11 Debtors	2004 £	2003 £
Trade debtors	486,666	343,640
Amounts owed by subsidiary undertakings	179,512	200,353
Corporation tax	990	-
Other debtors	334,625	393,753
Prepayments and accrued income	238,178	126,593
Deferred tax asset	8,001	6,979
	<u>1,247,972</u>	<u>1,071,318</u>

### Deferred tax

	2004 £
Balance at 1 April 2003	6,979
Profit and loss account	1,022
	<u>8,001</u>
Balance at 31 March 2004	<u>8,001</u>

	2004 £	2003 £
Accelerated capital allowances	8,001	6,979
	<u>8,001</u>	<u>6,979</u>
Provision for deferred taxation	<u>8,001</u>	<u>6,979</u>

## 12 Cash at bank and in hand

Included within the balance sheet figure of £1,039,835 (2003 - £1,430,650) are sums amounting to £130,304 (2003 - £249,230) held in trust bank accounts on behalf of television companies which have commissioned work and advanced funds to cover future production costs and a pledged deposit account in the sum of £846,283 (2003 - £868,767) to meet the company's liabilities under a sale and leaseback arrangement.

Included within creditors are net production advances, certain trade creditors, accruals, and other taxation and social security which 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 2004

13 Creditors: amounts falling due within one year	2004 £	2003 £
Net obligations under finance leases	26,756	22,484
Trade creditors	315,584	252,445
Corporation tax	27,012	40,515
Other taxation and social security	103,163	56,498
Other creditors	84,789	86,439
Production advances	297,387	390,141
Dividend payable	-	107,200
Accruals and deferred income	64,418	71,564
	<u>919,109</u>	<u>1,027,286</u>

The company's bank facilities are secured by a debenture over all the assets of the company.

14 Creditors: amounts falling due after more than one year	2004 £	2003 £
Net obligations under finance leases	<u>819,527</u>	<u>846,283</u>
<b>Net obligations under finance leases</b>		
Repayable after five years	<u>1,189,708</u>	<u>1,253,676</u>
	1,189,708	1,253,676
Finance charges and interest allocated to future accounting periods	<u>(343,425)</u>	<u>(384,909)</u>
	846,283	868,767
Included in liabilities falling due within one year	<u>(26,756)</u>	<u>(22,484)</u>
	<u>819,527</u>	<u>846,283</u>

The bank deposit pledge account is secured by a counter indemnity as security for the lease obligations.

# OPTOMEN TELEVISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

### 15 Provisions for liabilities and charges

The deferred tax asset (included in the debtors, note 11) is made up as follows:

	2004 £	
Balance at 1 April 2003	(6,979)	
Profit and loss account	(1,022)	
	<u>(8,001)</u>	
Balance at 31 March 2004	<u>(8,001)</u>	
	2004 £	2003 £
Accelerated capital allowances	<u>(8,001)</u>	<u>(6,979)</u>

### 16 Share capital

	2004 £	2003 £
<b>Authorised</b>		
1,614 Ordinary shares of £1 each	<u>1,614</u>	<u>1,614</u>
<b>Allotted, called up and fully paid</b>		
1,614 Ordinary shares of £1 each	<u>1,614</u>	<u>1,614</u>

### 17 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2003	643,935
Retained loss for the year	<u>(24,950)</u>
Balance at 31 March 2004	<u>618,985</u>

# OPTOMEN TELEVISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

18 Reconciliation of movements in shareholders' funds	2004 £	2003 £
Profit for the financial year	193,020	209,531
Dividends	(217,970)	(107,200)
Net (depletion in)/addition to shareholders' funds	(24,950)	102,331
Opening shareholders' funds	645,549	543,218
Closing shareholders' funds	620,599	645,549

### 19 Financial commitments

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2004 £	2003 £	2004 £	2003 £
Expiry date:				
Between two and five years	192,326	192,326	1,996	2,087

20 Directors' emoluments	2004 £	2003 £
Emoluments for qualifying services	76,000	76,000

### 21 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	2004 £	2003 £	in year £
P Llewellyn	19,820	92,616	19,820

# OPTOMEN TELEVISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 31 MARCH 2004

### 22 Employees

#### Number of employees

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

	2004 Number	2003 Number
Directors	2	2
Administration	13	15
Development	5	3
Sales	2	2
	<u>22</u>	<u>22</u>

#### Employment costs

	£	£
Wages and salaries	822,723	793,535
Social security costs	91,082	79,227
	<u>913,805</u>	<u>872,762</u>