

**MILLBANK STUDIOS LIMITED**  
**(formerly Walshys Facilities Limited)**

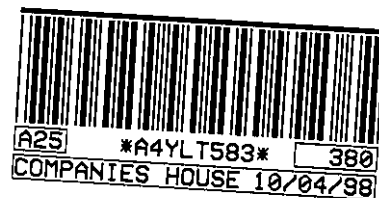
**FINANCIAL STATEMENTS**

**30 SEPTEMBER 1997**

**Registered number: 2311588**

**KIDSONS IMPEY**  
**CHARTERED ACCOUNTANTS**

**Derby**



**MILLBANK STUDIOS LIMITED**  
**FINANCIAL STATEMENTS**  
**for the period ended 30 September 1997**

**CONTENTS**

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	5
Auditors' report	6
Profit and loss account	7
Balance sheet	8
Notes	9

**MILLBANK STUDIOS LIMITED****COMPANY INFORMATION****30 September 1997**

Incorporated in England on 1 November 1988

Number 2311588

**DIRECTORS**N Castro (Chairman)  
R D Rose**SECRETARY**

S Carlton

**REGISTERED OFFICE**Number 4 Millbank  
Westminster  
London**BANKERS**Barclays Bank plc  
27 Soho Square  
London**AUDITORS**Kidsons Impey  
Chartered Accountants  
6 Vernon Street  
Derby

**MILLBANK STUDIOS LIMITED****DIRECTORS' REPORT****30 September 1997**

The company changed its accounting reference date to 30 September during this period. Consequently the directors present their report and the audited financial statements for the nine month period ended 30 September 1997.

**Principal activities**

The company's principal activities continue to be those of the provision of television and video facilities and hire services.

**Business review**

The company changed its name to Millbank Studios Limited on 1 July 1997.

The company made profits before tax of £172,763 in the nine months to 30 September 1997, compared with the £6,263 made in the twelve months to 31 December 1996.

On 12 August 1997 offers by Granada Group plc ("Granada") to acquire the whole of the issued share capital and share warrants of Yorkshire-Tyne Tees Television Holdings plc not already owned by Granada were declared unconditional and, on this date, Granada became the company's ultimate holding company.

**Results**

The results for the year are shown in the profit and loss account on page 7.

**Fixed assets**

Movements in tangible fixed assets during the year are set out in note 7 to the financial statements.

**Creditor payment policy**

The company agrees the terms and conditions under which business transactions with suppliers are conducted. It is company policy that payments to suppliers are made in accordance with those terms, provided that suppliers also comply with all relevant terms and conditions.

## MILLBANK STUDIOS LIMITED

## DIRECTORS' REPORT

30 September 1997

(continued)

**Directors and directors' interests**

At 30 September 1997 no director had any interest in the company's shares.

The current directors are named on page 1, both of whom served throughout the period. Mr A G Brill and Mr D T Lowen served as directors throughout the whole period to which the accounts refer and resigned as directors on 6 January 1998 and 30 January 1998 respectively.

None of the directors who held office at the end of the financial period had any disclosable interest in the shares of the company.

Directors' interests in shares at the beginning and end of the period reflect the change in the company's ultimate holding company.

**At 30 September 1997**  
**Ordinary shares in Granada Group plc**

	<b>Issued</b>	<b>Employee Share Scheme*</b>
R D Rose	-	222

**At 31 December 1996**  
**Ordinary shares in Yorkshire-Tyne  
Tees Television Holdings plc**

	<b>Issued</b>	<b>Under Option</b>	<b>Employee Share Scheme*</b>	<b>Warrants to subscribe to Ordinary shares in Yorkshire-Tyne Tees Television Holdings plc</b>
R D Rose	-	-	-	-

\* The shares referred to under this heading refer to the combined holding held by the Trustees of the Yorkshire Television Employees Shares Scheme 1984 and the Yorkshire-Tyne Tees Television Employee Share Scheme 1995. The shares are held on behalf of the directors who are participating employees of the Schemes.

N Castro is a director of Yorkshire-Tyne Tees Television Holdings plc and, as such, his interests are shown in the Report and Accounts of that company. A G Brill and D T Lowen were at the end of the financial period both directors of Yorkshire Television Limited and, as such, their interests are shown in the Report and Accounts of that company.

**MILLBANK STUDIOS LIMITED****DIRECTORS' REPORT****30 September 1997**

(continued)

**Auditors**

Kidsons Impey have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



**S Carlton**  
Secretary

Number Four  
Millbank  
Westminster  
London  
3 February 1998

**MILLBANK STUDIOS LIMITED****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

We are required under company law to prepare accounts for each financial period 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 these accounts we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether accounting standards have been followed, and give details of any departures; and
- prepare the accounts on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets; and
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the board



**R D Rose**

Director

3 February 1998

**MILLBANK STUDIOS LIMITED****AUDITORS' REPORT****Auditors' report to the members of****Millbank Studios Limited**

We have audited the financial statements on pages 7 to 16 which have been prepared under the accounting policies set out on page 9.

**Respective responsibilities of directors and auditors**

As described on page 5, 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.

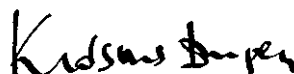
**Basis of opinion**

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 error or other irregularity. 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 30 September 1997 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey  
Registered Auditors  
Chartered Accountants

Derby  
3 February 1998



## MILLBANK STUDIOS LIMITED

## PROFIT AND LOSS ACCOUNT

for the period ended 30 September 1997

	Note	9 months 1997 £	12 months 1996 £
Turnover	2	1,445,142	1,673,903
Cost of sales		<u>(750,088)</u>	<u>(1,007,215)</u>
Gross profit		695,054	666,688
Administrative expenses		<u>(509,291)</u>	<u>(642,540)</u>
Operating profit	3	185,763	24,148
Interest receivable	5	4,864	4,474
Interest payable	5	<u>(17,864)</u>	<u>(22,359)</u>
Profit on ordinary activities before taxation		172,763	6,263
Taxation	6	<u>(19,000)</u>	<u>-</u>
Profit on ordinary activities after taxation	14	<u>153,763</u>	<u>6,263</u>

Movements in reserves are shown in note 14.

None of the company's activities were acquired or discontinued during the above two financial periods.

There are no recognised gains or losses in 1997 or 1996 other than the profit for the period.

## MILLBANK STUDIOS LIMITED

## BALANCE SHEET

at 30 September 1997

	Note	30 September 1997		31 December 1996	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7	288,416		301,266	
Investments	8	100		100	
		<u>288,516</u>		<u>301,366</u>	
<b>Current assets</b>					
Stocks	9	1,589		2,226	
Debtors	10	458,808		350,929	
Cash in hand		1,118		1,265	
		<u>461,515</u>		<u>354,420</u>	
<b>Creditors:</b> amounts falling due within one year	11	<u>(688,438)</u>		<u>(747,956)</u>	
<b>Net current liabilities</b>		<u>(226,923)</u>		<u>(393,536)</u>	
<b>Total assets less current liabilities</b>		<u>61,593</u>		<u>(92,170)</u>	
<b>Capital and reserves</b>					
Called up share capital	12	200		200	
Share premium account	13	199,940		199,940	
Profit and loss account	14	<u>(138,547)</u>		<u>(292,310)</u>	
<b>Total shareholders' funds</b>	15	<u>61,593</u>		<u>(92,170)</u>	

The accounts on pages 7 to 16 were approved by the board of directors on 3 February 1998.



**R D Rose**  
Director

**MILLBANK STUDIOS LIMITED****NOTES ON FINANCIAL STATEMENTS****30 September 1997****1 Accounting policies****Basis of accounting**

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

**Cashflow statement**

The company has taken advantage of the exemption from the requirement to prepare a cashflow statement on the grounds that it is a member of a UK group.

**Financial support**

The company continues to be reliant upon the support of its parent company, Yorkshire Television Limited, to meet its day to day working capital requirements. The directors of the parent company have confirmed that Yorkshire Television Limited will continue to provide adequate financial assistance to the company during the foreseeable future.

**Depreciation**

Depreciation of fixed assets is charged commencing with the year of acquisition at rates estimated to write off their cost less any residual value over their expected useful lives. The rates used are as follows:

Plant and equipment	20% straight line
Furniture, fixtures and fittings	15% reducing balance

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Defined contribution pension scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**Operating leases**

Amounts payable under operating leases are charged to the profit and loss account as incurred.

## MILLBANK STUDIOS LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1997

(continued)

**2 Turnover**

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities stated net of value added tax.

The geographical analysis of turnover by destination is as follows:

	1997 £	1996 £
United Kingdom	1,251,711	1,490,611
Other European countries	141,243	136,750
Australasia	5,906	1,266
North America	22,332	13,573
Rest of the World	23,950	31,703
	<u>1,445,142</u>	<u>1,673,903</u>

**3 Operating profit**

	1997 £	1996 £
Operating profit is stated after charging:		
Auditors' remuneration	2,350	3,400
Operating leases		
- Hire of plant and equipment	122,451	59,108
- Land and buildings	179,458	214,268
- Hire of motor vehicles	12,230	19,836
Depreciation		
- Owned assets	<u>85,078</u>	<u>147,368</u>

## MILLBANK STUDIOS LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1997

(continued)

## 4 Directors and employees

	1997 £	1996 £
Staff costs including directors' emoluments		
Wages and salaries	348,561	405,689
Social security costs	32,574	40,738
Other pension costs	5,491	2,160
	<u>386,626</u>	<u>448,587</u>
Average number employed by the company including executive directors		
	Number	Number
Management and administrative	5	5
Production and sales	17	14
	<u>22</u>	<u>19</u>
Directors' emoluments		
	£	£
Emoluments (including pension scheme contributions)	<u>37,886</u>	<u>50,577</u>
Emoluments excluding pension scheme contributions		
Chairman	-	-
Highest paid director	<u>37,886</u>	<u>50,577</u>

No other director received any emoluments from the company during the year (1996: £nil).

## MILLBANK STUDIOS LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1997

(continued)

## 5 Interest

## Interest payable

	1997 £	1996 £
Loan from parent company	17,864	22,338
Finance leases and hire purchase contracts	-	21
	<u>17,864</u>	<u>22,359</u>

## Interest receivable

Group interest	<u>4,864</u>	<u>4,474</u>
----------------	--------------	--------------

## 6 Taxation

	1997 £	1996 £
UK corporation tax based on profit for period at 32%	<u>19,000</u>	<u>-</u>

There is no potential liability to deferred taxation.

## MILLBANK STUDIOS LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1997  
(continued)

## 7 Tangible fixed assets

Cost	Plant and Machinery £	Fixtures and Fittings £	Total £
At 1 January 1997	1,250,285	75,973	1,326,258
Additions	64,348	12,335	76,683
Disposals	(14,252)	(11,980)	(26,232)
At 30 September 1997	<u>1,300,381</u>	<u>76,328</u>	<u>1,376,709</u>
<b>Depreciation</b>			
At 1 January 1997	986,475	38,517	1,024,992
Charge for year	80,193	4,885	85,078
Disposals	(14,252)	(7,525)	(21,777)
At 30 September 1997	<u>1,052,416</u>	<u>35,877</u>	<u>1,088,293</u>
<b>Net book amount</b>			
At 30 September 1997	<u>247,965</u>	<u>40,451</u>	<u>288,416</u>
At 1 January 1997	<u>263,810</u>	<u>37,456</u>	<u>301,266</u>

## MILLBANK STUDIOS LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1997

(continued)

## 8 Fixed asset investments

	£
Cost at 1 January 1997 and 30 September 1997	100

The following company was a subsidiary undertaking throughout the year.

Name	Country of incorporation	Proportion of voting rights & ordinary share capital	Nature of business
Walshys Production Facilities Limited	England	100%	Dormant

Group accounts are not prepared as the results of the company and its subsidiary undertaking are reflected in the consolidated financial statements of the ultimate parent company.

## 9 Stocks

	1997 £	1996 £
Consumables	1,589	2,226

## 10 Debtors

	1997 £	1996 £
<b>Amounts falling due within one year:</b>		
Trade debtors	397,940	284,177
Due from parent company	25,962	16,614
Due from other group undertakings	6,505	35,160
Other debtors	13,472	9,885
Prepayments and accrued income	14,929	5,093
	458,808	350,929



## MILLBANK STUDIOS LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1997

(continued)

## 11 Creditors: amounts falling due within one year:

	1997 £	1996 £
Bank overdraft	54,843	21,941
Trade creditors	172,211	195,726
Other taxation and social security	53,968	39,660
Accruals and deferred income	37,336	17,619
Corporation tax	19,000	-
Amount due to parent company	291,872	473,010
Amount due to fellow subsidiary	59,208	-
	<u>688,438</u>	<u>747,956</u>

## 12 Called up share capital

	Number of shares	£
<b>Authorised, issued and fully paid</b>		
Ordinary shares of £1 each	140	140
Ordinary 'A' shares of £1 each	60	60
	<u>200</u>	<u>200</u>

The ordinary shares and the ordinary 'A' shares rank pari passu in respect of rights to dividends, rights in the event of a winding up, and rights to vote in General Meeting. Neither class of share is redeemable.

## 13 Share premium account

	£
At 1 January 1997 and 30 September 1997	<u>199,940</u>

## 14 Profit and loss account

	£
At 1 January 1997	(292,310)
Profit for the period	<u>153,763</u>
At 30 September 1997	<u>(138,547)</u>

## MILLBANK STUDIOS LIMITED

## NOTES ON FINANCIAL STATEMENTS

30 September 1997

(continued)

**15 Reconciliation of movements in shareholders funds**

	1997 £	1996 £
Net profit for the period representing a net addition to shareholders' funds	153,763	6,263
Opening shareholders' funds	(92,170)	(98,433)
Closing shareholders' funds	<u>61,593</u>	<u>(92,170)</u>

**16 Guarantees and other financial commitments**

Financial commitments due under non-cancellable operating leases will result in the following payments falling due in the year to 30 September 1998:

	<b>Land and buildings</b> 1997 £	1996 £
Expiring:		
After five years	272,197	222,474
	<u>272,197</u>	<u>222,474</u>

The company had capital commitments contracted for but not provided at 30 September 1997 of £55,000.

**17 Group structure**

The company is a subsidiary undertaking of Yorkshire Television Limited a company registered in England. The ultimate parent company is Granada Group plc.

**18 Related party transactions**

The company entered into transactions during the year with Neon Broadcast Services Limited; a company in which Mr R D Rose has a 40% shareholding. Purchases from this company amounted to £69,492 and sales to this company were £4,002. All transactions related to the provision of Broadcasting Services and were made on an arms length basis. A net amount of £208 was due to this company at 30 September 1997.

The company has taken advantage of the exemptions conferred under FRS 8, not to disclose details of transactions and balances with group companies, on the grounds that it is a wholly owned subsidiary.